

# ENGINEERING & CONSTRUCTION RISK INSTITUTE

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| Document number:<br>ECRI-RF-001B(desc) | Risk Financing Best Practices<br>Bonding | Page<br>1 of 1          |
| Revision number:<br>0                  |  | Date:<br>11February2008 |

**Purpose:** The purpose of the bonding critical issues document is to list the methods of securitization of a project along with a recommended management approach associated with the requirements of a typical Engineering & Construction contract. The securitization major categories addressed are:

- Security vs. Parent Company Bond
- Performance Bonds
- Advance Payment Bonds
- Retention Bonds
- Subcontractor Bonds
- Parent Company Guarantees

Issues addressed include default vs. on demand, financial limits, expiry, assignment, joint ventures, law and jurisdiction, and duplication.

**Application:** The document is written to familiarize contractor's management, business development and project/proposal leadership personnel with bonding and security terminology and practice.

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