



STATE OF TENNESSEE
 DEPARTMENT OF COMMERCE AND INSURANCE
 BOARD FOR LICENSING CONTRACTORS
 Mailing Address: 500 James Robertson Pkwy., Nashville, TN 37243-1140
 (615) 532-3994 or 800-544-7693 or Fax (615) 532-2868
<http://tn.gov/commerce/boards/contractors/>

TENNESSEE HOME IMPROVEMENT CONTRACTOR'S SURETY BOND

Bond # _____

BE IT KNOWN, that we _____
 (Name as to be on License)

of _____
 (Mailing and Physical Address)

as principal, and _____
 (Name of Surety Company)

as surety, are held and firmly bound unto the State of Tennessee, for the benefit of all owners, as defined by *Tennessee Code Annotated*, Title 62, Chapter 6, undertaken by the principal in the full and just sum of ten thousand dollars (\$10,000.00) for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the above bounden principal has applied to the Tennessee Board for Licensing Contractors for a license as a Home Improvement Contractor; and

WHEREAS, under the provisions of Public Chapter 460, Title 62, chapter 6, Section 506 of Tennessee Code Annotated, and as amended, the principal is required to file this bond in order to obtain said license.

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH that, if the above bounden principal shall comply in all respects with Title 62, Chapter 6, of Tennessee Code Annotated, and the regulations promulgated thereto, then this obligation shall be void otherwise to remain in full force and effect.

PROVIDED, HOWEVER, this bond may not be construed to require the surety to be responsible for the completion of any home improvement contract entered into by the principal on this bond.

PROVIDED, FURTHER, this bond may not be construed to require the surety to be responsible for damages arising from any breach of a home improvement contract, if such contract was entered into after the inactivation, expiration or revocation of the contractor's license.

This bond shall become effective on the _____ day of _____, 20_____, and shall be continuous; however, each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the surety SHALL not be cumulative, and the aggregate liability of the surety for any and all claims, suit or action under this bond shall not exceed the sum of \$10,000.00. The surety may cancel this bond by giving thirty (30) days notice to the Tennessee Board for Licensing Contractors and principal by certified mail of such cancellation, it being understood that surety shall not be relieved of liability that may have accrued under this bond prior to the date of cancellation.

Witness our hands and official seals this _____ day of _____, 20_____.

 NAME OF COMPANY (As to be Licensed)

 NAME OF SURETY

 SIGNATURE OF PRINCIPAL (Contractor)

 ADDRESS OF SURETY

DATE: _____

 NAME OF SURETY AGENT

(SEAL)

 SIGNATURE OF SURETY AGENT

 ADDRESS OF SURETY AGENT

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF PUBLIC CHAPTER 460; OF *TENNESSEE CODE ANNOTATED*. SHOULD THERE BE ANY CONFLICT WITH THE TERMS THEREOF, AND THE STATUTE, THE STATUTE OR REGULATION SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

**RULES
OF
TENNESSEE BOARD FOR LICENSING CONTRACTORS
GENERAL REGULATIONS FOR HOME IMPROVEMENT CONTRACTORS**

BONDS

0680-07-.13 BONDS.

(1) Bonds shall be written on a form approved by the Insurance Commissioner, available through the Board, which shows the name of the principal as it appears on the license application.

(2) Description of Bonds.

(a) Cash Bonds.

Cash bonds may not include personal checks.

Cash bonds may include:

1. Currency, which shall be deposited with the State Treasurer, subject to the order of the Board, and which may not earn interest;
2. Cashier's check, certificate of deposit for a term of at least two (2) years or certified check:

- (i) Issued by a financial institution;
- (ii) Showing the name of the purchaser; and
- (iii) Assigned and payable to the Board;

3. Savings and loan association certificates, passbook or share accounts, credit union or share accounts, passbook savings or other similar accounts assigned and payable to the Board, which shall be issued for periods of not less than one (1) year and accompanied by delivery of the certificate passbook, share account, certificate, passbook or other similar account to the Board.

(b) Property Bond

1. A property bond shall be the assignment to the Board by an owner applicant of an interest of ten thousand dollars (\$10,000.00) in real property located in Tennessee; and submission of a title search showing any encumbrances on the property.
2. The Board may require the applicant to submit an appraisal of the property to ascertain that the unencumbered value of the property is at least ten thousand dollars (\$10,000.00).

(c) Surety Bond.

1. A surety bond shall be in the amount of ten thousand dollars (\$10,000.00), issued to a home improvement contractor by an approved insurance company authorized to do business in Tennessee, for the benefit of a claimant, who has been damaged by the contractor's breach of a home improvement contract. If the bond ceases to be in effect, the home improvement contractor's license shall become invalid.
2. The Board may refuse to accept a bond written for a home improvement contractor by a surety which has failed to meet its obligations under this subtitle.

(d) Letter of Credit.

1. A bond in the form of an irrevocable letter of credit shall be an agreement, between a financial institution and a home improvement contractor on record at the Board wherein the FDIC insured financial institution agrees to extend an irrevocable line of credit amounting to ten thousand dollars (\$10,000.00), for the purpose of honoring claims filed with the Board.

2. The irrevocable letter of credit shall show the name of the financial institution extending the credit and the name of the applicant or home improvement contractor to whom the letter of credit was issued as it appears on the applicant's or home improvement contractor's license application.

(3) Release of Bond.

A bond may not be released until whichever occurs last:

(a) One (1) year after the inactivation, expiration or revocation of home improvement contractor's license;

(b) After the pending claims against the licensee filed during the period described in 3(a) have been heard and satisfied, or dismissed.

RESOURCES

*Rule updates are available online at: <http://www.state.tn.us/sos/rules/0680/0680.htm>
(Home Improvement Section is under 0680-7)*

*The law may be reviewed at: <http://www.michie.com/tennessee/>
(Home Improvement section is under Title 62, Chapter 6, Section 5 (T.C.A. § 62-6-501)*

*More information is also available at the Boards website at:
<http://tn.gov/commerce/boards/contractors/>*