

FAP 111-27-00

BONDING REQUIREMENTS FOR VENDORS

1. The Office of Material and Procurement Services or an agency may require the successful bidder to file a performance bond in a designated amount with the Office of Material and Procurement Services or the agency, if it appears to be in the best interest of the Commonwealth. The vendor shall be liable for any damages caused the Commonwealth by failure to file a bond. Failure to submit a bond if required shall be grounds for rejecting the bid.
 - a. A performance bond may be required in an amount up to one hundred percent (100%) of the amount of the contract, depending upon the nature of the transaction.
 - b. A successful bidder shall have the bond signed by a surety company authorized to do business in the Commonwealth of Kentucky. A list of surety companies may be obtained from the Office of Insurance. If the surety's authority to do business in Kentucky is revoked, the bidder shall promptly obtain another surety on the bond.
 - c. A bond shall be conditioned on the bidder's complete performance of all obligations imposed by the contract. A bond shall provide that if the bidder fails to perform an obligation, the Commonwealth may hold the bidder and his surety jointly and severally liable for damages resulting from the breach of the contract.
 - d. If the bidder does not have stock of the commodity or equipment to be purchased in the amount sought, nor the facilities to produce the item in an amount to guarantee satisfactory service, the Office of Material and Procurement Services or agency may require the bidder's source of supply to file a performance bond, with surety, conditioned on the sources supplying the bidder as stated in the bid.

(KRS 45A.190; KRS 45A.195)
(200 KAR 5:305)