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Construction failures have recently gotten a lot of attention. *#Sochiproblems* and a [twitter account](#) dedicated to collecting all disasters have jokingly reported a variety of problems that contractors have left in the Olympic town. However, the construction industry is not to be taken lightly and the US Government requires various proofs to ensure construction contracts will be fulfilled.

Surety bonds have become a standard guarantee for contractor's ethical practices and willingness to live up to the contracted duties. Such bonds have been around for more than a century and cover more than just timekeeping.

Where It All Started

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abandonment, and even unsatisfactory quality.

- **Payment Bonds** protect subcontractors and material suppliers from any delays of payment by the contractor.

In recent years, **Bid Bonds** are picking up popularity outside of federal construction projects. They are important proofs to the owner that contractors will comply with the bid contract and are able to carry out the responsibilities laid out in it.

Contract bonds are not rocket science and are changing construction for good.

Noteable Surety Bond Cases

Although the vast majority of surety bond cases are solved quickly due to well-designed state requirements and clear contracts, some cases reach court. Such cases usually involve big or precedent projects and multiple subcontractors.

- **Irwin v. United States** is a case that dates all the way back to 1936. **The case** was brought under the Miller Act and dealt with a bond claim that was in the name of the United States. The general contractor and the surety dismissed on the ground that the university building was not a public building or public work of the United States.
- **City Builders, Inc.** was ordered to pay its customers \$111,637.74 in refunds. The reason? **Avoiding the purchase of required surety bonds** leaving customers' money unprotected.
- **Wal-Mart's \$11.9 million claim** filed after a **construction contractor went bankrupt**. Margaret Garner was hired to build the retail giant's first store in Chicago, but due to the excessive use of subcontractors the \$17.8 million budget increased to \$27 million followed by ceasing of the project.

Should Contractors Be Afraid of Bonds?

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The use of surety bonds results in weeding out unethical business practices that often end up as construction failures and leaving room for decent contractors and owners to thrive. This more secure business environment is a win-win scenario if things are done correctly. It is of utmost importance to comply with state regulations and to be willing to guarantee successful contract completion. If you want to learn more about bid, performance, payment bonds or any other type of contract bonds, you can visit the website of [JW Surety Bonds](#).

Ralitsa Golemanova is a writer with diverse background ranging from media and communications through politics to social research. She has extensive experience in blogging on economic and construction topics. Currently she's a contributor for the [JW Surety Bonds](#) blog.

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