

## **Surety / Bonds / Fidelity**

A contract under which one party (the **surety**) guarantees the performance of certain obligations of a second party (the principal) to a third party (the obligee). For example, most construction contractors must provide the party for which they are performing operations with a bond guaranteeing that they will complete the project by the date specified in the construction contract in accordance with all plans and specifications.

**Bonds:** A three-party contract in which one party, the surety, guarantees the performance or honesty of a second party, the principal (obligor), to the third party (obligee) to whom the performance or debt is owed