



Lesson 3: Maintain Bond

Presenter:

Lacy Trapp

Branch Chief

Branch of Mineral Resources, Solids

Nevada State Office

Bureau of Land Management

Lesson Objectives

By the end of this Lesson, you should be able to:

- Given documents associated with the processing and maintenance of a bond, establish a physical case file in accordance with the Bond Processing Handbook.
- Given a bond file, Surety (or Personal Bond) Rider, and documentation of why Surety (or Personal Bond) Rider is needed, adjudicate the Surety (or Personal) Bond Rider in accordance with the Bond Processing Handbook.
- Given a transfer or name change document, rider (transfer only), LR2000 reports (name change only) and Decision letter, adjudicate the transfer or name change document in accordance with the Bond Processing Handbook.

Lesson Objectives (Cont.)

By the end of this Lesson, you should be able to:

- Given an original bond, replacement bond, and circumstantial information, determine the compatibility of the two bonds in accordance with the Bond Processing Handbook.
- Given a default report and bond file, draft a demand payment letter in accordance with the Bond Processing Handbook.
- Given various maintenance actions involving bonds, update BASS (Bond and Surety System) in LR2000 in accordance with the data standards.

Route

- Topic 1: General Bond Maintenance Knowledge
- Topic 2: Establish Bond Case File (Physical)
- Topic 3: Bond Rider
- Topic 4: Transfers and Name Changes
- Topic 5: Replacement Bonds
- Topic 6: Collecting on Bonds

Topic 1: General Bond Maintenance Knowledge

- What are the bond adjudicator's responsibilities?
- What happens to a bond when approved?

Topic 2: Establish Physical Bond Case File

- Who
- What
- When
- Where
- Why

Establish Physical Bond Case File

- What is the purpose and importance of the bond case file?
- Where is the bond file kept?
- Who has access?
- When is it established?

Establish Physical Case File

- What goes into a bond case file?
 - Bond
 - Bond Form
 - Financial Instrument (CBS Receipt, copy of LC/TD)
 - Bond Abstract
 - Serial Register Page(s)
 - Bond Rider (if any)
 - Related Correspondence
 - FDIC bank certification/Circular 570 page

Establish Physical Case File

- What goes into a bond case file?
 - Related Correspondence
 - Correspondence from bond parties
 - BLM Decisions
 - E-mails
 - Phone messages
 - Contact Information
 - Business Cards
 - “Memo to the File”

Exercise #7: Establish Physical Case File

Topic 3: Bond Rider

- General Knowledge
- Adjudicate Surety Bond Rider
- Adjudicate Personal Bond Rider

Adjudicate Bond Rider

General Knowledge

- What is the purpose and importance of a bond rider?
 - A Rider is a legal document that formally amends an existing bond.
- Who furnishes a rider?
 - The bond principal and/or surety company.

Adjudicate Bond Rider

General Knowledge

- When is it required?
 - It is required to reduce or increase the amount of coverage provided by the bond, extending or limiting coverage, adding co-principals, or providing the financial instrument by a third party.
- Where is it kept?
 - The same office which accepted the original bond/maintains the bond.

Adjudicate Bond Rider

General Knowledge

- What the bond adjudicator's responsibilities?
 - Date stamp, examine bond, enter in BASS, prepare a Decision.
- What are the different types of riders?
 - There are surety bond riders and personal bond riders.

Adjudicate Bond Rider

Processing Steps for a Surety Bond Rider

- Receive the surety bond rider and date stamp
- Adjudicate the surety bond rider
 - Principal name and address
 - Surety name and address
 - Bond number
 - Execution date
 - Clear explanation of what the rider is amending
 - Original signatures of both principal and surety
 - Valid Power of Attorney

Adjudicate Bond Rider

Processing Steps for a Surety Bond Rider

- Determine the effective date
- Write Decision
- Update BASS
 - Action code 478 (rider filed)
 - Action code 479 (rider accepted)



Exercise #8: Adjudicate Surety Bond Rider



Exercise #9: Data Entry in BASS for Surety Bond Rider

Adjudicate Bond Rider

Processing Steps for a Personal Bond Rider

- Receive the personal bond rider and date stamp
- Adjudicate the personal bond rider (same steps as surety rider)
- Write Decision
- Enter in BASS

Exercise #10: Adjudicate Personal Bond Rider



Exercise #11: Data Entry in BASS for Personal Bond Rider

Topic 4: Adjudicate Bond Transfers & Name Changes

- General Knowledge
- Transfers
- Name Changes

Transfers – General Knowledge

- What does a transfer look like?
- What is the purpose and importance of transfers?
- What causes transfers?
- Who is involved?
- What documentation is required?
- What is supposed to be in a transfer?

Adjudicate Transfer Steps

- Step 1 – Receive and date stamp documentation
- Step 2 – Ensure documentation contains all required information
- Step 3 – Ensure new bond from transferee is accepted
- Step 4 – Ensure all prior liabilities are assumed
- Step 5 – Terminate bonds being replaced
- Step 6 – Issue Decision
- Step 7 – Data entry

Adjudicate Transfers Demonstration

Demonstration - 3809 change of operator

Name Changes – General Knowledge

- What does a name change look like?
- What causes name change?
- Who is involved?
- What documentation is required?

Adjudicate Name Change Steps

- Step 1 – Receive and date stamp documentation
- Step 2 – Ensure documentation contains all required information
 - What documents are acceptable?
- Step 3 – Determine what bonds and/or operations are affected
- Step 4 – Determine effective date
- Step 5 – Issue Decision
- Step 6 – Data entry

Exercise #14: Name Change

Exercise #15: Data Entry

Topic 5: Replacement Bonds

- Who
- What
- When
- Where
- Why
- How

Replacement Bonds – General Knowledge

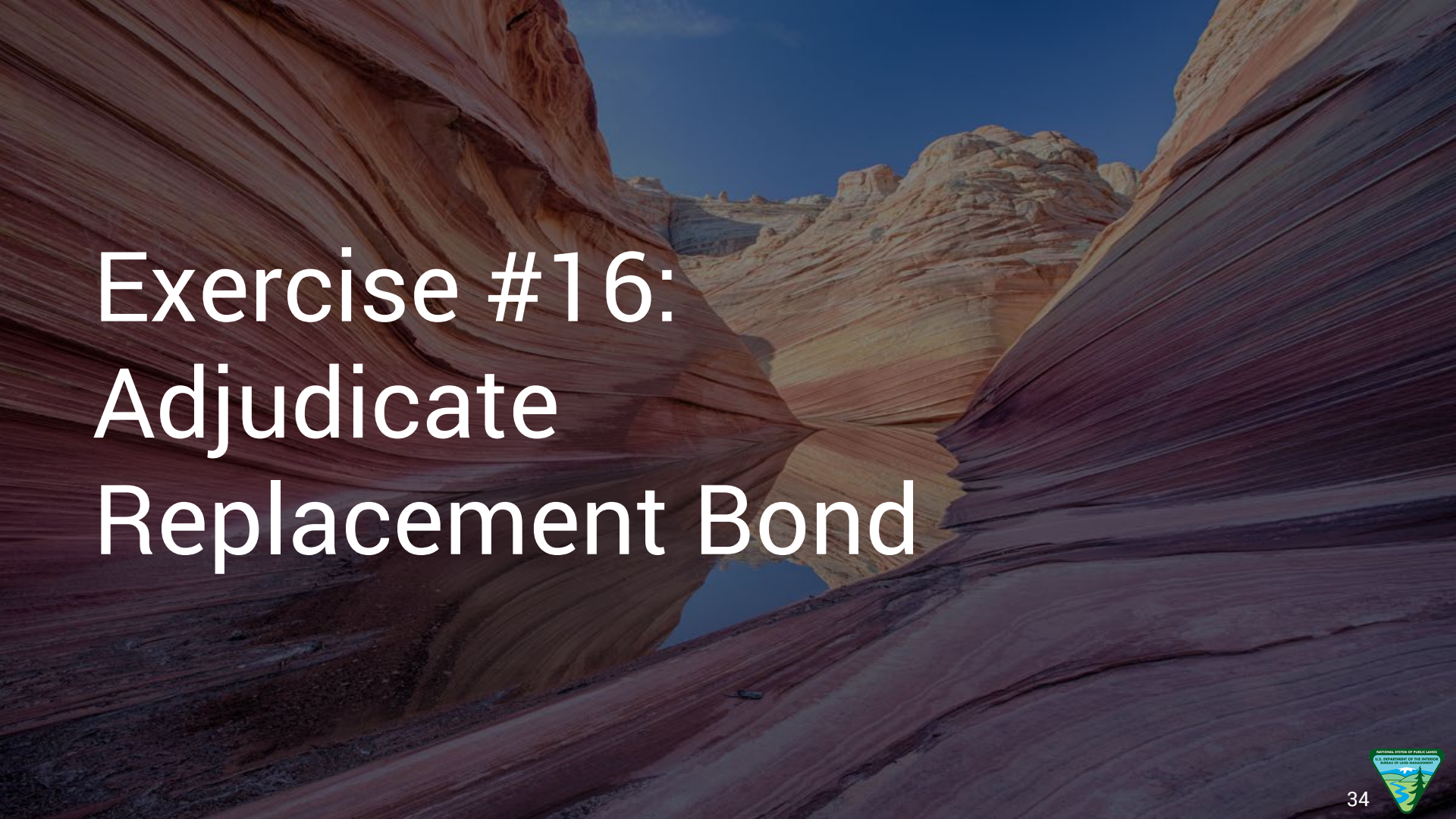
- Why would a bond be replaced?
 - **New financial instrument**
 - **New operator**
 - **Partial collection**
 - **Removal of surety from Circular 570**

Replacement Bonds – General Knowledge

- Who can request a replacement?
 - Principal
 - BLM
- What are the bond adjudicator's responsibilities?
 - Outstanding liabilities
 - Compatibility
- What is needed to replace a bond?

Replacement Bonds Steps

- Receive and adjudicate new bond (including data entry)
- Assumption rider?
- Write Decision
- Data entry



Exercise #16: Adjudicate Replacement Bond

Topic 6: Collecting on Bonds

- General Knowledge
- Surety Bonds
 - Pay
 - Perform
- Personal Bonds

Collecting on Bonds

- What is default?
 - Failure to perform a legal or contractual duty
- Who can declare default?
 - The Authorized Officer
- How is default determined?
 - Specific program regulations and compliance guidelines
- What is forfeiture?
 - Collecting on the bond
- Who can declare forfeiture?
 - The Authorized Officer

Collecting on Bonds

General Knowledge

- Process of default
 - **Noncompliance**
 - Decision to operator notifying some work needs to be performed
 - **Require work performance**
 - Last Decision to operator; reclamation must be performed
 - **Default Report**
 - From Authorized Officer to bond adjudicator

Collecting on Bonds - Surety

- Receive and date stamp
- Update BASS - AC483 (Default Determined)
- Notify All Affected Offices
- Write Demand Payment Decision
- Update BASS
- Response from Principal/Surety
 - Pay
 - Perform

SURETY BOND COLLECTION DEMO

Demonstration

Review Each Document
Including Serial Registration Page

Collecting on Bonds - Personal

- Receive and date stamp
- Update BASS - AC483 (Default Determined)
- Notify All Affected Offices
- Write Demand Payment Decision
- Collecting the Financial Instrument
 - Cash
 - Letter of Credit
 - Time Deposit
 - Treasury Security
- Update BASS

PERSONAL BOND COLLECTION DEMO

Demonstration

Review Each Document
Including Serial Registration Page



Lesson 3: Maintain Bond Conclusion

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