SURETY ONE, INC.
5 W Hargett St, 4th Floor, Raleigh NC 27601 · 404 Av De La Constitución, #708, San Juan PR 00901 · 38 Greensboro Drive, Toronto ON M9W 1E1
SuretyOne.com · Underwriting@SuretyOne.com · T: 800 373 2804 · F: 919 834 7039

ERISA § 4204 SALE OF ASSETS BOND

Submission Punchlist & Application

This packet opens a § 4204 underwriting file. Complete the application (pages 2–5) and assemble the documents below. Email everything to Underwriting@SuretyOne.com with the closing date in the subject line — e.g., "§4204 Bond File — [Purchaser] / closing [date]". Add [EXPEDITE] to the subject where closing is inside 30 days. Complete files are acknowledged the same business day.

DOCUMENTARY UNDERWRITING REQUIREMENTS — THE NINE-ITEM PUNCHLIST

- ☐ **1. Asset Purchase Agreement**
  Executed or near-final, containing the three § 4204 covenants: contribution continuation, bond/escrow, and seller secondary liability.
- ☐ **2. Closing Date & Deal Calendar**
  Deadlines are worked first; the effective date of the bond will match the closing.
- ☐ **3. Identity of Each Plan**
  Every multiemployer plan involved. One bond issues per plan, each separately calculated.
- ☐ **4. Seller's 3-Year Contribution History (per plan)**
  Fixes each statutory penal sum — the greater of the last plan year or the three-year average.
- ☐ **5. Form 5500 & Zone-Status Certification (per plan)**
  The plan's funded condition prices the risk.
- ☐ **6. § 4211 Withdrawal Liability Estimate Letter**
  The diligence letter from each plan; required for the net tangible assets variance test.
- ☐ **7. Purchaser Financial Statements**
  Three most recent fiscal years, plus current interim statements.
- ☐ **8. Pro Forma Post-Closing Balance Sheet**
  The credit we actually underwrite — and the basis on which the Part 4204 variance is verified.
- ☐ **9. CBA Assumption / Union Consent**
  Evidence the covered operations and contribution base units continue post-closing.

THE VARIANCE ANALYSIS IS FREE — AND RUNS FIRST

Before any premium is quoted, this desk runs the 29 CFR Part 4204 variance tests (de minimis; net income; net tangible assets) against the purchaser's post-closing figures. If any criterion is satisfied, our written response states that no bond is required — no premium, no charge. Where the bond is required, negotiated terms follow, with an escrow comparison priced alongside on request.

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SECTION A — THE TRANSACTION AND THE PRINCIPAL

The purchaser of the assets is the bond principal. The name below must match the post-closing legal entity exactly as it will appear on the instrument.

PURCHASER — LEGAL NAME AS IT WILL APPEAR ON THE BOND

FEDERAL EIN

PURCHASER ADDRESS

CITY

STATE

ZIP

SELLER — LEGAL NAME

ANTICIPATED CLOSING DATE

APPROXIMATE TRANSACTION VALUE ($)

POST-CLOSING NET WORTH ($)

AVG. NET INCOME AFTER TAXES, 3 FYS ($)

PURCHASER'S COUNSEL — NAME / FIRM / EMAIL

SELLER'S COUNSEL — NAME / FIRM / EMAIL

CONTACT FOR THIS FILE — NAME

EMAIL

PHONE

PURCHASER ENTITY ☐ Corporation ☐ LLC ☐ Partnership ☐ Individual ☐ Other

SECTION B — PLAN SCHEDULE (one bond issues per plan — duplicate this schedule for additional plans)

MULTIEMPLOYER PLAN (FULL LEGAL NAME)	ZONE STATUS	CONTRIBS — LAST PY ($)	PRECEDING PY ($)	2ND PRECEDING PY ($)

Contribution figures are the seller's remittances to each plan by PLAN year (not fiscal year). The penal sum per plan is the greater of the last plan year or the three-year average.

SECTION C — QUESTIONNAIRE

Answer for the purchaser and every principal involved. Explanations for any answer marked with (*) may be attached at the end of this packet.

1. Does the business, or any principal, have outstanding collection items or liens? * ☐ **Yes** ☐ **No**
2. Has the business, or any principal, ever failed in business or declared bankruptcy? * ☐ **Yes** ☐ **No**
3. Had any lawsuits or judgments against them? * ☐ **Yes** ☐ **No**
4. Had a license or bond cancelled or denied? * ☐ **Yes** ☐ **No**
5. Been a party to a surety bond claim? * ☐ **Yes** ☐ **No**
6. Been convicted of a crime? * ☐ **Yes** ☐ **No**

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SECTION C (CONTINUED) — § 4204 TRANSACTION QUESTIONNAIRE

7. Are the three § 4204 covenants (contribution continuation; bond/escrow; seller secondary liability) drafted into the purchase agreement?
   - ☐ Yes ☐ In progress

8. Was the purchaser already obligated to contribute to any plan listed in Section B before this sale?
   - ☐ Yes ☐ No

9. Has a § 4211 withdrawal liability estimate been obtained from each plan?
   - ☐ Yes ☐ Requested ☐ No

10. Has any listed plan certified endangered (yellow) or critical (red) zone status?
    - ☐ Yes ☐ No ☐ Unknown

11. Has counsel run the 29 CFR Part 4204 variance analysis?
    - ☐ Yes — bond required ☐ Close call ☐ Not yet

12. Has fund counsel prescribed a bond form?
    - ☐ Yes — attached ☐ No / Unknown

13. Should an escrow comparison be priced alongside the bond quote?
    - ☐ Yes ☐ Bond only

14. Is the closing inside 30 days?
    - ☐ Yes — expedite ☐ No

EXPLANATIONS (for starred items answered Yes)

SECTION D — OWNERS AND SPOUSES (each owner of 10% or more; duplicate block for additional owners)

FULL NAME (FIRST, LAST)	PHONE	EMAIL

STREET ADDRESS	CITY	STATE	ZIP

OWNERSHIP %	YRS INDUSTRY EXP.	NET WORTH ($)	SSN	DATE OF BIRTH	SPOUSE OF

FULL NAME (FIRST, LAST)	PHONE	EMAIL

STREET ADDRESS	CITY	STATE	ZIP

OWNERSHIP %	YRS INDUSTRY EXP.	NET WORTH ($)	SSN	DATE OF BIRTH	SPOUSE OF

SECTION E — APPLICANT'S BANK

BANK NAME	CITY / STATE	YEARS WITH BANK	CREDIT LINE ($)	CONTACT / PHONE

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INDEMNITY AGREEMENT

IN CONSIDERATION of the execution of the bond for which application is made, the undersigned (collectively, “Applicant”) for themselves, their personal representatives, heirs, successors and assigns, hereby agree with, warrant and represent to, and bind themselves jointly and severally to, Surety and its co-sureties, re-insurers, and any other company which may execute a bond or bonds at the request of Surety (individually and collectively called “Surety”) as follows:

1. Applicant agrees to pay Surety an advanced premium for the first bond year, together with any broker or agent fees included in the quote, all of which shall be deemed FULLY EARNED IN THEIR ENTIRETY UPON EXECUTION OF THE BOND BY SURETY, without proration, rebate, credit or refund of any kind or amount, notwithstanding any subsequent cancellation, flat cancellation, termination, release, exoneration, non-filing, non-acceptance or rejection of the bond by the obligee, non-use of the bond, failure of the underlying transaction to close, or extinguishment of the underlying obligation, and regardless of the date any such event occurs. Applicant further agrees to pay the amount due annually thereafter in accordance with Surety's then current premium rates or any minimum earned premium until Surety shall be discharged or released from any and all liability and responsibility under said bond, and all matters arising therefrom, and until competent written legal evidence of such discharge or release, satisfactory to Surety, is furnished to Surety.

2. Applicant agrees that Surety may make any credit checks, including consumer and investigative credit checks, it deems necessary.

3. Applicant warrants and represents that the questions answered and information furnished in connection with the application are true and correct.

4. Applicant agrees to indemnify and keep indemnified Surety and its agents and representatives and hold and save it them harmless from and against any and all liability, damage, loss, cost and expense of whatsoever kind or nature, including consul and attorney's fee, which Surety or its agents or representatives may at any time sustain or incur by reason or in consequence of have executed or procured the execution of the bond or enforcing this agreement against any of the undersigned or in procuring or in attempting to procure its release from liability under the bond.

5. If Surety shall set up a reserve to cover any liability, claims, suit or judgment under said bond, the undersigned will, immediately upon demand, deposit with Surety a sum of money, equal to such reserve and any increase thereof, to be held by Surety as collateral security on said bond. Any such collateral shall be available, in the discretion of Surety, as collateral security on any other or all bonds heretofore or hereafter executed for at the requests of any of the undersigned.

6. If Surety shall procure any other company or companies to execute or join with it in executing, or to reinsure said bonds, this instrument shall insure to the benefit of such other company or companies, its or their successors and assigns, so as to give it or them a direct right of actions against the indemnitors to enforce the provisions of this instrument.

7. An itemized statement of payments made by Surety, sworn to by an officer of Surety, shall be prima facie evidence of the liability of the undersigned to reimburse Surety for such payments with interests.

8. Surety in it sole discretion and without notice to the undersigned, is hereby authorized but not required from time to: (a) make or consent to any change in said bond or to issue any substitutes for any renewal thereof, and this instrument shall apply to such substituted or changed bond or renewal; (b) take such action as it may deem appropriate to prevent or minimize loss under said bond, including but not limited to steps to procure discharge from liability under said bonds, and (c) adjust, settle or compromise any claim or suit arising under said bond and, with respect to any such claims or suits, to take any action it may deem appropriate and any adjustment, settlement or compromise made or action taken by Surety shall be conclusive against and binding upon the undersigned.

9. Each of the undersigned agrees to pay the full amount of the foregoing regardless of (a) the failure of the principal or any applicant or indemnitor to sign any such bond or (b) any claims that other indemnity, security or collateral was to have been obtained or (c) the release, return or exchange by Surety with or without the consent of the undersigned, of any indemnity, security, or collateral that may have been obtained or (d) the fact that any party signing this instrument is not bound for any reason.

10. The undersigned hereby expressly waive notice from Surety of any claims or demand made against Surety or the principal under the bond or of any information Surety may receive concerning the principal, any contract, or bond. Surety shall have to right to decline any or all bonds herein applied for and shall have the right to withdraw from or cancel the same at any time, all without incurring any liability to the undersigned.

11. Whenever used in this instrument the plural term shall include the singular and the singular shall include the plural, as the circumstances require. If any portion of this agreement be in conflict with any law controlling the construction hereof, such portion of this instrument shall be considered to be deleted and the remainder shall continue in full force and effect. A facsimile of this Agreement shall be considered an original and shall be admissible in a court at law to the same extent as an original copy.

12. All obligations of the principal, applicants, and indemnitors to Surety are due, payable and performable at the Surety's election, in the Surety's domicile where venue of any action to enforce this agreement may be brought by Surety. Surety shall be entitled to recover all attorney's fees (including those of attorneys employed by Surety), consulting fees, and claims adjustment expenses in defending any claims made against its bonds or in enforcing any of its rights under this Agreement.

13. In consideration of the execution by Surety of the suretyship herein applied for, each of the undersigned, jointly and severally, agree to be bound by all of the terms of the foregoing indemnity agreement executed by the applicant, as fully as though each of the undersigned were the sole applicant named herein, and admit to being financially interested in the performance of the obligation, which the suretyship applied for is given to secure.

14. Applicant specifically consents to the rate quoted by surety regardless of whether said rate is filed, unfiled, special, non-standard or any deviation from rates historically offered for similar risks. Applicant furthermore understands that broker or agent fees may be included in the fee quote, that such fees are fully earned upon execution of the bond as provided in paragraph 1, and to those likewise specifically consents.

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Signature Instructions for Different Types of Applicants

Individual / Sole Owner

- Applicant Signature: the individual or sole owner
- Indemnitor 2 Signature: the applicant's spouse

Partnership

- Applicant Signature: a partner
- Indemnitor [#] Signatures: all other partners and all spouses of partners*

Corporation / LLC†

- Applicant Signature: president of the corporation (or manager of the LLC)
- Indemnitor [#] Signatures: all stockholders/members of 10% or more, and their spouses*

*Signature and Name fields may be duplicated to accommodate additional indemnitors. †Large, publicly traded companies, and certain private enterprises with significant levels of capital — including qualifying private-equity-held purchasers — may be exempt from personal indemnity; sponsor or parent support may be discussed with the underwriter in lieu.

By signing this application you are assuming specific obligations.
Please read carefully the preceding indemnity agreement.

Signed and dated this ________ day of ________________________, 20 ______

Witness Signature:	______________	Applicant Signature:	______________
Witness Name:	______________	Applicant Name:	______________

Additional Indemnitors

Witness Signature:	______________	Indemnitor 2 Signature:	______________
Witness Name:	______________	Indemnitor 2 Name:	______________
Witness Signature:	______________	Indemnitor 3 Signature:	______________
Witness Name:	______________	Indemnitor 3 Name:	______________
Witness Signature:	______________	Indemnitor 4 Signature:	______________
Witness Name:	______________	Indemnitor 4 Name:	______________
Witness Signature:	______________	Indemnitor 5 Signature:	______________
Witness Name:	______________	Indemnitor 5 Name:	______________

SUBMIT: email this packet and the nine punchlist documents to Underwriting@SuretyOne.com · Subject: "§4204 Bond File — [Purchaser] / closing [date]" · add [EXPEDITE] where closing is inside 30 days · or fax to 919-834-7039. Incomplete packets are flagged the same day so nothing stalls. The Part 4204 variance analysis is run free on every file before any premium is quoted.