



Instructions to Obtain a Bond

If the applicant or agent elects to obtain a bond, it must do so through a bonding company (surety) included on the current revision of Circular 570 issued by the United States Treasury Department, entitled "Surety Companies Acceptable on Federal Bonds". To order a copy of the Federal Register Circular 570, call the Superintendent of Documents, Government Printing Office, Washington, DC: (202) 512-1800.

You may also dial into the Department of the Treasury's computerized public bulletin board at (202) 874-6887 or access the Internet at www.fms.treas.gov/c570/c570.html

Your surety may use the form on the opposite page as is or a photocopy of same provided it bears both an **ORIGINAL** surety seal and signature and is otherwise executed as an **ORIGINAL** document. If the surety elects to use its own forms, the language therein must conform to that in the ARC bond form. In all instances, ARC must always have the **ORIGINAL** bond in its possession.

In addition to the six standard clauses, the following fields in the bond form require special attention:

1. Bond number.
2. If you are an approved agent, please provide your home office agency code number to your surety for inclusion on your bond. This will enable ARC to identify and match your bond with your file. If you are a non-branch pending applicant or a pending applicant, request your surety to state the word "pending" in the space reserved for agency code number.
3. Your agency's correct full **LEGAL** name. Those agents undergoing a Type V ownership change or legal name change must ensure that the bond states the **PROPOSED** legal name.
4. Airlines Reporting Corporation shown as the **OBLIGEE**.
5. Correct amount. **MINIMUM** of \$20,000 for non-approved applicants. **MINIMUM** of \$20,000 and **MAXIMUM** of \$70,000 for Type II, IV and V change of ownership applicants subject to the requirements of Section IV.A. of Section 80.
6. Name of surety and **ORIGINAL** surety seal.
7. **ORIGINAL** signature of attorney-in-fact.
8. **ORIGINAL** of power-of-attorney referencing the authority of the individual signing as the attorney-in-fact.

It is your responsibility as the applicant or agent to ensure that the bond issued by the surety conforms to standards

acceptable to ARC. ARC reserves the right to reject any bond which does not meet these standards.

In addition to the above requirements and to help you avoid common pitfalls, below is some additional information to assist you in understanding the bonding process.

- ⇒ When your surety requests further information and/or payment of a premium, respond promptly to avoid cancellation of your bond.
- ⇒ ARC does not cancel bonds; therefore, we cannot reinstate or extend the cancellation date. Reinstatements and extensions of bond cancellations must be received by ARC from your surety in writing prior to the date of cancellation.
- ⇒ If your bond is canceled, contact your insurance agent or surety to rectify the matter **OR** obtain a replacement bond or letter of credit or submit a cash deposit prior to the effective date of cancellation.
- ⇒ Don't wait until the last minute to take care of bond cancellations or increases. It takes time for your surety to process your request.
- ⇒ The ARC bond is continuous until canceled by the surety. When changing sureties notify your old surety to cancel your bond only after you have submitted the new bond **AND** it has been accepted by ARC.
- ⇒ When replacing your bond with a letter of credit, the letter of credit must be accepted by ARC before your bond is canceled.
- ⇒ When replacing your bond with a Cash Deposit, the Cash Deposit check and application must be accepted by ARC before your bond is canceled.

An agent may not provide the required coverage through multiple bonds or multiple letters of credit or multiple cash deposits or any combination thereof. The amount required of an agent between the minimum (\$20,000) and maximum (\$70,000) must be provided either with a single bond, a single cash deposit or a single irrevocable letter of credit. In other words, an agent requiring total coverage of \$20,000 cannot comply with that requirement by providing to ARC, e.g., two \$10,000 bonds, a \$10,000 bond and a \$10,000 cash deposit, two \$10,000 letters of credit, etc.

A Photocopy of the bond form may be used by your surety if it bears both an *ORIGINAL* seal and signature and is otherwise filled out as an *ORIGINAL* document.



Section 30.6

SURETY: Please obtain the Travel Agency Code Number of your principal. This number will enable ARC to identify your principal for future correspondence and inquiries.

Travel Agency Code Number ___ - ___ - ___ - ___ - ___

Bond Number _____

**Airlines Reporting Corporation
Bond Form**

KNOW ALL MEN BY THESE PRESENTS THAT (Full legal name of travel agent and DBA, if any; the legal name must be identical to the legal name on the ARC application) _____ (Current City & State), _____ (hereinafter called the Principal) and,

_____ of _____ (hereinafter called the Surety) are held firmly bound unto Airlines Reporting Corporation (hereinafter called the Obligee) as agent for and in behalf of any carrier which is a party to the ARC Carrier Services Agreement with the Obligee contracting with the Principal, in the amount of U.S. Dollars (\$ _____) on and after the _____ day of _____, 20 ____.

WHEREAS, The Principal has entered into or is desirous of entering into an agreement or agreements with the Obligee known as the Agent Reporting Agreement (ARA) in the form prescribed by the Obligee, which agreement(s) is/are specifically incorporated herein and made a part hereof by reference;

AND WHEREAS, the Agent Reporting Agreement provides in part that: (1) ARC traffic documents are supplied to the Principal in trust by ARC, and (2) the Surety shall cover all amounts owed by the Principal to the carriers or to ARC for tickets or other instruments of value issued on ARC traffic documents (in both paper or electronic versions) unless the Principal is otherwise relieved of liability for such amounts owed pursuant to the terms of the ARA.

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH that if the Principal shall duly comply with the provision of said Agent Reporting Agreement with respect to all amounts owed to the Obligee, as in said Agreement provided, during the term of this bond as hereinafter provided, then this obligation to be void, otherwise to remain in full force and effect in law, subject however to the following limitations, conditions and definitions:

1. That the Obligee shall notify the Surety of any default of the Principal hereunder, at the earliest possible time following the discovery of such default and in any event no later than 90 days after such discovery by the Obligee, prior notice to any carrier notwithstanding, and such notice to the surety shall be deemed sufficient for all claims arising before the date of such notice although submitted thereafter;
2. That the Surety shall promptly notify the Obligee in writing of any changes in either the Principal or amount of bond set forth above. However, failure of the Surety to provide such notice shall not affect the validity of this bond;
3. That if the Surety shall so elect, this bond may be canceled by giving 30 days written notice to the Obligee. Said notice shall contain full name, city, and state where the Principal is located. The Surety, however, will remain liable for any default occurring during the period up to the expiration of said 30 days notice and such 30-day period shall begin only upon receipt of said notice by the Obligee;
4. In event of the payment by the Surety of any claims hereunder, the Surety shall be subrogated to all the rights of the Obligee with respect only to such claims paid and the Obligee shall execute or have executed whatever documents may be necessary in this regard;
5. That in no event shall the Surety be liable for a greater amount than that shown above;
6. That the Surety shall not be subject to any suit, action or proceeding hereunder instituted later than 6 months following the termination hereof unless, prior to or within such 6 month period, the Obligee has notified the Surety of a default of the Principal hereunder.

Signed and sealed as of the effective date mentioned above.

Non-approved ARC Applicant

Ownership Change

Name Change

Redesignation

Replacement Bond

SURETY

SEAL

Surety

Attorney in fact signature

To be signed and sealed by an authorized representative of Surety. If Attorney in Fact, power of attorney must be attached.

A photocopy of the bond form may be used by your surety if it bears both an ORIGINAL seal and signature and is otherwise filled out as an ORIGINAL document.

Revised 04/04