

**Texas School Depository Surety Bond Form**

**Bond Number** \_\_\_\_\_

**I.  
Guarantee**

1. Under all the terms and conditions of this bond, \_\_\_\_\_ (referred to in this document as *the Surety Company*) and \_\_\_\_\_ (referred to in this document as *the Bank*) agree that:
  - a. the Bank will pay a premium to the Surety Company and
  - b. the Surety Company will guarantee the deposits in certain Designated Depository Accounts in the Bank, in excess of the \$250,000.00 deposit insurance provided by the Federal Deposit Insurance Corporation (FDIC).
  
2. The Surety Company must promptly reimburse the Owner(s) of a Designated Depository Account or Accounts (referred to in this document as *the Owner*) up to a limit of liability as specified in Section III of this bond if the Bank becomes insolvent and fails.
  
3. "Becomes insolvent and fails" means that either:
  - a. the Bank must be taken over by a regulatory authority, either state or federal, and ordered liquidated or
  - b. the FDIC must sell the Bank's deposits in such a manner that the FDIC refuses to sell or reimburse the deposits in excess of the \$250,000.00 deposit insurance.

**II.  
Designation of Account Owner and Depository Account(s)**

Designated Owner of the Depository Account(s):

[ Salado *Independent School District (ISD)* ].

Address of the Owner:

60 N. Main Street, Salado, TX 76571

**Designated Depository Account Number(s):**

[List Various Depository Accounts in the Name of Salado *ISD*]

**III.  
Limit of Liability**

The Surety Company's total liability under this bond is [*written dollar amount \$XXXXXXXX*], which is the maximum guaranteed amount. Regardless of the number of Owners and the number of Designated Depository Accounts, the maximum amount of payment under this bond must not exceed [*\$XXXXXXXX*].

**IV.  
Payment of Loss**

If the Bank should be declared insolvent and fail, the Surety Company must pay the Owner of the Designated Depository Account(s) for which this bond has been issued the amount that the receiver's certificate indicates to be uninsured by the FDIC. The amount of the payment is limited to the maximum guaranteed amount specified in Section III of this bond. This bond does not cover any indirect or consequential damages or loss. The Surety Company must pay the Owner promptly upon receiving assignment of the receiver's certificate from the Owner or upon demand.

**V.  
Termination or Cancellation**

This bond becomes effective at 12:01 a.m. on [*date*] and remains in effect until terminated or canceled for any of the following reasons:

1. The Surety Company cancels the bond for nonpayment of the annual premium 15 days after notifying the Bank of the nonpayment and impending cancellation.
2. The Owner notifies the Surety Company in writing of the Owner's desire to cancel the bond, and the Surety Company cancels the bond immediately.
3. The Surety Company desires to cancel the bond for reasons allowed by the laws of Texas.
  - a. The Surety Company sends a written notice by facsimile transmission, hand delivery, or certified mail, return receipt requested to the Bank and to the Owner's address as shown on this bond. The notice is considered effective upon receipt by the parties to whom the notice is addressed.
  - b. The cancellation is effective 90 days after the notice is effective.
4. This bond is automatically terminated if all funds in the Designated Depository Account(s) listed in Section II of this bond are withdrawn, the account(s) are closed, or both.

If this bond is canceled or terminated, the Surety Company has no obligation to make any payment to any Owner.

**VI.**  
**Responsibility of the Bank**

It is understood and agreed that this bond is for and on behalf of the Bank to enable the Bank to protect the Owner of its Designated Depository Account(s). All designations of accounts are the complete responsibility of the Bank. The Surety Company's liability to the Owner begins upon the declaration of insolvency and failure of the Bank, and not before that event. In addition, under the Texas Education Code, §45.208, the Surety Company and the Bank agree that the Bank must:

1. faithfully perform all duties and obligations required by law,
2. pay on presentation all checks or drafts ordered according to law by the district's board of trustees,
3. pay on demand any demand deposit in the Bank,
4. pay any time deposit of the school district after the required notice period expires,
5. faithfully keep the school district funds and account for the funds according to law, and
6. faithfully pay over to any successor depository all balances remaining in the accounts of the Bank.

**VII.**  
**Consolidation or Merger**

This bond becomes void at 12:01 a.m. on the date the Bank consolidates with or merges into any other bank or financial institution. The Bank must notify the Surety Company and the Owner 90 days before any consolidation or merger of the Bank's intention to merge into another bank or financial institution. Any deposits in the Designated Depository Account(s) in excess of the \$250,000.00 FDIC deposit limit must be guaranteed by a new bond or other means as authorized by Texas law at the time of the consolidation or merger.

**VIII.  
Sole Use and Benefit**

This bond is for the sole use and benefit of the Owner. This bond is nonnegotiable and may not be assigned under any circumstances by the Owner or any other person, entity, or holder. The Bank may not be considered an agent or representative of the Surety Company for any purpose in connection with this bond.

Signed, sealed, and dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[Bank]  
(Address)  
(Phone)

[Surety Company]  
(Address)  
(Phone)

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

**Acknowledgment**

Acknowledged before me in \_\_\_\_\_ County, Texas, on \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, officer of the Bank named in the preceding document, for the Bank, and by \_\_\_\_\_, officer of the Surety Company named in the preceding document, for the Surety Company.

(SEAL)

\_\_\_\_\_  
Signature of Notary

Notary Public in and for \_\_\_\_\_  
County, Texas  
My Commission Expires \_\_\_\_\_

**Surrender of Bond Form**

By signature below of the Owner, the Owner gives notice to the Surety Company of the Owner's desire to cancel Bond Number \_\_\_\_\_ in its entirety.

By \_\_\_\_\_

Date \_\_\_\_\_

**OR**

**Surrender of Bond for Reissuance Form**

By signature below of the Owner, the Owner gives notice to the Surety Company of the Owner's desire to cancel Bond Number \_\_\_\_\_ in its entirety, on the condition that another similar bond is issued with the following listed Owner, Owner address, Designated Depository Account Number(s) and limit of liability:

Requested Designated Depository Account Owner:

Address of Requested Designated Owner:

Requested Designated Depository Account Number(s):

Requested Limit of Liability:

By \_\_\_\_\_

Date \_\_\_\_\_