



Use of Irrevocable/On-Demand Surety Bonds

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Purpose

To inform all applicants about the qualification and submission requirements for use of Irrevocable/On-Demand Surety Bonds (Surety Bond) in the City of Richmond, as a form of security for the payment of Development Cost Charges (DCC), Development Permit (DP) landscape securities, and Servicing Agreement (SA) works.

Background

On July 14, 2025, Richmond City Council approved a Pilot Program to permit, the use of Surety Bonds as an alternative form of security for DCC installment payments, DP landscape securities, and SA works.

As a result of introducing a new form of development within the City, DCCs and SSAC at Building Permit will be assessed for SSMUH developments.

A Surety Bond is a three-party agreement between the developer, Surety Bond Insurer (Surety) and the City. Similar to the arrangement of a Letter of Credit (LoC), it obligates the Surety to pay the City monies on-demand, if required, to complete outstanding and deficient works, or pay for amounts owed to the City.

A developer's use of Surety Bonds in the City of Richmond is subject to compliance with the specified qualification criteria and program limits outlined in this Bulletin, a signed Surety Bond Agreement in line with the City's terms and conditions, amendments to existing legal/servicing agreements where applicable, and the payment of a processing fee (as per the [Consolidated Fees Bylaw 8636](#)).

Implementation

Pilot Program Scope

The City of Richmond's Irrevocable/On-Demand Surety Bond Pilot Program is limited to:

- Use of Surety Bonds as an acceptable form of security (in addition to cash and LoC) for:
 - City DCC installment payments;
 - DP landscape securities; and
 - SA works.
- An aggregated and combined total of \$50 million for all DP landscaping and SA securities held by the City.
- A first-come-first-serve basis, with a limit of no more than a total of four Surety Bonds per developer for DP landscaping and SA securities.
- New securities, and the replacement of existing securities, subject to specified qualification criteria and program limits and amendments to existing legal/servicing agreements where applicable.

Pilot Program Qualification Criteria (DP Landscaping and SA Securities)

The City of Richmond's Pilot Program requires that a Surety meets the following qualification criteria for the use of Surety Bonds for DP landscape and SA securities:

- BC Financial Services Authority (BCFSA) registered;
- Listed as Primary Surety Writer members of the Surety Association of Canada; and
- A.M. Best Credit Rating of **A+** or higher.

See over →

Pilot Program Qualification Criteria (City DCCs)

The City of Richmond's Pilot Program requires that a Surety meets the following qualification criteria for the use of Surety Bonds for City DCC installment payments:

- BC Financial Services Authority (BCFSA) registered;
- Listed as Primary Surety Writer members of the Surety Association of Canada; and
- A.M. Best Credit Rating of **A-** or higher.

Application Form and Processing Fee

To apply to use Surety Bonds for new securities, or the replacement of existing securities, submit a [Surety Bond Application Form \(DA-52\)](#) to the City and pay the processing fee for each proposed security. An application for a new Surety Bond must be made prior to the adoption of a rezoning bylaw, issuance of a DP, approval of a subdivision, or issuance of the building permit (BP) to which the obligation/security relates.

A developer wishing to use a Surety Bond is strongly encouraged to discuss this with their assigned Development Planner early in the review process. This can help to avoid any delays in the adoption of a rezoning bylaw, issuance of a DP, approval of a subdivision, or issuance of a BP resulting from the late submission of a Surety Bond application.

Where the replacement of existing securities is proposed, this will require legal undertakings and should be factored into processing timelines.

Application Review Process

Once received, the City will review the application and confirm that the Surety meets the specified qualification requirements, the developer complies with the specified program limits, and if applicable, whether amendments to existing legal/servicing agreements are required.

If specified qualification and program limit requirements are met, the Surety will be required to sign a [Surety Bond Agreement](#) prepared by the City, acknowledging acceptance of the City's terms and conditions. Where the Surety and City cannot agree on legal documentation, use of a Surety Bond will not be permitted.

Surety Bond applications are on a first-come-first-serve basis. Where an application to use a Surety Bond does not comply with the specified program limits, the applicant must provide the required security in another acceptable form (i.e. cash or LoC).

Should you have any questions, comments, or suggestions concerning this bulletin, contact devapps@richmond.ca.