

Bureau of Land Management, Interior

§ 5451.3

with the removal of the timber or other vegetative resource.

[35 FR 9786, June 13, 1970, as amended at 55 FR 3955, Feb. 6, 1990; 56 FR 10175, Mar. 11, 1991; 56 FR 47916, Sept. 23, 1991]

Subpart 5451—Bonds

§ 5451.1 Minimum performance bond requirements; types.

(a) A minimum performance bond of not less than 20 percent of the total contract price shall be required for all contracts of \$2,500 or more, but the amount of the bond shall not be in excess of \$500,000, except when the purchaser opts to increase the minimum bond as provided in § 5451.2 of this title. A minimum performance bond of not less than \$500 will be required for all installment contracts less than \$2,500. For cash sales less than \$2,500, bond requirements, if any, will be in the discretion of the authorized officer. The performance bond may be:

(1) Bond of a corporate surety shown on the approved list issued by the United States Treasury Department and executed on an approved standard form; or

(2) Personal surety bond, executed on an approved standard form if the authorized officer determines the principals and bondsmen are capable of carrying out the terms of the contract; or

(3) Cash bond; or

(4) Negotiable securities of the United States.

(5) Any guaranteed remittance approved by the authorized officer.

[35 FR 9786, June 13, 1970, as amended at 38 FR 6281, Mar. 8, 1973; 46 FR 42673, Aug. 24, 1981; 47 FR 38696, Sept. 2, 1982]

§ 5451.2 Performance bonds in excess of minimum.

(a) The purchaser may cut timber before payment of the second or subsequent installments required by § 5451.2(a) of this part by increasing the minimum bond required by § 5451.1(a) of this part by an amount equal to one or more installment payments; *Provided, however,* That the authorized officer may grant permission to cut timber only when the value of the timber to be cut does not exceed the amount by

which the minimum bond has been increased. The purchaser shall secure approval in writing of the adjusted bond by the authorized officer prior to cutting any timber under the adjusted bond.

(b) If payment and bonding for 50 percent of the purchase price of a contract is provided in accordance with § 5450.1(b) of this title, the amount of performance bond in excess of the minimum performance bond required by § 5451.1(a) of this title may be used as an increased performance bond as specified in § 5451.2(a) of this title.

[47 FR 38697, Sept. 2, 1982; 47 FR 51868, Nov. 18, 1982, as amended by 55 FR 3955, Feb. 6, 1990; 55 FR 19886, May 14, 1990]

§ 5451.3 Performance bond reduction.

(a) As contract provisions are satisfactorily completed, the authorized officer may, in his discretion, reduce the amount of the required performance bond: *Provided, however,* That the amount of the performance bond shall not be reduced below the minimum required by § 5451.1 until

(1) Payment of no less than 60 percent of the total purchase price has been made, or

(2) Road construction required under the contract has been completed, the value of which when combined with contract payments is equal to no less than 60 percent of the total purchase price.

(b) At the request of the purchaser, when the requirements set forth in the proviso to paragraph (a) of this section have been met, the amount of the performance bond may be reduced to 10 percent of the total purchase price or the entire cost of the uncompleted post-harvest contract requirements, whichever is greater. The amount of the performance bond shall not be reduced below 10 percent of the total purchase price until payment for all the timber sold under the terms of the contract is complete.

(c) For the purpose of this section, the value of completed road construction shall be based on the Bureau's appraisal allowance.