

Customs Bond Application Instructions

Applicant/ Principal/Indemnitor Information

Required

Company Name: Complete company name as registered in home state

Company Type: Complete as registered in home state. If customer is a Limited Partnership (LP), Customs requires the full LP Agreement for filing and approval of the bond

Address: Physical Address

Importer Contact Name: Company Officer or Import Manager who is responsible for imports

Previous Surety: Applies only if a continuous bond is currently in place: provide name of the surety company and 3-digit surety code on the bond

Is Credit Extended? This question applies to Customs Brokerage customers who have a line of credit with UPS

Question: Do any of the following apply? Answer each question and give an explanation for any YES answers

Customs Related Information

Importer Number: Federal Tax ID, Social Security #, or Customs Assigned # (11 digit number)
Must provide the number registered with the State or with Customs to conduct business

Previous Importer Number: List any # applicant conducted business under prior to the above listed number

Bond Type: Select CTB - Continuous Transaction Bond

Bond Amount: CTB is 10% of Duties, taxes, & fees with a minimum of \$50,000

Effective Date: We will assign the earliest effective date available unless the customer has a specific date request

Activity Code: Choose one activity that the bond will be issued to cover – **most common is 1 - Importer**

Entry Type: Choose the type of entry – most common is **General Merchandise**

Custodial Type: If applying for a Custodial bond (entry activity 2), please indicate which activities have been Approved by CBP

Merchandise Information

Description Line: Detailed information about commodity, Country of Origin and Port of Entry are required

FDA: This question can be left blank.

Value of Merchandise: Invoice value of merchandise imported for Last Year and Estimated Current Year.

Duties & Taxes: Total Duty payments to Customs for last year and anticipated for current year

AD/CVD: Margin: List margin as determined by US Department of Commerce

Duties/Taxes Paid: How does the customer pay their duties to Customs? Can be left blank if unsure

ISF Information LEAVE THIS AREA BLANK

Customs Certification, Indemnity Agreement and Collateral Policy

Principal Signature: An Officer of the Company is required to sign

Typed or Printed Name: Type of print Officer's name and provide Title

Company Name: Provide company name. A Seal is not required

Page 2 - An Officer of the company and a witness are required to sign page 2 of the bond application in the appropriate section.

AVALON RISK MANAGEMENT

GENERAL AGENT FOR THE SURETIES IT REPRESENTS

AMERICAN SERVICE INSURANCE COMPANY
ELK GROVE VILLAGE, ILLINOIS

GREAT AMERICAN ALLIANCE INSURANCE COMPANY
CINCINNATI, OHIO

CUSTOMS BOND APPLICATION & INDEMNITY

Return completed application to:

Customs Broker Name:	Filer Code:
Contact Name:	
Phone:	Fax:
E-mail:	

Please complete and have Importer sign both sides of this document and return to Avalon at (847) 700-8117 for final approval or e-mail to ARM-Bond_Underwriting@avalonrisk.com If you are applying for an ISF Bond, please also include the Bond Principal's recent ISF Report Card. Financial statements may be required upon request.

APPLICANT/PRINCIPAL/INDEMNITOR INFORMATION

Company Name: _____
 Individual/Sole Proprietorship Partnership (If general partnership, CBP requires list of all partners. If limited partnership CBP requires partnership agreement)
 Corporation, State/Country of _____
Physical Address: _____
City: _____ State/Province: _____ ZIP/Postal Code: _____ Country: _____
If foreign, U.S. service of process: _____
Phone: _____ Fax: _____ Email: _____
Importer Contact Name and Title: _____ Years in Business? _____
Previous Surety: _____ How many years has Applicant worked with Customs Broker? _____
Is Credit Extended? Yes No If yes, how much credit is extended? \$ _____
Does Applicant participate in Periodic Monthly Statement? Yes No If yes, effective date? _____ and monthly payment of duties/taxes? \$ _____
Does Applicant participate in the Reconciliation program? Yes No Import to the U.S. Virgin Islands? Yes No Defer taxes on imports? Yes No
Do any of the following conditions apply? Yes No If Yes, please check all conditions that apply below and provide any further details on separate page.
 Applicant and/or Partner/Officer of Applicant has previously filed for bankruptcy or is currently in bankruptcy proceedings.
 A surety has previously paid Customs bond claim(s) on Applicant's behalf and/or Applicant is aware of pending Customs claims against our company.
 Customs has previously suspended Applicant's immediate delivery privileges and/or Applicant is currently sanctioned by Customs.
 Applicant and/or Partner/Officer of Applicant has been investigated by Customs for fraud or negligence and/or is currently involved in an investigation.

CUSTOMS RELATED INFORMATION

Importer Number: _____ Previous Importer Number: _____ SCAC Code: _____
 Single Entry Continuous Bond Amount: \$ _____ Aggregated Bond Amount: \$ _____ Effective Date: _____
Activity Code: 1-Importer 1A-Drawback 2-Custodial 3-Int'l Carrier 3A-Int'l Traffic 4-FTZ 5-Public Gauger
 6-Wool & Fur 7-Bill of Lading 8-Copyright 9-Neutrality 10-Court Costs 11-Airport Security Customs Area
 12-ITC Exclusion 14-IBEC 15-IPR 16-ISF See below 17-MTO
1. Entry Type: General Merchandise TIB Warehouse Auto (DOT) AD/CVD FDA Chapter 98 GSP/CBI
2. Custodial Type: Bonded Carrier Bonded Warehouse Container Freight Station Bonded Cartmen AMS Filer

MERCHANDISE INFORMATION

Description of Merchandise: _____ Country of Origin: _____ Port of Entry: _____
Merchandise Subject to FDA? Yes No Is FDA Merchandise Subject to Automatic Detention? Yes No
Value of Merchandise: Last Year: \$ _____ Estimated current year: \$ _____
Duties, Taxes and Fees: Last Year: \$ _____ Estimated current year: \$ _____
AD/CVD Margin (if applicable) _____ Duties/Taxes Paid: with entry with entry summary ACH payment
If applying for an International Carrier Bond (C3), please note the amount of seats the aircraft holds for passengers: _____ for crew seats: _____

ISF INFORMATION

Bond Type: Unified ISF/Entry ISF-D Single Bond Aggregation: \$ _____ ISF-D Continuous Bond Amount: \$ _____
ISF Filing Date: _____ Bond Effective Date: _____ Vessel Departure Date _____
Has the importer filed previous ISFs? Yes No If yes, how many prior ISFs were filed? 1-5 6-10 11-20 20+ 50+ 100+
How many ISF single transaction bonds does importer anticipate filing each year? 1 2-5 6-10 11-20 20+ 50+ 100+
Per Importer's ISF Report Card, what percent of ISFs are: Flexible Filings _____% Late or Untimely? _____% Inaccurate? _____%
Is Bill of Lading on file in AMS (per AMS manifest)? Yes No If no, is AMS processed electronically? Yes No Was shipment co-loaded? Yes No

CUSTOMS CERTIFICATION, INDEMNITY AGREEMENT AND COLLATERAL POLICY

I certify that the factual information contained in this application is true and accurate and any information provided which is based upon estimates is based upon the best information available on the date of this application. Dated _____ day of _____, 20____.
I understand that all information contained herein or generated by U.S. Customs or other governmental agency or the Surety may be shared with the U.S. Customs Broker(s) of record acting on my behalf.
I understand that there is a six (6) year statute of limitations for claims to be made against the bond(s) and collateral will not be returned until liability has been extinguished. For more information on Avalon's collateral policy, please visit www.avalonrisk.com/collateral.pdf.

Principal's Signature (must be owner/officer) _____

Typed or printed name and title of principal _____

Company Name _____

SEAL

The Undersigned hereby declares the truth of the representations herein, and that they are made to induce AMERICAN SERVICE INSURANCE COMPANY and/or GREAT AMERICAN ALLIANCE INSURANCE COMPANY or such other sureties as Avalon Risk Management may from time to time represent (hereinafter referred to collectively as the "Surety") (Continued on reverse).

to enter into a contract of suretyship by the issuance of the Bond(s) applied for. The Undersigned agrees that the Surety may decline the Bond(s) applied for or may cancel or terminate same without incurring any liability whatsoever to the Undersigned. In consideration of the issuance of the Bond(s) herein applied for, or any Bond(s) in substitution for or in succession of the said Bond(s), or any increase or extension of time of the said Bond(s) or any other Bond or undertaking by the Surety on behalf of the principal whether issued or undertaken prior to or after the date hereof, hereinafter individually or collectively referred to as Bond(s), the undersigned hereby agrees:

- (1) To hereby authorize the Surety to make such pertinent inquiry as may be necessary from financial institutions, persons, firms and corporations in order to confirm and verify information referred to or listed herein;
- (2) To pay to the Surety the agreed premium upon execution of the Bond(s) and annually in advance thereafter;
- (3) To furnish the Surety with satisfactory and conclusive termination evidence that there is no further liability on the Bond(s);
- (4) To perform all the conditions of said Bond(s) and will indemnify and save the Surety harmless from demands, losses, costs, damages and expenses, including attorney's and counsel fees deemed necessary by the Surety, which Surety may sustain or incur by reason of the issuance of such Bond(s), or obtaining a release of or evidence of termination under such Bond(s). This obligation shall be continuing as to this Bond or any other Bonds or undertaking until Surety's liability is extinguished;
- (5) That the Surety shall have (i) the exclusive right to adjust, settle or compromise any claim under such Bond(s), and (ii) the right, at its sole option and sole discretion, to increase or decrease the penalty(s) of any such Bond(s), to change the obligee(s) therein, to execute any continuations, enlargements, modifications and renewals thereof or substitute the same or different conditions, provisions and obligee(s) therein, it being agreed that this Indemnity Agreement shall cover such new or changed Bond(s) or renewals even though the Surety's action or consent may or does substantially increase the liability of the Applicant and the Undersigned;
- (6) That the voucher or other evidence showing payment made by the Surety in good faith by reason of such Bond(s) or any renewal, extension or substitution thereof shall be conclusive and in any event prima facie evidence of such payment and the property thereof and of the liability of the Undersigned theretofore to the Surety;
- (7) To the following general provisions:
 - a. Any property which may have been, or may be, pledged as collateral security for any Bonds may, at the Surety's discretion, be retained as collateral security on any Bond falling under the scope of this Indemnity Agreement, whether or not executed, and whether or not executed or reinsured by the Surety, and for the full and complete performance of the Undersigneds' covenants under this Indemnity Agreement. In the case of any breach of the Undersigneds' covenants, or in case the Surety finds it necessary to raise money to meet any actual or prospective claim or demand under any Bond, or to pay any expense incurred in connection therewith, the Surety has full power and authority, without notice to the Undersigneds, to negotiate or redeem any checks or certificates of deposit, or to draw upon any letters of credit, and to use any or all of the proceeds, in order to protect itself against loss, costs, damages, attorneys' fees and expenses. After deducting all legal and other costs, and all loss, costs, damages, attorneys' fees and expenses, and all premiums due the Surety for any Bond or Bonds, the Surety shall return the remainder of the collateral, if any, to the person or persons legally authorized to receive it. We will contact you at the name and address provided and/or through your customs broker when the collateral may be returned. It is the principal's obligation to notify us of any change of address. If we are unable to contact you funds that we continue to hold on your behalf will become subject to a maintenance fee of 1.5% per month effective as of the return date of undeliverable certified mail to your last known address. The Surety shall not be responsible for any loss to the property from any cause other than the act or neglect of its officers or employees. The Surety shall not be responsible for paying interest, or loss of interest, to depositor or any other party on such deposits;
 - b. Where a Bond has been executed for the importation of merchandise, or transportation in-bond of imported merchandise, to consent to service of process upon the Customs broker or agent who executed the Bond on behalf of the Principal. Principals further consent to such service, at the Surety's sole option, at the original port of entry, the final port of entry, or other place, as may be a place of business of the Customs broker or agent. The Principal consents to jurisdiction at the place of service;
 - c. Where the bonded merchandise is a motor vehicle, a condition of executing the Bond is the immediate delivery of the vehicle to a Surety-approved bonded conversion facility. The delivery must occur directly from the port of entry to the conversion facility in order to perform all conversions necessary to bring the vehicle into conformity with United States Environmental Protection Agency and Department of Transportation emission and safety standards;
 - d. The Principals agree to give the Surety prompt written notice of any and all facts which may give rise to any action against the Surety relating to any Bond. If the Principals fail to petition, protest, defend or settle any such action taken by the Oblige, pursuant to the Bond, the Principals agree that the Surety may petition, protest, defend or settle such action to protect its interests by whatever means it considers appropriate. The determination as to whether any such action is petitioned, protested, defended or settled is binding and conclusive upon the Principals, and the result of any such petition, protest, defense or settlement is binding in whole or in part, as if it were the act of the Principals. Evidence of payment is prima facie evidence of the fact and extent of the Principals' liability to the Surety. Liability hereunder extends to, and includes, the full amount of any and all monies paid by the Surety in settlement or compromise of any action, in good faith under the belief that it was liable therefore, whether liable or not, as well as any and all disbursements for attorneys' fees, costs, and expenses as aforesaid, which may be made under the belief that such were necessary, whether necessary or not. The Principals understand that any action taken to petition, protest, defend or settle any action by the Oblige under the Bond, whether the action is initiated by the Principals or the Surety, does not excuse the Principals from the timely payment of bills for the Bond or for amounts paid in pursuance thereof;
 - e. The Surety has every right, defense, or remedy available, including the right of exoneration and replevin or to take possession of the bonded merchandise upon notification of any violation of the terms and conditions of the Bond. The Surety has specific lien rights as to both real and personal property, including merchandise in which the Undersigneds' is the owner and/or has ownership interest in, including merchandise in transit and/or in a warehouse.
- (8) To consent to provide the Surety, any Bond Oblige and/or Customs broker, any and all information relative to entries or other transactions under any Bond;
- (9) To consent to their lawful agent or attorney-in-fact executing and filing Bonds, by electronic or such other means as is elected instead of paper documents, and agree in those instances to be bound by this Indemnity Agreement and the terms and conditions of any Bonds as fully and completely as they would be if paper documents had been used and manually executed;
- (10) The Principals understand and agree that the Bond or undertaking is subject to termination if the Principals no longer use a licensed Customs broker satisfactory to the Surety;
- (11) The Undersigned further agrees to reimburse the Surety for all expense, counsel and attorney fees incurred by the Surety in enforcing any provision of this agreement. Regardless of the date this Indemnity Agreement is signed, it is effective as of the date of the execution of the above mentioned Bond(s).

Dated _____ day of _____, 20____.

SIGNATURES

If Applicant is an INDIVIDUAL or PROPRIETORSHIP, sign here:

Name of Individual or Proprietorship

Witness

Individually and as Proprietor

If Applicant is a PARTNERSHIP, sign here:

Name of Partnership

Individually and as Partner

Individually and as Partner

If Applicant is a CORPORATION or LIMITED LIABILITY COMPANY (LLC), sign here:

Name of Corporation or Limited Liability Company

Attest: _____
Secretary/Witness

By: _____
President or Managing Partner (for Limited Liability Company)

ALL OWNERS, (STOCKHOLDERS) AND ADDITIONAL INDEMNITORS MUST SIGN BELOW

In consideration of executing the Bond(s) applied for by Applicant, the Undersigned, now referred to as Indemnitor(s), acknowledge(s) that the above Indemnity Agreement has been read and the Indemnitor(s) is (are) aware of the contents of the Indemnity Agreement. The Indemnitor(s) agree(s) to be bound by the Indemnity Agreement to the same extent as the Applicant. The obligation imposes individual liability on the Indemnitor(s) as well as joint liability with the Applicant. The Indemnitor(s) has(have) sufficient interest in the performance of this obligation to execute this agreement and is (are) fully empowered to exercise this agreement.

INDEMNITOR NAME

INDEMNITOR SIGNATURE