

BOND FORM - ACTIVITY DESK

INSTRUCTIONS FOR FILING:

- 1. Follow "Guidelines" for statutory bond requirements.
- 2. Complete **all** sections of form as required.
- 3. **Both** applicant **and** surety must complete and notarize bond form.
- 4. Attach Power of Attorney if applicable.

Activity Desk Program
 Department of Commerce and Consumer Affairs
 PVL Licensing Branch
 P.O. Box 3469
 Honolulu, Hawaii 96801
hawaii.gov/dcca/pvl

BOND NO. _____

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, _____ ,
(Name of Principal)

as PRINCIPAL, and _____ , as SURETY, authorized by the
(Name of Surety)

Insurance Commissioner, State of Hawaii, to transact the business of surety insurance, are held and firmly bound unto the

Director of the Department of Commerce and Consumer Affairs, State of Hawaii, as OBLIGEE, the full and just sum of

_____ (\$ _____) in lawful

money of the United States of America, and hereby bind ourselves jointly and severally, and our heirs, executors, administrator, successors and assigns, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE AS FOLLOWS:

THAT WHEREAS, the said bounden principal has applied for registration to engage in business as an activity desk under the provisions of Act 231, SLH, 1992, as amended.

THAT WHEREAS, the said bounden Principal shall comply with all requirements of Act 231, SLH, 1992, as amended, and any rules promulgated thereto with respect to the duties, conduct, obligations, and liabilities of activity desks.

NOW, THEREFORE, if the said bounden Principal, including its employees, directors, officers, agents, volunteers and independent contractors shall faithfully and truly comply with Act 231, SLH, 1992, as amended, and rules promulgated pursuant thereto, and all of the conditions previously stated in this bond, then this obligation shall be void; otherwise, this obligation shall be and remain in full force and effect.

AND, the period which this bond is to cover shall be from _____, 20 ____ to _____, 20 ____ . If the bond is continuous in nature, the premium shall be paid on _____ of each respective year.

AND, the bond may be cancelled only if the Principal herein named gives sixty (60) days prior written notice to the Surety, OR the Surety herein named gives thirty (30) days prior written notice to the Obligee.

AND, the Surety shall be liable for any claims against the bond for a period of six (6) months after expiration or cancellation of the bond, provided that the debts were incurred while the bond was in effect, and the Obligee notifies the Surety of any claims within ninety (90) days of discovery of any claims.

AND, the Surety is not required to release any money or collateral to the Principal during the six (6) months after cancellation or expiration of the bond.

AND, the bond is to indemnify any consumer who suffers loss as a result of nonperformance by the Principal.

NOTARIZED SIGNATURES ON PAGE 2

(CONTINUED ON PAGE 2)

IN WITNESS WHEREOF, we, the said Principal and the said Surety have hereunto set our hands and seals this

_____ day of _____ A.D. 20 _____ .

Subscribed and sworn to before me this
 _____ day of _____ A.D. 20 _____ .
 Notary Signature: _____
 Notary Public, State of: _____
 My commission expires: _____
 Print Name: _____

Principal: _____

By: _____

Title: _____

Doc. Date: _____ No. of Pages: _____
 Notary Name: _____ Circuit Court: _____
 Doc. Description _____

 Notary Signature: _____
 Date: _____

Subscribed and sworn to before me this
 _____ day of _____ A.D. 20 _____ .
 Notary Signature: _____
 Notary Public, State of: _____
 My commission expires: _____
 Print Name: _____

Surety: _____

By: _____

Title: _____

Doc. Date: _____ No. of Pages: _____
 Notary Name: _____ Circuit Court: _____
 Doc. Description _____

 Notary Signature: _____
 Date: _____

(See Guidelines on next page)

GUIDELINES FOR ACTIVITY DESK STATUTORY BOND REQUIREMENTS

GENERAL INFORMATION

BOND Must be issued by a surety admitted to do business in Hawaii, be a performance or guaranty type bond naming the director as obligee to indemnify any consumer who may suffer loss as a result of nonperformance by the activity desk. The bond must provide:

- 1) That the bond may be cancelled only if the activity desk gives sixty days prior written notice to the surety or the surety gives thirty days prior written notice to the director of cancellation of the bond;
- 2) That the surety may be liable for any claims against the bond for a period of six months after expiration or cancellation of the bond provided that:
 - a) The debts were incurred while the bond was in effect; and
 - b) The director notifies the surety of any claims within ninety days of discovering of any claims.

The surety is not required to release any money or collateral to the activity desk during the six months after cancellation or expiration of the bond.

COMPUTING THE AMOUNT OF BOND COVERAGE

NOTE: As defined in Act 231, SLH 1992, "net sales" means gross sales minus the commission paid to activity desks.

1. The bond must be in an amount equal to the average monthly net sales revenues of the activity desk as determined for the twelve-month period ending on the last sales period ending date of the fifth month prior to the anniversary date of the bond; provided that the amount of coverage of the bond shall not be less than \$50,000 nor more than \$250,000.

EXAMPLE: If the effective date of the bond is August 1, 2004, then the anniversary date of the bond is August 1, 2005. Count backwards five (5) months from the anniversary date--March 1, 2005. The period March 1, 2004, to March 1, 2005, is the twelve-month period on which to determine the "average monthly net sales revenues". This figure (average monthly new sales revenues) is the bond amount required to be posted. **The bond amount must always be between \$50,000 and \$250,000**, even if the average monthly net sales revenues are less than \$50,000 or more than \$250,000.

2. If an activity desk provides a bond for the first time during the period beginning on June 17, 2004, and ending on March 31, 2005, then the initial bond coverage shall be based on the twelve-month period ending on June 30, 2004.

EXAMPLE: If a bond is posted for the first time to cover the period June 17, 2004, to March 31, 2005, then use the twelve-month period June 30, 2003 to June 30, 2004, to compute the "average monthly net sales revenues". This figure (average monthly net sales revenues) is the bond amount required to be posted. Again, **the bond amount must always be between \$50,000 and \$250,000**, even if the average monthly net sales revenues are less than \$50,000 or more than \$250,000.

3. If an activity desk does not have a full twelve-month period on which to base the bond amount, then the amount shall be not less than the average monthly net sales revenues as determined for the months available; provided that this amount shall not be less than \$75,000, notwithstanding the minimum amount of \$50,000 for regularly computed coverage.

EXAMPLE: If an activity desk has been operating for less than twelve months, then compute the average monthly net sales based on the months in operation. **Under this formula, the bond amount must be a minimum of \$75,000.**

4. If an activity desk has more than one branch desk location, the bond shall cover all locations, and computation on the coverage shall be based on the total net sales of all branch locations.