

Manawatū District Council, Bond Policy Guidance Sheet

What is a Bond?

A Bond is a financial guarantee ensuring developers or consent holders complete the required work under their resource consent. If work isn't completed, Council may use the bond funds to finish it. Bonds may be either a cash bond (money paid directly to Council) or a bank bond (a guarantee from a registered bank).

When is a Bond required?

A Bond may be required to secure completion of subdivision or land use consent conditions under the Resource Management Act 1991 (RMA), particularly when around 95% of works are complete but the final portion is delayed for valid reasons (such as weather or timing).

Examples of Work That Can Be Bonded

- Landscaping or planting due in the next season.
- Maintenance or restoration works.
- Minor construction or finishing work delayed by weather.

How to Apply for a Bond

1. Complete the Bond Application Form (Appendix 1 or from Council)
2. Provide:
 - a. Two contractor quotes for the unfinished works.
 - b. A recent Certificate of Title (less than 2 months old).
 - c. Written confirmation from your bank (for bank bonds).
 - d. The relevant processing fee (see Council's Fees and Charges).
3. Submit your application with or before your s224(c) certificate request.

Bond Amounts

- Must cover all costs of completing works, plus a 25% contingency for inflation or unexpected expenses.
- Bonds under \$25,000 must be cash (no interest paid).
- Bonds over \$25,000 may be cash or bank bonds.

Timeframes

The maximum bond term is one year. Extensions beyond one year are not generally approved.

Bond Agreement and Registration

Once approved, a Bond Deed is prepared and signed by both parties. Council may register the bond on the property title if required, especially for bank bonds over \$25,000. All associated legal and registration costs are paid by the consent holder.

Releasing the Bond

Once the bonded works are completed to Council's satisfaction, Council will release the bond and either refund remaining cash or return the bank guarantee. If registered on title, Council will arrange for discharge.

If the Work is Not Completed

- For cash bonds: Council may use the funds to complete the work.
- For bank bonds: Council may call on the bank guarantee.

Council may recover any additional costs if the bonds amount is insufficient.

Key points:

- ✓ Bonds apply only to minor, incomplete works where risk is low.
- ✓ The maximum term is one year.
- ✓ Essential services and vested assets cannot be bonded.
- ✓ The bond value must cover all costs plus 25% contingency.
- ✓ Fees apply for processing and documentation.

Contact Us

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