bond. The bond always shall be stated as the next highest dollar.

(b) Guidelines for determining amount of bond. In determining whether the amount of a bond is sufficient, the port director or drawback office in the case of a bond relating to repayment of erroneous drawback payment (see §113.11) should at least consider:

(1) The prior record of the principal in timely payment of duties, taxes, and charges with respect to the transaction(s) involving such payments;

(2) The prior record of the principal in complying with Customs demands for redelivery, the obligation to hold unexamined merchandise intact, and other requirements relating to enforcement and administration of Customs and other laws and regulations;

(3) The value and nature of the merchandise involved in the transaction(s) to be secured;

(4) The degree and type of supervision that Customs will exercise over the transaction(s);

(5) The prior record of the principal in honoring bond commitments, including the payment of liquidated damages; and

(6) Any additional information contained in any application for a bond.

(c) Periodic review of bond sufficiency. The port directors and drawback offices shall periodically review each bond filed in their respective port or drawback office in the case of a bond relating to repayment of erroneous drawback payment (see §113.11) to determine whether the bond is adequate to protect the revenue and insure compliance with the law and regulations. If the port director or drawback office determines that the bond is inadequate, the principal shall be immediately notified in writing. The principal shall have 30 days from the date of notification to remedy the deficiency.

(d) Additional security. Notwithstanding the provisions of this section or any other provision of this chapter, if a port director or drawback office believes that acceptance of a transaction secured by a continuous bond would place the revenue in jeopardy or otherwise hamper the enforcement of Customs laws or regulations, he shall require additional security.

§113.14 Approved form of bond inadequate.

If the port director believes that none of the conditions contained in subpart G of this part is applicable to a transaction sought to be secured, the port director shall draft conditions which will cover the transaction, but before execution of the bond the conditions shall be submitted to Headquarters, Attention: Director, Border Security and Trade Compliance Division, Regulations and Rulings, Office of International Trade, for approval.


§113.15 Retention of approved bonds.

All bonds approved by the port director, except the bond containing the agreement to pay court costs (condemned goods) (see §113.72) shall remain on file in the port office unless the port director is directed in writing by the Director, Border Security and Trade Compliance Division as to other disposition. The bond containing the agreement to pay court costs (condemned goods), shall be transmitted to the United States attorney, as required by section 608, Tariff Act of 1930, as amended (19 U.S.C. 1608). The bond relating to repayment of erroneous drawback payment containing the conditions set forth in §113.65 shall be retained in the appropriate drawback office.


Subpart C—Bond Requirements

§113.21 Information required on the bond.

(a)(1) Identification of principal and sureties. The names of the principal and sureties and their respective places of residence shall appear in the bond. In the case of a corporate principal or surety, its legal designation and the address of its principal place of business shall appear.

(2) Identification of trade names and unincorporated divisions of a corporate principal. The principal may list on the
§ 113.22 Witnesses required.

(a) Generally. The signature of each party to a bond executed by a noncorporate principal or surety shall be witnessed by two persons, who shall sign their names as witnesses, and include their addresses.

(b) Witness for both principal and surety. When two persons signing as witnesses act for both principal and surety, they shall so indicate by stating on the bond “as to both”.

(c) Corporate principal or surety. No witnesses are required where bonds are executed by properly authorized officers or agents of a corporate principal or corporate surety. For requirements concerning the execution of a bond by an authorized officer or agent of a corporate principal or surety, see §§113.33 and 113.37 of this part.

§ 113.23 Changes made on the bond.

(a) Definition of the types of changes—

(1) Modification or interlineation. Modifications or interlineations are changes which go to the substance of the bond, or are basic revisions of the bond.

(2) Alterations or erasures. Alterations or erasures consist of minor changes, such as the correction of typographical errors, or change of address, which do not go to the substance, or result in basic revision of the bond.

(b) Prior to signing. When erasures, alterations, modifications, or interlineations are made on the bond prior to its signing by the parties to the bond, a statement by an agent of the surety company or by the personal sureties to that effect shall be placed upon the bond.

(c) After signing. If erasures or alterations are made after the bond is signed, but prior to the approval of the bond by Customs, the consent of all the parties shall be written on the bond. Except in cases where a change in the bond is expressly authorized by regulation, or by the Commissioner, no modification or interlineation shall be made on the bond after execution. When a modification or interlineation is desired, a new bond will be executed.

(d) After approval of the bond by Customs. Except in cases where a change in the bond is expressly authorized by regulations, or instructions from the Commissioner, the port director shall not permit a change as defined in paragraph (a) of this section after the bond has been approved by Customs. When changes are desired, a new bond is required, which, when approved, shall supersede the existing bond.


§ 113.24 Riders.

(a) Types of riders. The port director may accept the following types of bond riders.

(1) Name change of principal. A bond rider to change the name of a principal on a bond may be used only when the change in name does not change the legal identity or status of the principal. If a new corporation is created as a result of a merger, reorganization or similar action, a bond rider for a name change of the principal can not be used. A new bond would be required.

(2) Address change. A bond rider may be used to change the address of a principal on a bond.

(3) Addition and deletion of trade names and unincorporated divisions of a corporate principal. A bond rider may be used to add to or delete from a bond trade names and the names of unincorporated divisions of a corporate principal which do not have a separate and distinct legal status.

(b) Where filed. A rider must be filed at the port where the bond was approved.