



## Ohio Administrative Code

### Rule 122:15-1-03 Ineligibility of principal and surety; loss of program eligibility.

Effective: April 7, 2014

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(A) A principal is ineligible for a development services agency bond guarantee under one or more of the following circumstances;

(1) An owner, officer, director, or general partner of the principal is under indictment for, or has been convicted of a felony involving protecting the integrity of business transactions or business relationships; or a final civil judgment has been entered stating that such owner, officer, director, or general partner has committed a breach of trust or has violated a law or regulation protecting the integrity of business transactions or business relationships; or

(2) A regulatory authority has revoked, canceled, or suspended a license of the principal, or an owner, officer, director, or general partner of the principal, which is necessary to perform the contract; or

(3) The principal has obtained a bond guaranteed by fraud or material misrepresentation.

(B) A surety is ineligible for a development services agency bond guarantee under one or more of the following circumstances:

(1) A regulatory authority has revoked, canceled, or suspended a license of the surety, or an owner, officer, director, or general partner of the surety, which is necessary to transact business as a surety insurer; or

(2) The surety has obtained a bond guarantee by fraud or material misrepresentation; or

(3) The surety has materially breached the EDGE bond guarantee participation agreement with the development services agency.

(C) A principal may lose eligibility for further development services agency bond guarantees if any



of the following occurs under a development services agency-guaranteed bond issued on behalf of the principal:

- (1) Legal action under the guaranteed bond has been initiated;
- (2) The obligee has declared the principal to be in default under the contract;
- (3) The surety has requested reimbursement for losses incurred under the bond; or
- (4) The principal committed fraud or material misrepresentation in obtaining the guaranteed bond.

(D) A surety may lose eligibility for further development services agency bond guarantees if any of the following occurs under a development services agency-guaranteed bond issued on behalf of the principal:

- (1) The surety committed fraud or material misrepresentation in obtaining the guaranteed bond.
- (2) The surety has materially breached the EDGE bond guarantee participation agreement.