

INDEMNIFICATION AGREEMENT - CONTRACT SURETY

IMPORTANT! Signature Instructions – Individuals who apply for a Bond must complete and sign the indemnity agreement below. **Sole Proprietorship** – Owner must sign below. **Partnership** – Partners are signing as authorized agents of the partnership and as individually liable indemnitors. **Corporation or LLC** – If corporate officer or LLC member or manager signs indicating his or her LLC capacity, it is nonetheless specifically understood that such individual is signing in his or her corporate or LLC capacity and as an individually liable indemnitor. **In all cases, if married, spouse must also sign; however, no missing signature shall invalidate this agreement.**

I request that Western National Mutual Insurance Company and/or any of its affiliated companies (“WNNMIC”) execute a Bond and consider executing future Bonds for the individual, company or entity identified below (“Principal”). I authorize WNNMIC or its agents to investigate my credit and Principal’s credit, now and at any time in the future, with any creditor, supplier, financial institution, or other person or entity. Authorization is hereby granted to any of the aforementioned, now and at any time in the future, to release information to WNNMIC pertaining to credit. I make the following promises so that WNNMIC will execute a Bond and consider executing future Bonds:

1. I agree that the following definitions apply: (a) Bond means (i) any surety bond, undertaking, or other express or implied obligation of guaranty or suretyship, signed or committed to by WNNMIC at the request of Principal, or any of the indemnitors (regardless of what business entity is named on the Bond), on, before, or after the date of this agreement pursuant to which WNNMIC is or may be made liable for Loss, whether or not Principal is also liable; and (ii) all riders, endorsements, continuations, renewals, substitutions, modifications, extensions, replacements and reinstatements thereto; and changes in the penal sum thereto; “Bonded Contract” or “Bonded Obligation” means any contract or obligation for which Surety has issued or procured a Bond, and (c) “Loss” means any payment or expense, either incurred or anticipated, by WNNMIC in connection with this Bond or this agreement, including but not limited to: payment of bond proceeds or any other expense in connection with claims, potential claims, or demands; claims fees, including a claims fee charge of \$250 for each claim; penalties, interest, court costs, collection agency fees; costs related to taking, protecting, realizing upon, or releasing collateral; and attorney’s fees (including but not limited to those incurred in defense of bond claims or pursuing any rights of indemnification or subrogation and in obtaining and enforcing any judgment arising from those rights).
2. I agree, with Principal and all other indemnitors, to hold WNNMIC harmless from all Loss and to pay back or reimburse WNNMIC for all Loss.
3. Upon request, I agree to provide to WNNMIC collateral acceptable and adequate to WNNMIC in the event WNNMIC is required or solely deems it necessary to establish a reserve for a Loss for any Bond. The reserve for Loss may vary from time to time as WNNMIC solely deems necessary to protect itself from Loss. Cash collateral equal to the reserve for Loss may be deemed by WNNMIC to be adequate. Collateral may be held by WNNMIC until WNNMIC has determined it is no longer exposed to Loss as a matter of law, and WNNMIC may retain or sell collateral to reimburse itself for Loss. WNNMIC shall be entitled to seek specific performance of this Agreement and procedures for executing on judgments may be used to enforce WNNMIC’s decree(s) of specific performance. In the event that WNNMIC suffers a Loss, prior to being provided with collateral, WNNMIC may enforce any decree, as a money judgment (in addition to any other judgments) to reimburse itself for such Loss without further notice or motion.
4. I agree to pay WNNMIC all premiums when due from Principal according to the rates in effect when each payment is due. I agree that premium for a Bond is fully earned upon execution of a Bond and is not refundable.
5. I agree that an electronic copy of this agreement shall be considered as an original and shall be admissible in a court of law to the same extent as the original agreement.
6. As security for my obligations hereunder, I grant WNNMIC a security interest in all of my assets, property and rights, wherever located and whether now owned or acquired, and all proceeds and products and substitutions and replacements thereof, including but not limited to all goods (including inventory and equipment), instruments (including promissory notes), documents, accounts, chattel paper, deposit accounts, letter-of-credit rights, securities, contracts or contract rights, rights to the payment of money, insurance claims or proceeds, and all general intangibles. This is intended to constitute a security

agreement according to the Uniform Commercial Code (UCC) and I irrevocably authorize WNMIC to sign and file this Indemnification Agreement as a financing statement, and to file any such other financing statements from time to time, including in the name and on behalf of me, in order to perfect the security interest granted hereunder.

7. I agree that the Surety has the right to hold as a trust fund and/or as a constructive or equitable trust, all interest, title and rights in all monies due or to become due under the Bonded Contracts or Bonded Obligations, whether in possession of any Indemnitor or another Person, for the benefit and payment all obligations incurred in the performance of such Bonded Contract or Bonded Obligation for which Surety, as beneficiary, may be liable under any Bond. The trust shall inure for the benefit of Surety and this Agreement shall constitute notice of such trust.
8. I agree that WNMIC may obtain a release from its obligations as surety on a Bond whenever such release is allowed by law.
9. If a bond can be unilaterally cancelled by the surety, WNMIC may cancel a Bond by mailing notice of cancellation in the regular U.S. Mail to the obligee and to Principal, or Principal's representative, at the latest address provided to WNMIC, and I agree to accept service of notice in such manner. I designate my insurance agent as my representative and Principal's representative for such service. Unless a Bond, statute or lawful government regulation specifically provides otherwise, cancellation of a Bond shall be effective 30 days after WNMIC deposits the requisite notice of cancellation in the U.S. Mail. I WAIVE ANY CLAIM AGAINST WNMIC FOR DAMAGES which I may suffer as a result of cancellation of a Bond or any release from any obligation of WNMIC on any Bond.
10. I agree that WNMIC has the exclusive right to decide whether to pay, compromise, defend, or appeal any claim against a Bond.
11. I agree that I CANNOT TERMINATE MY LIABILITY to WNMIC created by this agreement except by sending written notice of intent to WNMIC. Written notice to terminate shall be sent to Western National Insurance Company at its home office, 4700 West 77th Street, Edina, MN, 55435-4818. I AGREE that the termination will be effective thirty working days after actual receipt of such notice by WNMIC, but only for Bonds signed and committed to by WNMIC after the effective date. Thus, I agree that I will REMAIN LIABLE to WNMIC for LOSS on BONDS SIGNED OR COMMITTED TO BY WNMIC PRIOR TO THE EFFECTIVE DATE OF TERMINATION.
12. I agree that WNMIC can bring any legal action arising out of or in any way related to any Bond or this agreement in Hennepin County, Minnesota and that Minnesota law shall govern unless WNMIC elects otherwise.
13. **I agree that I have READ AND UNDERSTOOD this agreement, that I am signing as a PERSONAL INDEMNITOR, on behalf of my MARITAL COMMUNITY, and in my CORPORATE, PARTNERSHIP, or LLC CAPACITY, if any. The rights and obligations of the undersigned hereunder are joint and several in each and every respect. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. No missing signature shall invalidate this agreement.**

Individual or Company Name	Date
BY (Owner's, Officer's or Partner's Signature) X	Owner's, Officer's or Partner's Signature (Print)
Individual or Company Name	Date
BY (Owner's, Officer's or Partner's Signature) X	Owner's, Officer's or Partner's Signature (Print)
Individual's Signature X	Individual's Name (Print)
Individual Spouse's Signature X	Individual's Spouse's Name (Print)
Individual's Signature X	Individual's Name (Print)
Individual Spouse's Signature X	Individual's Spouse's Name (Print)