

Memorandum



To: Mayor and Town Council

From: Ryan Spitzer

Date: 8/14/2025

Re: Maintenance Bond

Overview:

Historically the Town has required a developer to get a Maintenance Bond once the development is turned over to the Town to provide the town with surety that the landscaping was put in properly and the road infrastructure is sufficient after the topcoat of asphalt is applied. The County received a letter from a developer questioning whether the Town could require a Maintenance Bond.

NCGS 160D-804.1(see [G.S. 160D-804.1](#)) which discusses performance bonds for subdivision regulation. Specifically, section (4), Coverage. – The performance guarantee shall only be used for completion of the required improvements and not for repairs or maintenance after completion. **No performance guarantee may be required for maintenance of any improvement once the improvement is completed to the specification of a local government or upon receipt of a certification under seal from a professional engineer that the required improvements have been completed to the specification of the local government.**

The Town is recommending that we only require the Performance Bond for a project. However, when the developer asks for the Town to take over the development, the Town will go inspect the infrastructure like we normally would do. At this point, if the infrastructure is deemed sufficient by the Town and County, the Town would start a “clock” for one year to make sure the landscaping and road infrastructure held up.

Town Council will need to determine if they would like to reduce the Performance Bond down to some percentage of the original Performance Bond that the developer got at the beginning of the project.

Recommendation:

Consider removing the words “Maintenance Bond” from the Subdivision Ordinance and replace it with the timeline described for the new Performance Bond.