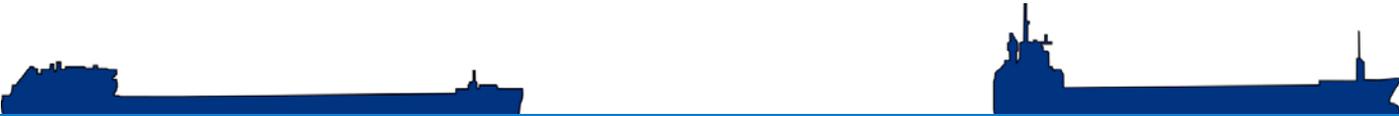


Customs Bond University



USCB 101

Customs Bond Basics

Customs Bonds 101

*An introductory resource for global
trade professionals*

A Publication of

TRG Bond

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INTRODUCTION

A WORD FROM THE AUTHORS

Over our past two decades operating as a surety agency, we enjoyed a magnificent opportunity to partner with thousands of global trade professionals and help them achieve their business goals. Our founding principles of strong relationship building, client education, and empowerment inspired the publication of this manual.

We constantly work to strengthen the international trade community by sharing our expert knowledge and experiences, and hope you find this to be a useful resource. Please feel free to share it in any way you see fit.

Now, let's begin!

IMPORTANT!

BEFORE WE BEGIN:

Although we do offer educational information, in this series, it is provided as general information only.

Please understand that the information contained herein is not an appropriate substitute for the advice of a licensed professional.

Always consult a licensed professional before making any important decisions regarding your U.S. Customs bond!

CHAPTER ONE

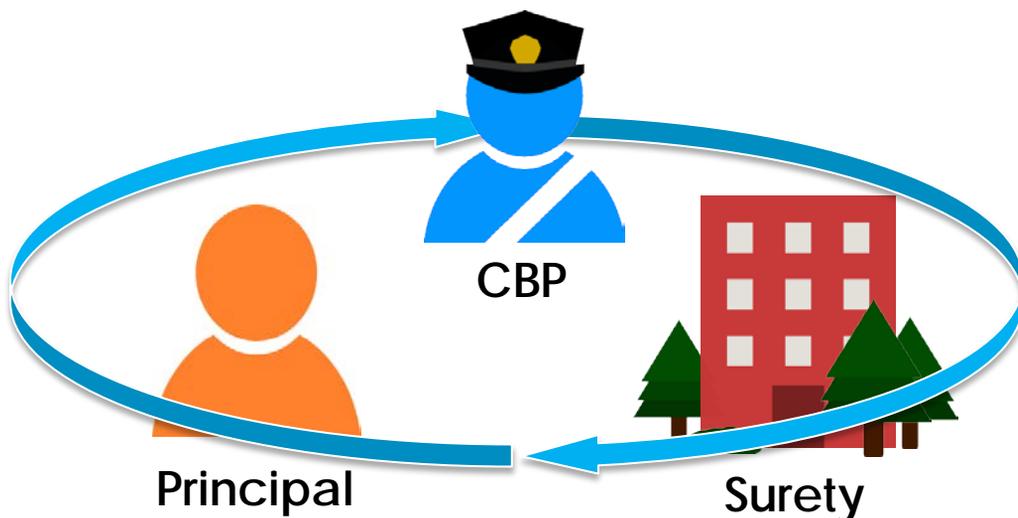
What is a Customs Bond?

Customs Bonds Are: A Surety Bond

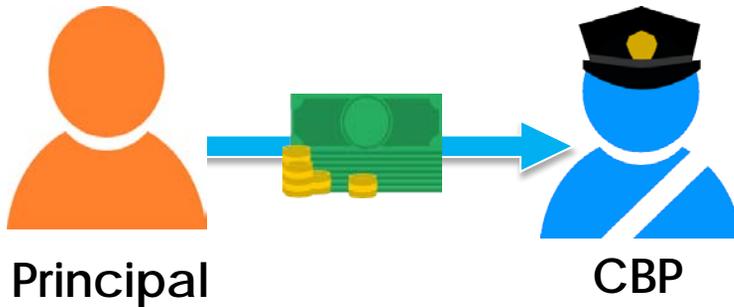
A U.S. Customs bond is written by an insurance company; however it doesn't offer *coverage* like other insurance products sold by a surety. More on this later.

A Three-Party Contract

A U.S. Customs bond is a three-party contract between a bond principal (usually an importer), a treasury-listed surety, and U.S. Customs and Border Protection (CBP).



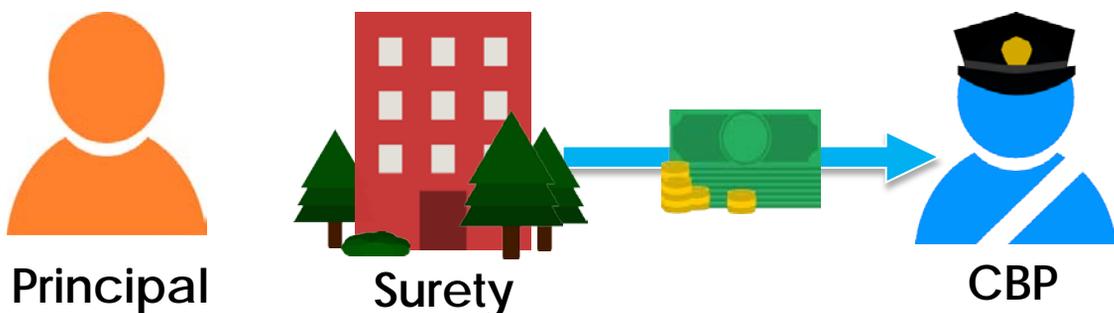
The Contract Guarantees:



The bond principal's monetary obligations to U.S. Customs and Border Protection (CBP) will be paid.

Now this part is important:

If the bond principal cannot or will not fulfill their monetary obligation to CBP, the **surety** is liable to step in and pay up to the bond amount to CBP on behalf of the principal.



Customs Bonds Are: Not Risk Management tools



A Customs Bond is a type of surety bond, but it **does not offer “coverage”** in the way that some other risk management products do. It is a financial guarantee that CBP will be paid their dues, if not by the principal, then by the surety issuing the bond.

NOT Optional

U.S. Customs and Border Protection requires all importers bringing goods into the U.S. to have a Customs bond. **Imported goods aren't allowed to leave their port of entry without a bond in place.**

CHAPTER TWO

TYPES OF CUSTOMS BONDS

Bond Breakdown

Continuous Vs. Single Transaction Bonds(STB)

Section II of Customs Form 301 Covers Bond Type:

SECTION II – This bond includes the following agreements. Check one box only. (Except 3a may be checked independently or with 3.)

Activity Code	Activity Name and CBP Regulations in which conditions codified	Limit of Liability	Activity Code	Activity Name and CBP Regulations in which conditions codified	Limit of Liability
<input type="checkbox"/> 1	Importer or broker\$113.62		<input type="checkbox"/> 8	Detention of Copyrighted Material \$113.70 -Single Transaction Only-	
<input type="checkbox"/> 1a	Drawback Payments Refunds\$113.65		<input type="checkbox"/> 9	Neutrality \$113.71 -Single Transaction Only-	
<input type="checkbox"/> 2	Custodian of Bonded Merchandise \$113.63 (Includes bonded carriers, freight forwarders, cartmen and lightermen, all classes of warehouse, container station operators) -Continuous Bond Only-		<input type="checkbox"/> 10	Court Costs for Condemned Goods\$113.72 -Single Transaction Only-	
<input type="checkbox"/> 3	International Carrier.....\$113.64		<input type="checkbox"/> 11	Airport Security Bond..... Part 113 App A	
<input type="checkbox"/> 3a	Instruments of International Traffic... \$113.66 -Continuous Bond Only-		<input type="checkbox"/> 12	International Trade Commission (ITC) Exclusion Bond.....Part 113 App B	
<input type="checkbox"/> 4	Foreign Trade Zone.....\$113.73 -Continuous Bond Only-		<input type="checkbox"/> 14	In-Bond Export Consolidation Bond	
<input type="checkbox"/> 5	Public Gauger..... \$113.67		<input type="checkbox"/> 15	Intellectual Property Rights (IPR)	
<input type="checkbox"/> 6	Wool & Fur Products.....\$113.68 Labeling Acts Importation -Single Transaction Only-		<input type="checkbox"/> 16	Importer Security Filing (ISF)Part 113 App D	
<input type="checkbox"/> 7	Bill of Lading.....\$113.69 -Single Transaction Only-		<input type="checkbox"/> 17	Marine Terminal Operator -Continuous Bond Only-	

Unless stated otherwise specifically in CBP form 301, Customs bonds are available in both Single-Transaction and Continuous bond variants.

Bond Breakdown

Continuous Vs. Single Transaction Bonds(STB)

Some very important differences between Continuous Customs bonds and Single-

A Continuous Bond is placed on file, and stays on file permanently until one of the three parties in the contract terminates it. Continuous Customs bonds are accepted at any U.S. Port of Entry, and additionally fulfills CBP's ISF bonding requirements.

A Single-Transaction Bond (STB) is associated with only one entry. Single Transaction Bonds are accepted at one specific port—the port listed in the U.S. Customs 301 form. STBs cannot be re-used, and do not fulfill CBP's ISF bonding requirements. **A separate ISF bond will be required to clear entries with a Single-Transaction Bond.**

Activity Codes: Customs Bonds Codified

There are several categories of U.S. Customs bond. Each separated by its unique **Activity Code**. There are 17 in all, and they are listed on CBP's form 301.

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<input type="checkbox"/> 7	Bill of Lading..... §113.69 -Single Transaction Only-		<input type="checkbox"/> 17	Marine Terminal Operator -Continuous Bond Only-	

Each Activity Code is based on a specific Customs bond usage case. The most common Activity Code is **Activity Code 1 (Importer or broker)**. Bonds in some Activity Codes are only offered as continuous.

CHAPTER THREE

ACQUIRING A CUSTOMS BOND

Bond Sources

How and Where to Acquire a U.S. Customs Bond

There are multiple sources for a U.S. Customs bond:

Directly from a Surety: Importers can purchase their U.S. Customs bond directly from a surety agency. Because it is a direct transaction, this option is usually the least costly method of obtaining a bond, and has the added benefit of keeping the importer one step closer to the bond.

Through a third-party: Many importers acquire their Customs bond through a third-party like their Customs broker or freight forwarder. Because a third-party service is involved with this transaction, it is generally more costly than purchasing direct.

Bond Sources

Questions for Your Potential or Current Provider:

What happens when a claim arises? Saving money is always good, but sometimes that extra cash comes at a higher cost. For a quick service level barometer, ask your potential U.S. Customs bond provider what would happen in the event of a claim on your bond. Their response should give you a good indication of the service level they provide .

Payment Flexibility: Some U.S. Customs bond providers offer price discounts and time savings through multi-year billing cycles. The savings are often significant, so remember to ask!

Although every Customs bond issued by a treasury-listed surety functions identically, service levels and financial stability can vary greatly between different U.S. Customs bond providers. Do your Homework!

Bond Sources

Questions for Your Potential or Current Provider:

Additional services: Some U.S. Customs bond providers include complimentary services in addition to the bond itself, like online entry monitoring and claims assistance. It's a good idea to weigh the advantages of having these useful tools when choosing a bond provider.

Surety Rating: The financial strength and stability of every surety is rated on a letter grade scale, with A+ being the highest. Ask your Customs bond provider for their surety's rating—this should provide you with a sense of the financial stability backing the bonds they offer.

AFTERWORD

We hope you found this manual useful in your search for Customs bond knowledge. We hope it has inspired you to continue your educational journey, and that it has empowered you to go out into the Customs bond market and get the best value possible.

It would be our pleasure to be your direct Customs bond provider. If you are in need of a new bond, or would like to explore your Customs bond options, please read on to learn more about TRG Bond.

Thank you,

The TRG Bond Team

THE ORIGINAL DIRECT PROVIDER

TRG Bond

In 1991, TRG Bond altered the import industry forever by providing U.S. Customs bonds directly to the global trade community. By maintaining a philosophy of education, innovative cost saving products, and strong relationship building, TRG has grown to serve over 11,000 clients.

As a surety agency, TRG shares an interest in our clients' success and import compliance rating. For this reason, TRG Bond provides clients with the most recent information on their bond, and assistance with claims handling. We actively monitor the status and standing of the bonds we issue to help ensure that our clients are always meeting or exceeding their compliance goals.

REGISTER TODAY TO RECEIVE A FREE CUSTOMS BOND QUOTE

Request a quote from one of TRG's Customs bond experts and experience the difference working directly with a Customs bond specialist can make.

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