

The new “Surety Bonds” regulation under Ontario’s Planning Act

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On November 20, 2024, the Surety Bonds regulation ([O.Reg. 461/24](#)) came into force under Ontario’s Planning Act.

This regulation provides land owners and those applying for planning approvals with the option to stipulate that a surety bond will secure their approval-related obligations.

This type of surety bond is generally called a subdivision or development bond. Section 2 of the Surety Bonds regulation requires the bond to provide as follows:

- guaranteed payment to the municipality if the principal under the surety bond defaults in performing an obligation guaranteed by the surety bond;
- the municipality may determine that the principal has defaulted in performing an obligation guaranteed by the surety bond;
- the guaranteed payment will be made within 15 business days after the municipality gives a notice of default under the surety bond, notwithstanding any objection by the principal;
- the surety will not assert any defence or grounds for not making payment; and
- in order for the surety to terminate its obligations under the surety bond, the principal must first deliver other financial security acceptable to the municipality.

The obligations guaranteed by the surety bond will depend on the wording both of the **surety bond and the underlying “bonded” contract**, such as a subdivision or site plan agreement authorized under the Planning Act.

[BLG’s Construction and Surety Group](#) is available to answer questions about this new regulation and related considerations for your contracts, and its [Municipal Group](#) is available to assist with agreements under the Planning Act.

This article provides an overview and is not intended to be exhaustive of the subject matter contained therein. Although care has been taken to ensure accuracy, this article should not be relied upon as legal advice.

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