Maintenance and Guarantee Bond

A type of surety bond purchased by a contractor that protects the owner of a completed construction project for a specified time period against defects and faults in materials, workmanship and design that could arise later if the project was done incorrectly. A maintenance bond is not technically insurance, but basically functions as an insurance policy on a construction project to make sure a contractor will either correct any defects that arise or that the owner is compensated for those defects.