



TPEM REQUIREMENTS

# TPEM BONDING REQUIREMENTS



# TPEM Bonding Requirements

United States  
Environmental Protection Agency  
Office of Transportation and Air Quality  
**TPEM Bonding Worksheet - Nonroad CI**  
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**Bond Worksheet for TPEM - Nonroad CI**

Please save this file with the title "TPEM worksheet 00.XX.XX.XX.XX" where 00.XX.XX.XX is your company's name and XXXX is actually the Model Year (the Bond Worksheet) year name.  
All fields highlighted in yellow are CBI.

According to §1039.626, as an equipment manufacturer using the provisions of §1039.625 for equipment produced outside the United States, you may be required to post a bond to cover any potential enforcement actions under the Clean Air Act before you or anyone else imports your equipment to the United States. The bond requirements do not apply if you §1039.626(a)(9)(ii) your long term assets in the U.S. meet the thresholds cited at §1039.626(a)(1) - (9)(2). To determine whether you are required to post a bond, complete the Long Term Asset Test below, which is based on the value of buildings, land, and fixed equipment from your most recent balance sheet, minus depreciation and long term liabilities (such as mortgages). The value of the fixed assets are for the whole company, including any parent or subsidiary companies. If you do need to post a bond based on the Long Term Asset Test, complete the Bond Value Calculation section of the Bonding Worksheet to determine the value of the bond. If your estimated or actual engine imports increase beyond the level appropriate for your current bond payment, you must post additional bond to reflect the increased value within 90 days after you change your estimate or determine the actual value. You may not decrease your bond. However, you may submit an updated worksheet if the value of the identified assets drops below the threshold value.

THIS WORKSHEET CONTAINS CBI

Worksheet Filer's Name: \_\_\_\_\_  
Worksheet Filer's Parent Company Name: \_\_\_\_\_  
Certificate Holder's Name: \_\_\_\_\_  
Equipment Manufacturer's Name: \_\_\_\_\_

**Long-term Asset Test**

CBI: Identify the asset threshold that applies to your company. (see §1039.626(a)(9)(i) and §1039.626(a)(1) - (9)(2)).

|               |       |
|---------------|-------|
| \$ 15,000,000 | _____ |
| \$ 5,000,000  | _____ |
| \$ 3,000,000  | _____ |

CBI: Identify your level of fixed assets in the United States minus depreciation and related long-term liabilities. (see §1039.626(a)(9)(ii) and §1039.626(a)(1) - (9)(2)).

|   |       |
|---|-------|
| Less than \$1,000,000                           | _____ |
| At least \$1,000,000 but less than \$5,000,000  | _____ |
| At least \$5,000,000 but less than \$15,000,000 | _____ |
| \$15,000,000 or more                            | _____ |

Please identify the asset threshold that applies to your company.

Worksheet Filer's Name: \_\_\_\_\_




**Long-term Asset Details**

Identify the address where you have at least that much value of fixed assets (with corresponding photographs), as described below. If you need to add additional locations, please use a second file. Name the file, "BondWorksheet.XX.XX.XX.XX.Y.xls" where XX.XX.XX.XX is your company's name, and Y is the next sequential letter. For example, the second file is A, the third file is B.

Identify all the addresses where your fixed assets are located.

Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Address 3: \_\_\_\_\_

Include a photograph of each facility identified above. (Please embed files)

Address 1:  Address 2:  Address 3: 

CBI: Include the following data from the most recent balance sheet. Please include all Capital I items.

|  | Address 1 | Address 2 | Address 3 |
|--|-----------|-----------|-----------|
| Net PPE                                  | _____     | _____     | _____     |
| or                                       | _____     | _____     | _____     |
| Total fixed assets                       | _____     | _____     | _____     |
| Mortgages on above assets                | _____     | _____     | _____     |
| Accumulated depreciation on above assets | _____     | _____     | _____     |
| Net Assets                               | _____     | _____     | _____     |

- Part § 1039.626(a)(9)
  - Equipment manufacturers who produce their equipment abroad must either post a bond at the time of importation or obtain a waiver
- EPA Form 5900-239
  - Calculate Value of the Bond
    - For CI TPEM imports only
  - Apply for a Bond Waiver



# TPEM Bonding Requirements

- Part § 1039.626(a)(9)
  - Equipment manufacturers who produce their equipment abroad must either post a bond at the time of importation or obtain a waiver
  - Bond size is determined by the amounts of engines imported in each power category

Table 1 of §1039.626—Per-Engine Bond Values

| For engines with maximum engine power falling in the following ranges ... | The per-engine bond value is ... |
|---|----------------------------------|
| kW < 19   | \$150                            |
| 19 ≤ kW < 56  | 300                              |
| 56 ≤ kW < 130   | 500                              |
| 130 ≤ kW < 225  | 1,000                            |
| 225 ≤ kW < 450  | 3,000                            |
| kW ≥ 450  | 8,000                            |

- Manufacturer must try to determine the maximum quantity of engines it will need each year, for every year they participate in TPEM, and obtain a bond at that maximum engine quantity year.
  - If later the manufacturer finds that it will import more engines than the bond covers, it must increase the bond amount
  - However, it can never decrease the amount of the bond
  - Renewed annually until:
    - 5 years after manufacturer used up its allowances
    - 5 years after the Tier 4 TPEM program expired for that power category



## TPEM Bond Waivers

- § 1039.626(a)(9)(ii)(B) – If a manufacturer has enough long-term assets in the US to cover its obligations under any enforcement action, it can get a waiver from bonding requirements
- Thresholds established in § 1054.690 (b):
  - \$3,000,000 – certificate holders with no failed tests or enforcement actions in previous 10 years
    - Must also be engine manufacturer
  - \$6,000,000 – if also a secondary engine manufacturer
  - Otherwise, \$10,000,000
- Manufacturers must apply for waivers every year as the value of their US assets may change



## How do I get a bond?

- EPA is not a party to the bonding agreement
  - So, we can provide some guidance, but:
    - EPA does not provide/review/collect the bonds
    - EPA does have a sample language, but each bond agency and manufacturer is responsible for making sure it is adequate
  - Surety Agents must be registered -U.S. Department of Treasury Circular 570
    - “Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies.”
    - <http://www.fms.treas.gov/c570/c570.html>
  - Additional resources:
    - The Surety & Fidelity Association of America ([www.surety.org](http://www.surety.org))
    - National Association of Surety Bond Producers ([www.nasbp.org/](http://www.nasbp.org/))