

Why Is Forest Conservation Financial Security Necessary?

The purpose of requiring financial security for forest conservation reforestation and afforestation requirements is to indemnify the Planning Department for the costs of completing unfinished or abandoned work. All Forest Conservation Plans with planting requirements require a financial security be submitted and approved by M-NCPPC for an amount based on the full cost to plant and maintain the planted forest/trees during the maintenance period.

When is Financial Security required?

After approval of the Final Forest Conservation Plan and before a pre-construction meeting with a Forest Conservation Inspector, the applicant must post financial security to ensure the required planting and maintenance of trees will occur. The financial security rate (current fee-in-lieu rate) is \$1.30 per square foot for each planting area.

Alternatively, if the applicant wishes, an itemized cost estimate such as a contractor's proposal can be submitted for review and approval by Planning staff prior to submission of the financial security instrument. The cost estimate must include line item costs for individual trees species, labor costs for planting and maintaining the planted material during the maintenance period, deer protection, and non-native and invasive management control.

There are four types of financial securities currently in use:

- **Letters of Credit** issued by banks on their letterhead.
- **Performance Bonds** available through insurance brokers.
- **Certificates of Guaranty** issued by the Development Guaranty Corporation of Montgomery County (a membership organization).
- **Cash** payable by personal or corporate check to the Maryland-National Capital Park and Planning Commission.

When will my financial security instrument be released?

The financial security instrument will be released after the applicant requests a final inspection with the Forest Conservation Inspector and the planted material meets or exceeds all survivability requirements as stipulated in the Maintenance & Management Agreement. Before scheduling a final inspection, applicants must complete a Bond Reduction/Release application and submit the associated fee to the Planning Department. Once the application has been received and processed, the Forest Conservation Inspector will inspect the planted areas. Upon final inspection approval, the financial security release will be processed.

Processing Time

Planning staff will return the original financial security instrument to the applicant. It then becomes the responsibility of the applicant to return the original financial security instrument to the financial institution that issued the security. If cash is used as security, the Forest Conservation Inspector notifies a Permit Technician to release the escrowed monies and authorizes the Finance Department to issue a check payable to the person who provided the original check. Cash Escrow releases typically take anywhere between 2-4 weeks.