



U.S. Small Business
Administration

Surety Bond Guarantee Program

**“We Open Doors to
Bonding” for Small
Business**



“We Open Doors to Bonding”

New to contract bonding?

GC bonding your projects?

Need higher bond limits?

Posting collateral or using funds control?

Paying more than 4%?

The Small Business Struggle

**License & permit bonds
differ from contract
bonds**

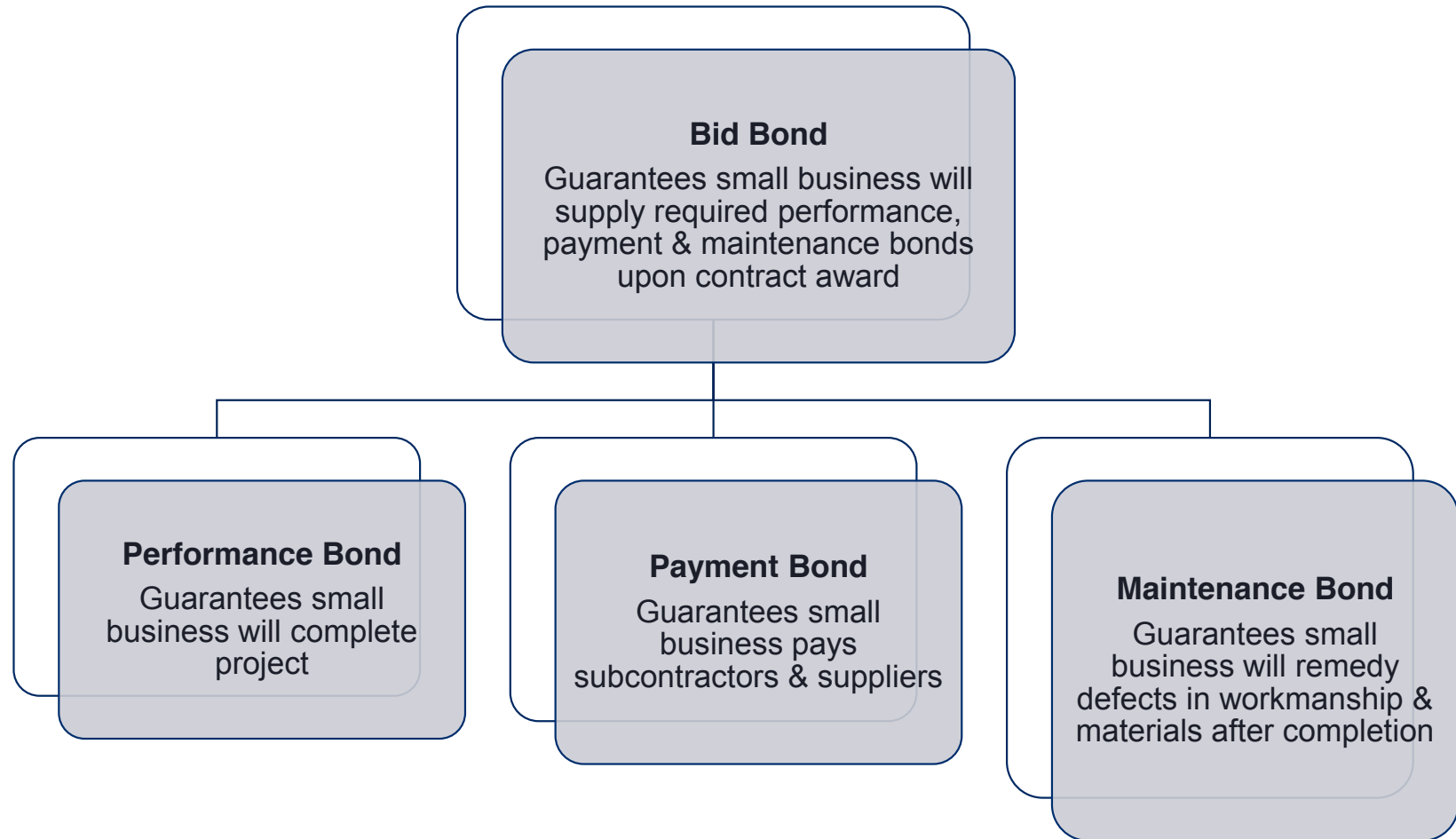
**Contract surety bonds
are a form of credit**

**Capital, credit &
capacity evaluated for
each contract bond**

**Small businesses may
struggle to qualify
without SBA support**



Contract Bonds & What They Do



When are Contract Bonds Required?

Federal Government
Construction contracts >\$150,000
Non-construction contracts vary

**State, County &
Local Governments**
Differing limits by local
laws & regulations

Private Owners
Differing policies

Check all contracts for bond requirements!

Pre-Qualification & Bonding Capacity

Pre-qualifying provides your bond limits



Obtain bonding capacity without applying for bond or during the bond application process



Know Your Bonding Capacity

Single contract limit

(ex. \$500,000)

Total bonding capacity

(ex. \$6,000,000)

Surety's Underwriting Focus

Capacity

- Experience
- Management & project controls
- Accounting

Capital (Financial Statements)

- Working capital, net worth & profitability
- CPA prepared financials for \$2 million+ jobs

Credit

- Personal credit
- Bank credit
- Supplier credit

SBA Surety Bond Guarantee Program



**SBA's guarantee
provides your
small business
contracting
opportunities**



Construction, service, supply & manufacturing firms

- New & emerging
- Limited financial resources
- Internal financial statements
- Need current bond limits increased
- Subcontractors establishing prime bonding

The SBA Advantage!

**Total bonding
capacity can
double**

**Available bank
line of credit =
more bonding
capacity**

**Balance Sheet Working
Capital + Available BLOC =
Increased Working Capital**

**Internal financial
statements
accepted on
larger projects**

Working Capital = Bonding Capacity

Working capital
X 10 =
typical bonding
capacity

*SBA counts available
bank line to increase
bonding capacity!*

Working capital available
BLOC

X 20 = potential
capacity with SBA

Eligibility



Be small by SBA size standards



Have a contract up to \$10 million
requiring bonds



Pass evaluation



SURETY BOND GUARANTEE PROGRAM

QuickApp

**Obtain Contract Bonds Up to \$400,000
Quickly & Easily!**



**No financial statements required by SBA
Easy qualification
Approvals in hours**

Limitations & Exclusions:
Project liquidated damages up to \$1,000/day
Maintenance terms up to 2 years
Project completion terms up to 1 year
Hazardous waste, demolition, timber sales & projects underway excluded
No previous business defaults or bond claims

“We Open Doors to Bonding” for small business!



What Do I Need to Apply?

**Business financial
statements last 3 years**

**Owners' personal
financial statement**

Bank reference letter

**SBA application forms based
on job size/type**

Counting the Cost

Allowable job cost
Know & use total bond cost/rate



SBA Contractor's Fee
.6% of contract amount



Surety's Bond Premium
1.5% - 3% of contract amount

The Application Process



Program Partners



We partner with 43 surety companies & over 350 agents!



surety



Contact an SBA Authorized Bond Agent



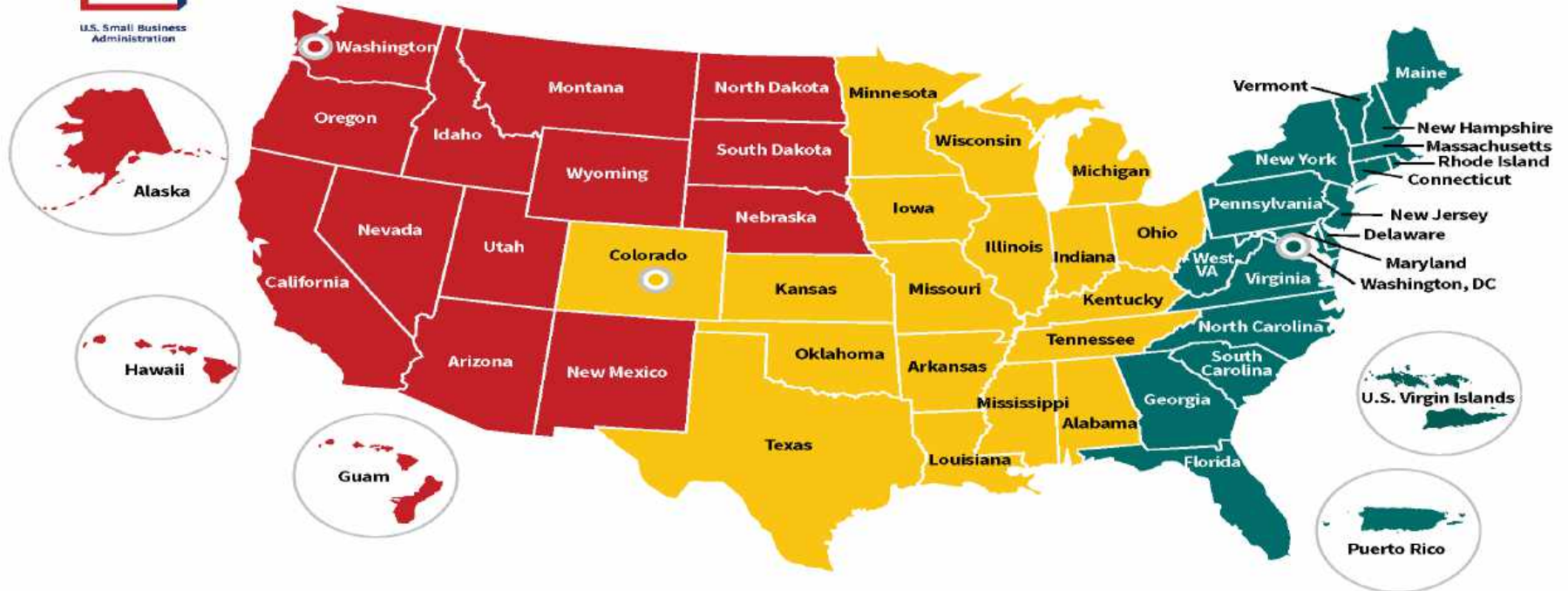
www.sba.gov/osg

Additional SBA Resources





Surety Bond Guarantee Area Offices



Seattle Underwriting Center
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Share Your Success with Us

Let us know if you were successful in overcoming your bonding challenges!

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