



# SBA Information Notice

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**TO:** All SBA Employees

**CONTROL NO.:** 5000-1202

**SUBJECT:** Surety Bond Guarantee Program  
- Timber Sale Contracts and  
Increased Contract Limit in Major  
Disaster Areas

**EFFECTIVE:** 3/21/2011

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## Timber Sale Contracts

The Surety Bond Guarantee (SBG) Program regulations have been amended to allow SBA to guarantee bid and performance bonds for timber sale contracts. Under these contracts, the small business or principal pays the obligee an agreed amount to harvest the lumber or other forest products, such as biomass. A bond is often required to ensure compliance with contract terms and conditions that are associated with forest management, including the protection of natural resources, erosion control, and road maintenance. This change applies to contracts administered by the U.S. Forest Service and other public and private entities.

It is effective on March 25, 2011.

## Increased Contract Limit in Major Disaster Areas

SBG Program regulations have also been amended to implement the provisions contained in the Small Business Disaster Response and Loan Improvements Act, which increased the eligible limit for contracts related to a major disaster. Following are the specific changes:

- For a non-Federal contract or order up to \$5 million, a bond guarantee may be issued if the products will be manufactured or the services will be performed in the disaster area.
- For a Federal contract or order up to \$5 million, a bond guarantee may be issued if the products will be manufactured or the services will be performed in the disaster area, or if the products or services will directly assist recovery efforts in the major disaster area.
- For a Federal contract or order, the contract amount can go up to \$10 million at the request of the head of an agency that is involved in reconstruction efforts.

This change relates to major disasters that are identified in the Federal Emergency Management Agency (FEMA) website at <http://www.fema.gov>. The increased contract limit will apply during the first 12 months following the disaster, unless SBA extends the authority for the disaster. Any extensions will be published in the Federal Register.

This change became effective on February 14, 2011.

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**EXPIRES:** 3/1/2012

**PAGE 1 of 2**

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete  
Must be accompanied by SBA Form 58

Additional Information

Questions related to this Notice may be directed to Frank Lalumiere at (202) 401-8275 or [Frank.Lalumiere@sba.gov](mailto:Frank.Lalumiere@sba.gov).

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