



# SURETY BOND GUARANTEE PROGRAM

The U. S. Small Business Administration's Surety Bond Guarantee program provides surety bond guarantees for small businesses on federal, state, local and commercial construction, service and supply contracts and subcontracts in partnership with surety companies and their agents. The Surety Bond Guarantee (SBG) Program helps small and emerging contractors who have the knowledge and skills necessary for success, but lack the experience or financial strength to obtain bonds through regular commercial channels. SBA guarantees bid, payment and performance bonds issued by surety companies and reimburses the surety between 70% and 90% of the loss if the contractor defaults. This government guarantee allows sureties to write bonds for contractors who do not otherwise meet their minimum standards, providing small and underserved contractors with increased contracting opportunities.

## **SBG Program Eligibility**

Individual contracts and subcontracts of various types up to **\$6.5 Million** are eligible for an SBA bond guarantee. Additionally, direct Federal prime contracts are eligible for an SBA bond guarantee up to **\$10 Million**. There is no limit to the number of bonds that can be guaranteed for any one contractor other than their financial capacity and performance capability.

The types of contract bonds guaranteed by SBA are as follows:

Bid Bond – guarantees that the successful bidder on a contract will enter into the contract and furnish the required payment and performance bonds

Performance Bond – guarantees that the contract will be performed in accordance with its terms and conditions

Payment Bond – guarantees that subcontractors and labor/material suppliers will be paid for their work on the contract

Ancillary Bond – bonds which are incidental and essential to the performance of the contract such as maintenance bonds

Contractors must meet the following eligibility requirements:

- 1) Qualify as a small business under federal regulations
- 2) Be a U.S. entity organized for profit
- 3) Possess a good reputation and not be debarred, suspended, proposed for debarment, declared ineligible or be voluntarily excluded from transactions with any federal agency
- 4) Not be under indictment, on parole or involved in a current bankruptcy
- 5) Current on all taxes
- 6) Owners must be a U.S. citizen or hold a current legal alien registration card

Contractors are not required to participate in any other SBA programs (8(a), SDB, HUB Zone) in order to participate in SBA's Surety Bond Guarantee Program. All contractors are welcome based on their ability to qualify as a small business under federal regulations. Details on qualifying as a small business are available at [www.sba.gov/osg](http://www.sba.gov/osg).

There is no limit on the length of time that a contractor may participate in SBA's Surety Bond Guarantee Program.

## **How to Apply**

SBA's contractual relationship for the bond guarantee is directly with the surety company and its agent. It is the surety who issues the bond to a small business with SBA's guarantee. Contractors must contact an agent appointed to do business with the SBA in order to begin the application process. SBA's website and District Offices can provide current

lists of agents authorized to participate in the SBG Program. A current list is also available at [www.sba.gov/osg](http://www.sba.gov/osg) or can be obtained by calling SBA's Office of Surety Guarantees at (202) 205-6540.

Generally, it takes two to four business days for SBA to process a properly completed application.

### **Required Information**

Required forms have been reduced to two in most cases: SBA Form 994 - Application for Surety Bond Guarantee Assistance, and SBA Form 912 - Statement of Personal History. Agents will also request additional qualifying information such as personal and business financial statements, a work in process schedule, a completed contractor questionnaire, etc.

### **Quick Bond Application**

SBA's Quick Bond Guarantee Application (SBA Form 990A) for contracts valued at **\$250,000 or less** provides an application in one easy-to-complete form. This streamlined application reduces the normal paperwork for contractors, agents and surety companies and reduces processing time.

### **Program Fees**

SBA does not charge a fee for bid bond guarantees. A contractor's fee of .729% of the contract value applies to all final bond guarantees. The fee is paid during the application process via a free website offered by the U.S. Treasury at [www.pay.gov](http://www.pay.gov). The contractor's fee is refunded to the contractor if a contract is canceled or the bond is not issued by the surety.

### **SBG Program Contacts**

SBG area offices process bond guarantee applications based on the state in which the small business is located. Area Office territories and contact information are as follows:

<p><b>Denver Area Office</b> 721 19th Street #426 Denver, CO 80202</p> <p><b>Jennifer Vigil</b> <b>Area Director</b> jennifer.vigil@sba.gov (303) 927-3489</p> <p><b>Tamara E. Murray</b> <b>Und/Marketing Specialist</b> tamara.murray@sba.gov (303) 927-3479</p> <p><b>Servicing Small Businesses in:</b> AL, AR, CO, IL, IN, IA, KS, KY, LA, MN, MS, MO, MI, OH, OK, TN, TX &amp; WI</p>
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<p><b>DC Area Office</b> 409 Third Street SW #8600 Washington, DC 20416</p> <p><b>Earnest L. Knott, Jr.</b> <b>Area Director</b> earnest.knott@sba.gov (202) 401-6786</p> <p><b>Jennifer C. Bledsoe</b> <b>Und/Marketing Specialist</b> jennifer.bledsoe@sba.gov (202) 205-6153</p> <p><b>Servicing Small Businesses in:</b> CT, DE, DC, FL, GA, ME, MD, MA, NH, NJ, NY, NC, PA, RI, SC, VT, VA, WV, Puerto Rico &amp; Virgin Islands</p>
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<p><b>Seattle Area Office</b> 2401 4th Avenue #450 Seattle, WA 98121</p> <p><b>M. Catharine Powers</b> <b>Area Director</b> catharine.powers@sba.gov (206) 553-8541</p> <p><b>Linda M. Laws</b> <b>Und/Marketing Specialist</b> linda.laws@sba.gov (206) 553-7317</p> <p><b>Servicing Small Businesses in:</b> AK, AZ, CA, HI, ID, MT, NV, NM, NE, ND, OR, SD, UT, WA, WY &amp; Guam</p>
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The SBG Program opens new markets to small and emerging contractors. The ability to obtain bonds and the development of a bonding relationship with a professional surety bond producer and surety company can help a contractor grow. Once in the program the contractor can learn how to qualify for standard underwriting and benefit from the expert advice and assistance the surety bond producer and surety company offer.

Please contact one of our offices if you have any questions concerning SBA's Surety Bond Guarantee Program. Information on SBA's other programs and services can be found at [www.sba.gov](http://www.sba.gov).

***"We open doors to bonding"***