



SBA Virtual Conference

January 18, 2017

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

Peter C. Gibbs, OSG Acting Director



U.S. Small Business Administration



The Small Business Struggle

Contract surety bonds are a form of credit.

Each bond constitutes a financial obligation for the contractor and the surety.

Small businesses may struggle to qualify for bonding due to limited capital, credit or capacity.



Sureties underwrite each bond request for sufficient capital, credit and capacity at the time of application.

The initial bond application package includes year-end and interim business financial statements, personal financial statements and credit reports on majority owners, and information on available credit with banks and suppliers.



The SBA Advantage!

Available balance on business bank line of credit counted as additional available working capital!

Available Working Capital + Available BLOC = More Bonding Capacity

Total bonding capacity typically double that of traditional surety!



Exceptions to financial statement requirements available!

SBA accepts financial statements based on contract amount



**SMALL
BUSINESS**

SBA Surety Bond Guarantee Program

SBA's guarantee allows small businesses to obtain bid, performance, and payment bonds not available elsewhere with *reasonable terms*.

The guarantee runs to our partner sureties and is invisible to the project owner.



SBA assists many construction, service, supply & manufacturing firms, including:

- Start-ups and firms in business less than 3 years
 - Firms with limited financial resources
 - Firms with internally-prepared financial statements
 - Firms with credit issues
 - Firms wishing to increase largest job size
- Firms wishing to increase current bond limits

A collage of three images at the top of the slide. On the left, a woman in a black business suit is placing a large white puzzle piece into a wall. In the center, a man in a light blue shirt and dark pants is pushing a large white puzzle piece into place. On the right, two men in dark suits are standing and looking at a large white puzzle piece being placed on a wall.

SBA Guarantees Make the Difference!

Prior Approval Program

90% Guarantee

VOSB & SDVOSB

Minority Owned

8(a) and HubZone

All projects \leq \$100,000

80% Guarantee

All other small businesses

Preferred Program

70% Guarantee

All Small Businesses





Participant Qualifications

Business must be small based on SBA size standards.

Business must need a bid, performance or payment bond and be unable to obtain it elsewhere with *reasonable terms*.

Business must be a U.S. entity organized for profit.

Principals must be legal U.S. residents or legal U.S. aliens.

Business and Principals must be eligible to do business with the federal government (not debarred).



Business and Principals must not be involved in a current bankruptcy proceeding.

•SBG eligible immediately after discharge - surety requirements vary

Business and Principals must be current on all taxes and repayment agreements.



Contract Qualifications



QuickApp for Jobs Up to \$250,000

(Increasing to \$400,000 in 2017)

- Two Page Application with No Financial Statements Required
- Decisions Within Hours
- 80% or 90% Standard Guarantee
- Limitations apply



Up to \$6.5 Million

Any Obligee Type – Federal, State, Local, Private & GC



Up to \$10 Million on Federal Prime Contracts

with Contracting Officer Certification to SBA HQ





Counting the Cost

Bid Bonds

No Fee

Performance & Payment Bonds

SBA Contractor's Fee

.729% of the contract amount is paid directly to SBA by the small business via www.pay.gov

Surety's Bond Premium

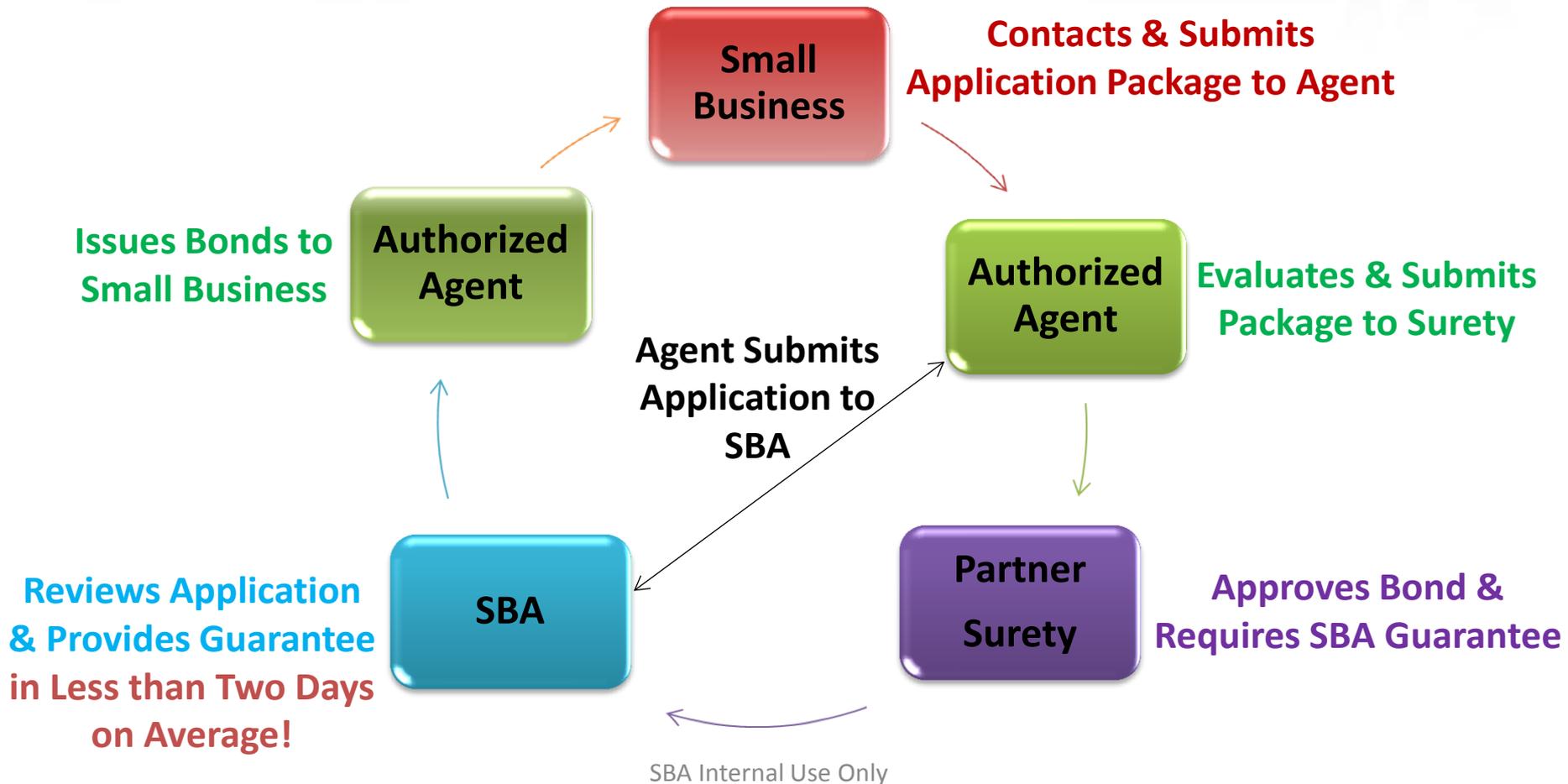
1.8% - 3% of the contract amount paid directly to the agent

- 26% of the premium charged to the small business is remitted to SBA by the surety

Advise small businesses to include costs in bid estimates and initial pay requests to Obligees as *total bond costs*.



The Prior Approval Application Process





Refer Small Business's to SBA Authorized Bond Agents



**Access SBA's List of Authorized Bonding Agencies:
Contact the Underwriting Marketing Specialist for your
territory for a current list any time**

or

refer small businesses to or staff

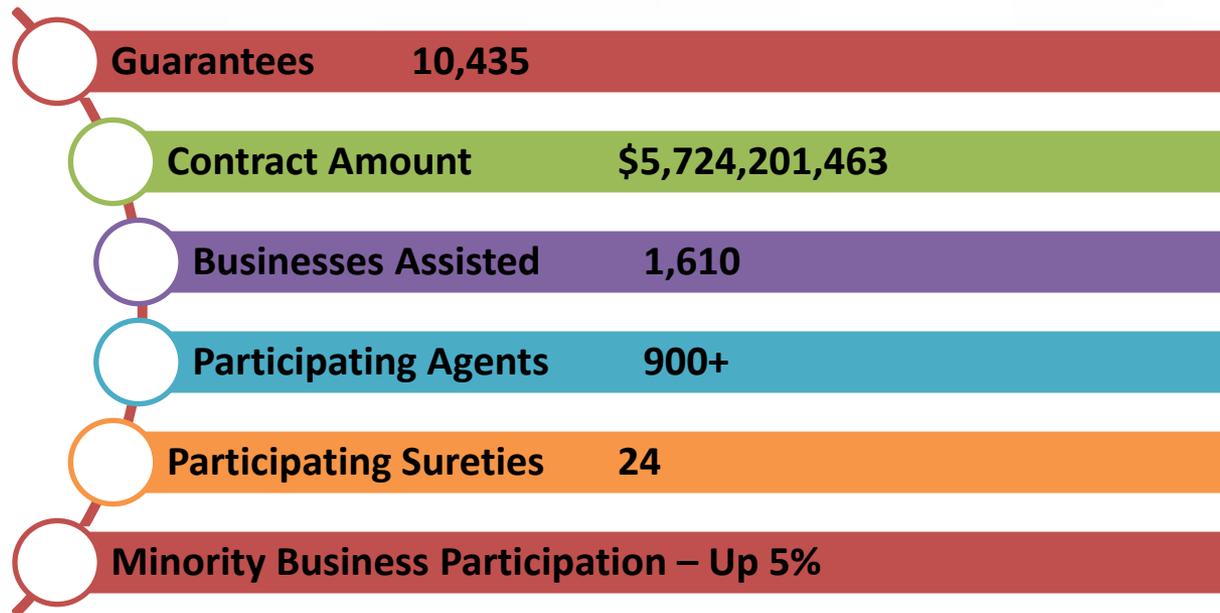
or directly to

**www.sba.gov/osg > Agents & Participating Surety
Companies > Search the SBA Surety Bond Guarantee
System**

*Please do not refer small businesses
to agents that are not SBA authorized.*



SBG By the Numbers – FY16



The Surety Bond SharePoint, Partner Training, and LRS Training Portal pages provide SBA staff and partners with immediate access to: District Office bond guarantee production, internal training, marketing and outreach materials, and SBG program office contact information at:

<https://sba123.sharepoint.com/offices/ofo/Pages/SuretyBond.aspx>

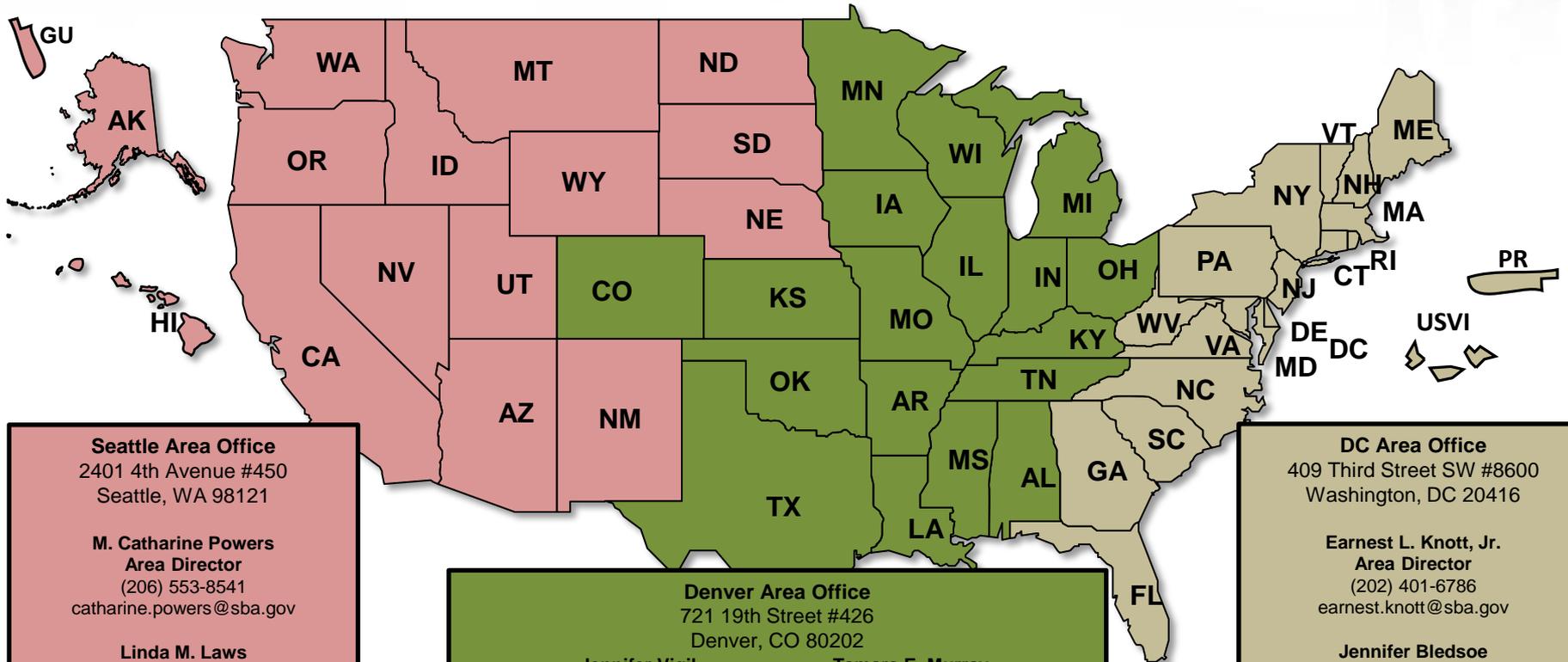
<https://www.sba.gov/ptp>

SBA Internal Use Only



"We open doors to bonding"

SBG Program - Area Office Territories



Seattle Area Office
 2401 4th Avenue #450
 Seattle, WA 98121

M. Catharine Powers
 Area Director
 (206) 553-8541
 catharine.powers@sba.gov

Linda M. Laws
 Und/Marketing Specialist
 (206) 553-7317
 linda.laws@sba.gov

Servicing Small Businesses in:
 AK, AZ, CA, HI, ID, MT, ND, NE, NM,
 NV, OR, SD, UT, WA, WY & Guam

Denver Area Office
 721 19th Street #426
 Denver, CO 80202

Jennifer Vigil Area Director (303) 927-3489 jennifer.vigil@sba.gov	Tamara E. Murray Und/Marketing Specialist (303) 927-3479 tamara.murray@sba.gov
--	--

Servicing Small Businesses in:
 AL, AR, CO, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS,
 OH, OK, TN, TX & WI

DC Area Office
 409 Third Street SW #8600
 Washington, DC 20416

Earnest L. Knott, Jr.
 Area Director
 (202) 401-6786
 earnest.knott@sba.gov

Jennifer Bledsoe
 Und/Marketing Specialist
 (202) 205-6153
 jennifer.bledsoe@sba.gov

Servicing Small Businesses in:
 CT, DC, DE, FL, GA, MA, MD, ME,
 NH, NJ, NY, NC, PA, RI, SC, VA, VT,
 WV, Puerto Rico & Virgin Islands