



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

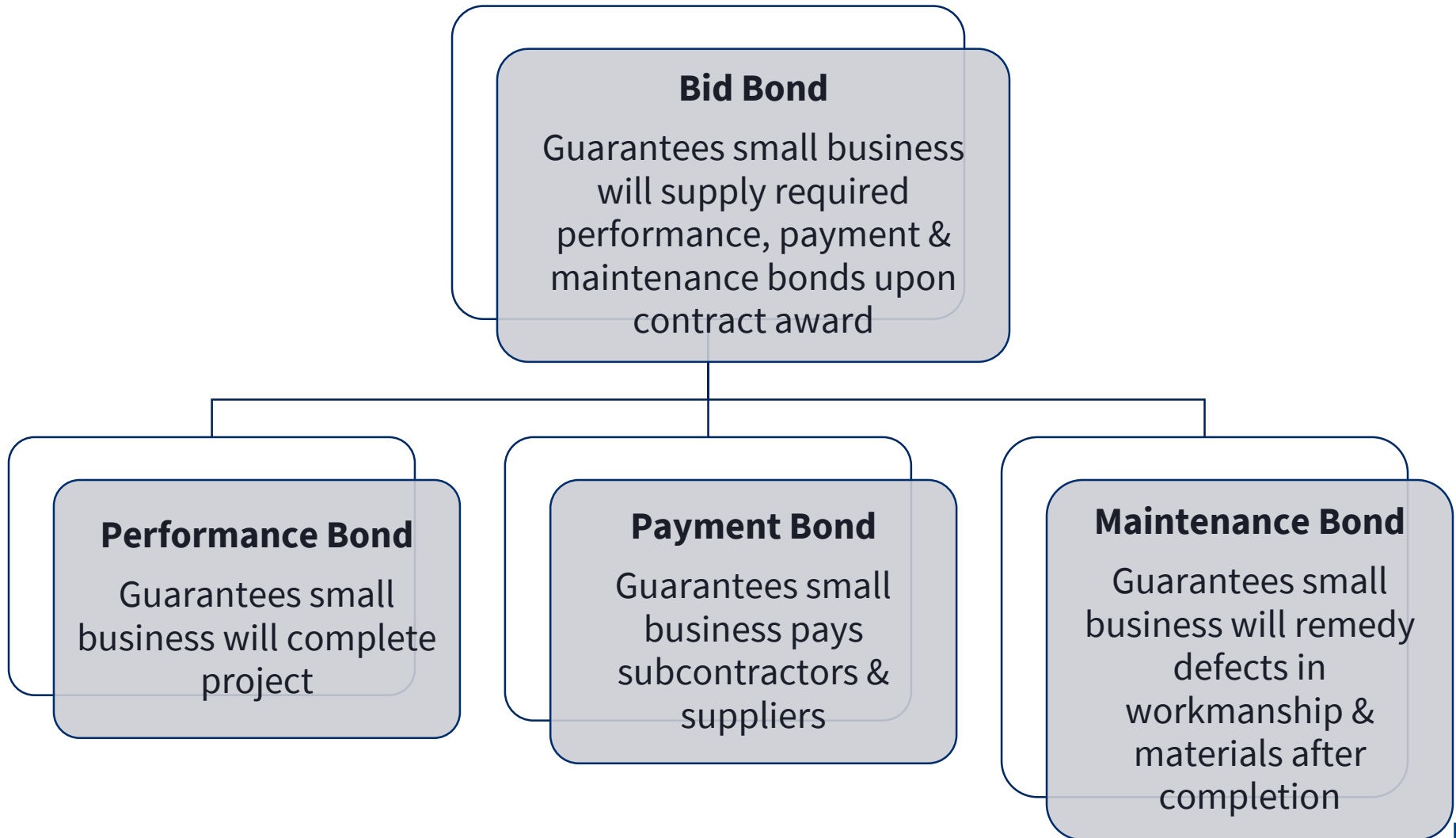
Contract surety bonds are a form of credit

THE STRUGGLE IS REAL

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 41 surety companies & over 350 agents!



The **Service**
Insurance
Company



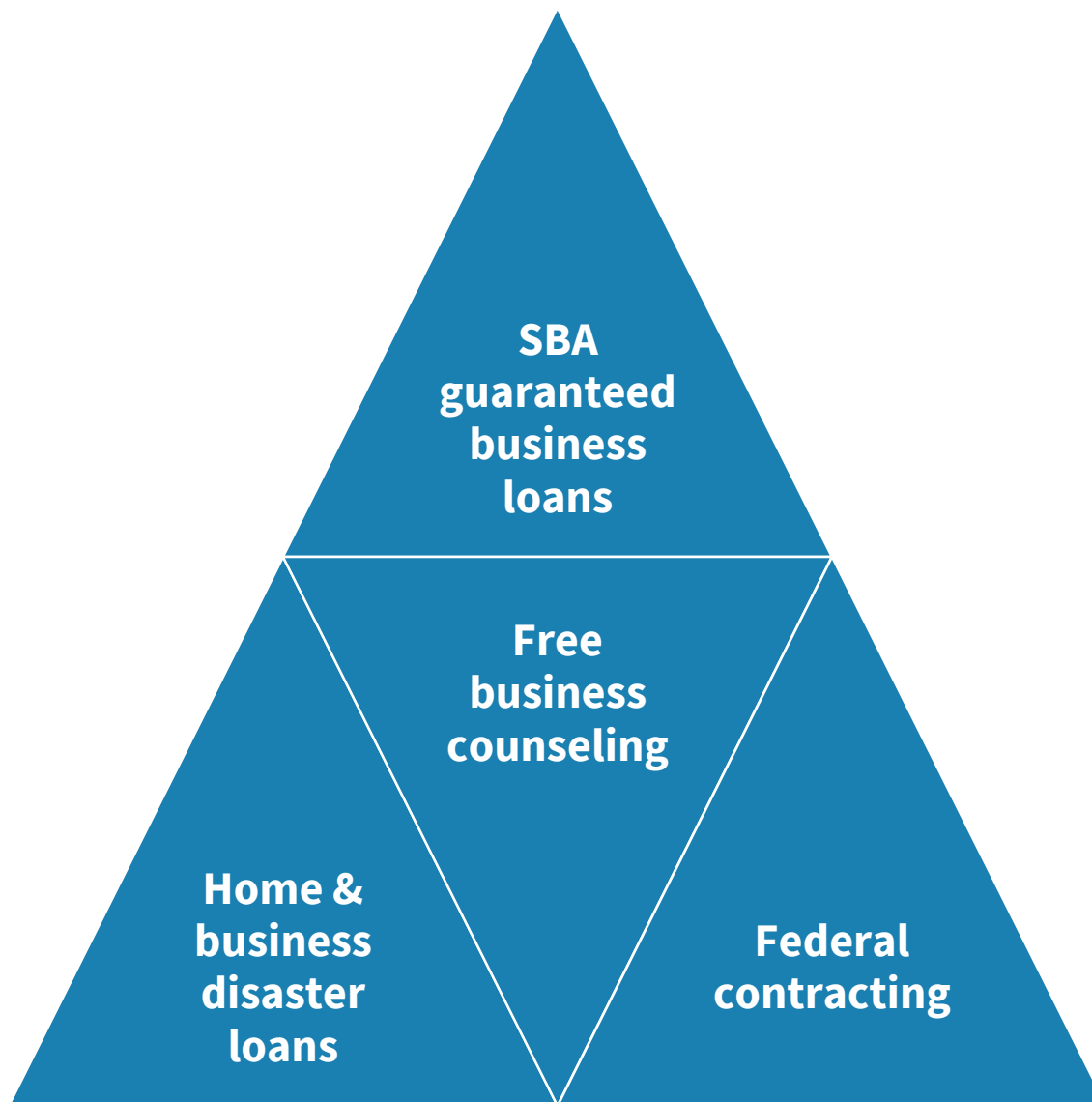
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Contact an SBA Authorized Bond Agent



www.sba.gov/osg

Additional SBA Resources



Q&A

You have

Questions

We have

Answers

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Share Your Success with Us

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

(202) 205-6540

suretybonds@sba.gov

**Obtain 1st time
bonding**

**Increase your
bond limits**

**Eliminate
collateral or
funds control**

Lower your rate