



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%?

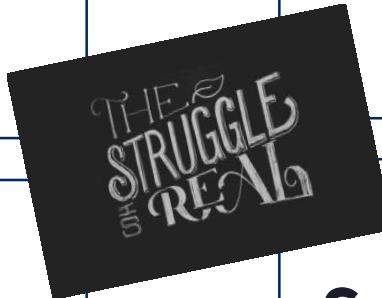
The Small Business Struggle

**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

Bid Bond

Guarantees small business will supply required performance, payment & maintenance bonds upon contract award

Performance Bond

Guarantees small business will complete project

Payment Bond

Guarantees small business pays subcontractors & suppliers

Maintenance Bond

Guarantees small business will remedy defects in workmanship & materials after completion

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

Internal financial statements accepted on larger projects

Balance Sheet Working Capital + Available BLOC = Increased Working Capital

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!

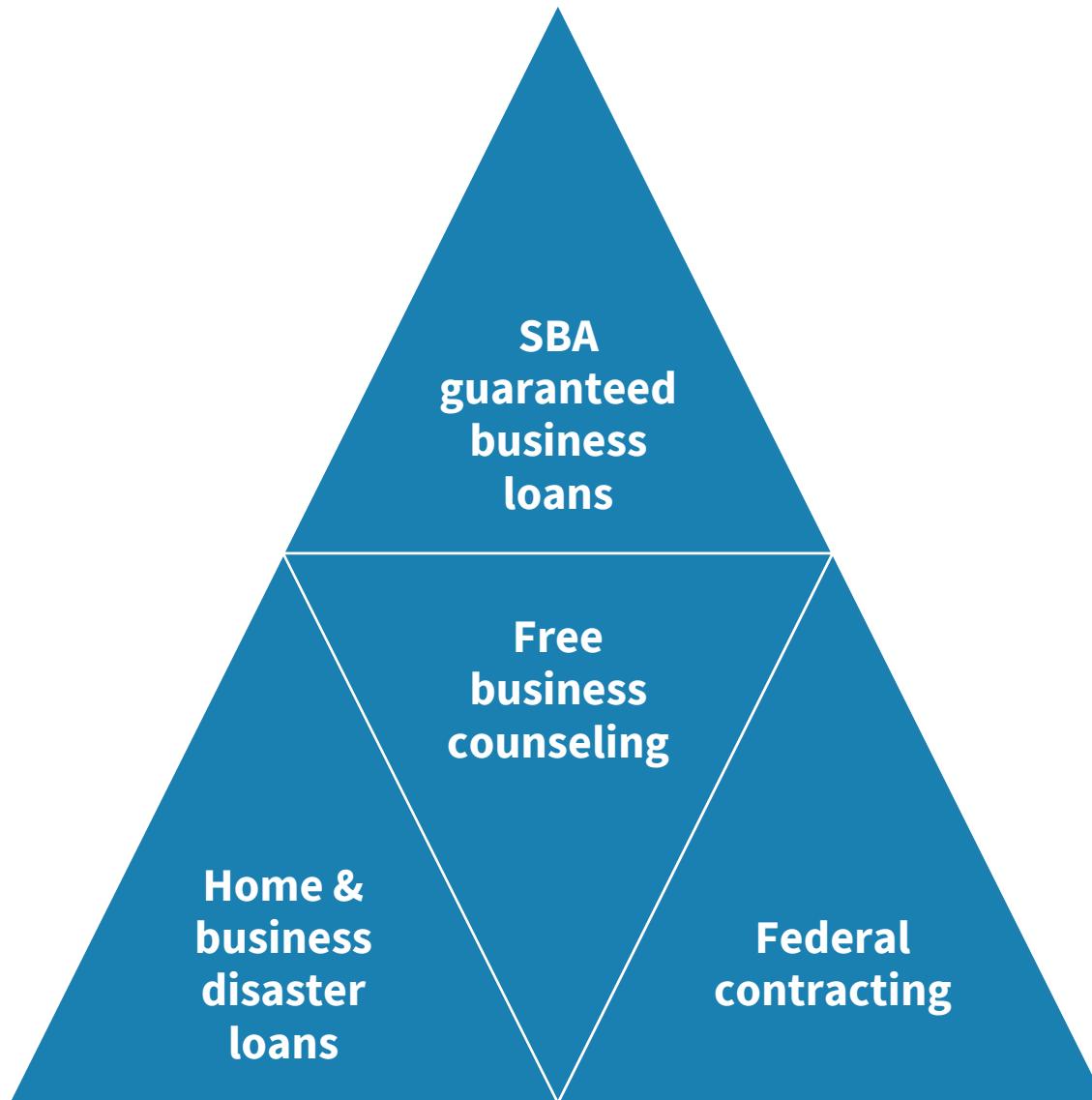


Contact an SBA Authorized Bond Agent



www.sba.gov/osg

Additional SBA Resources



A large, hand-drawn style logo for "Q&A" is centered on a sheet of white paper with light blue horizontal lines. The letter "Q" is a circle with a horizontal line through it, and the letters "A&A" are stacked vertically with diagonal lines through them, all in dark blue ink.

You have

Questions

We have

Answers



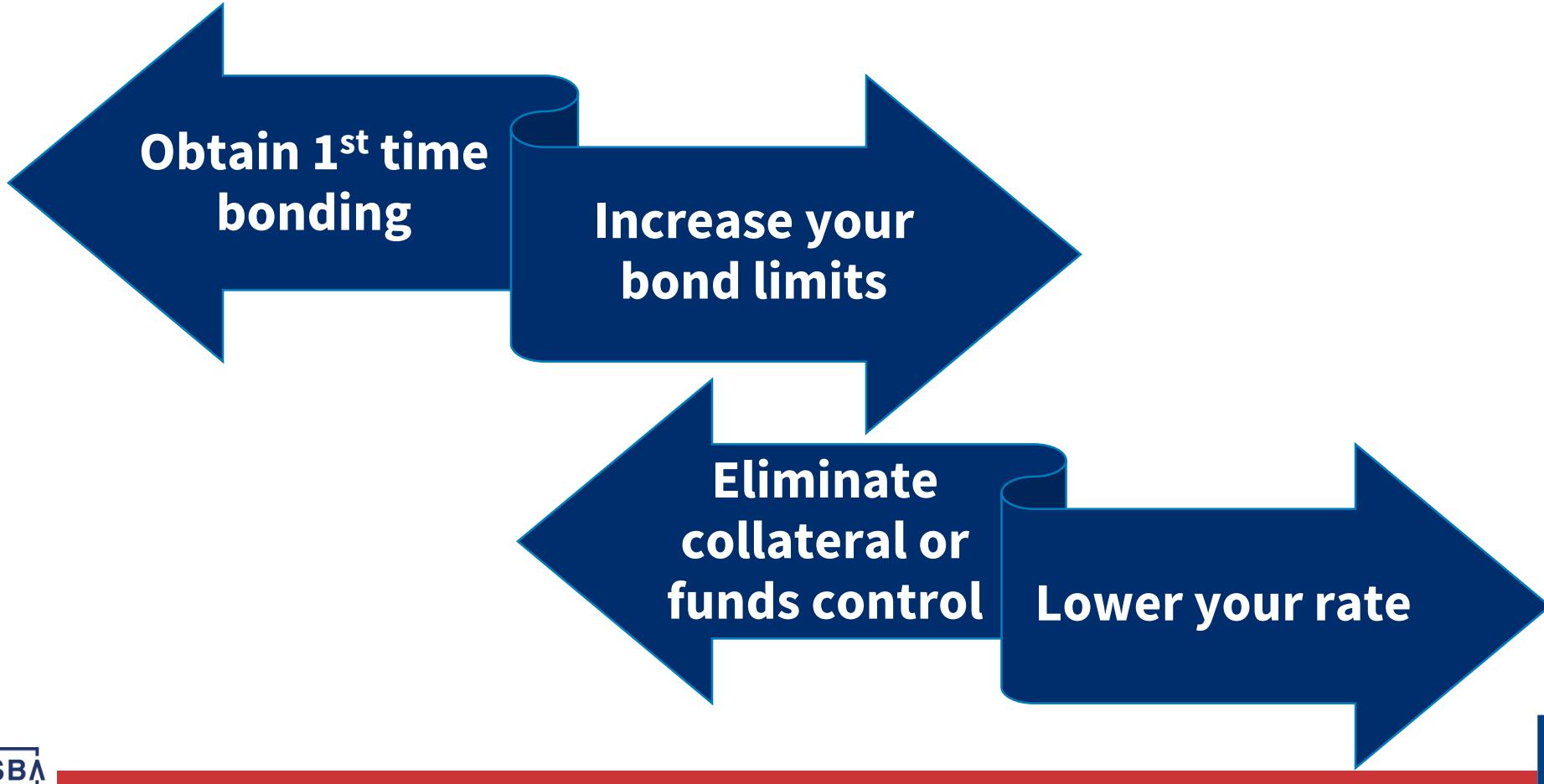
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Share Your Success with Us

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

(202) 205-6540

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Obtain 1st time bonding

Increase your bond limits

Eliminate collateral or funds control

Lower your rate