



U.S. Small Business  
Administration



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# Surety Bond Guarantee Program

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

# What is a Surety Bond?

- Agreement between:
  - ✓ Business/Contractor
  - ✓ Surety Company
  - ✓ Obligee (Project Owner)
  
- The types of contract surety bonds are:
  - ✓ Bid Bond
  - ✓ Performance Bond
  - ✓ Payment Bond



# What is a Surety Bond?

## **Bid Bond:**

- Compete for projects
- Performance and payment bonds will be provided

## **Performance Bond:**

- Guarantees successful completion of contract according to the terms and conditions of the contract.

## **Payment Bond:**

- Guarantees that subcontractors and labor and material suppliers will be paid for their work.

# “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**

**Sureties underwrite each bond for capital, credit & capacity**

**Small businesses may struggle to qualify**

**THE STRUGGLE OF REAL**

# 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!

**Available bank  
line of credit =  
more working  
capital**

**Working Capital +  
Available BLOC =  
More Bonding  
Capacity**

**Total bonding  
capacity typically  
doubles**

**Internally prepared  
financial  
statements  
accepted**

# Eligibility



**Be small by SBA size standards**



**Have a contract up to \$10 million requiring bonds**



**Pass evaluation**

# QuickApp

**Obtain  
Contract  
Bonds Up to  
\$400,000  
Quickly &  
Easily!**

**Approvals  
in hours**

**No  
financials  
for SBA**

**Easy  
qualification**

**Limitations  
&  
exclusions  
apply**

# What Do I Need to Apply?

**Business  
financial  
statements last 3  
years**

**Owners' personal  
financial  
statement**

**Bank reference  
letter**

**SBA Form 912  
Statement of  
Personal History**

**SBA Form 994  
Application for  
Surety Bond  
Guarantee  
Assistance**

# Counting the Cost

Both costs typically reimbursable by project owner



## SBA Contractor's Fee

.6% of contract amount

(reduced from .729% effective 10/1/18)



## Surety's Bond Premium

1.5% - 3% of contract amount

# The Application Process



# Program Partners



We partner with 35 surety companies and over 350 agents



# Contact an SBA Authorized Bond Agent

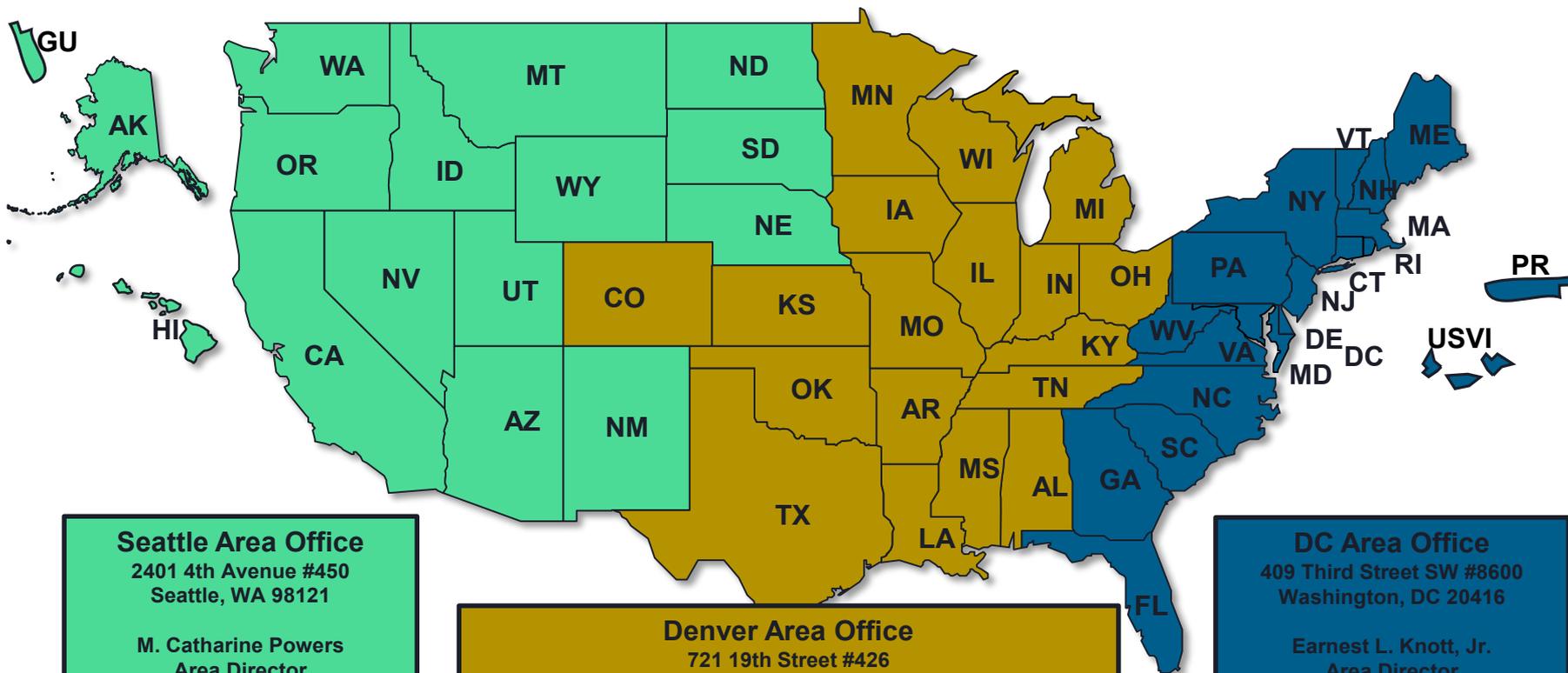


[www.sba.gov/osg](http://www.sba.gov/osg)



# SBG Program Offices

*"We Open Doors to Bonding"*



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Q&A

You have

Questions

We have

Answers



# Share Your Success with Us

Let us know if you were successful in overcoming your bonding

challenges!  
(202) 205-6540

[suretybonds@sba.gov](mailto:suretybonds@sba.gov)

**Obtain 1<sup>st</sup>  
time bonding**

**Increase your  
bond limits**

**Eliminate  
collateral or  
funds  
control**

**Lower your  
rate**