



U.S. Small Business
Administration

Surety Bond Guarantee Program

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

“We Open Doors to Bonding”



New to contract bonding?

GC bonding your projects?

Need higher bond limits?

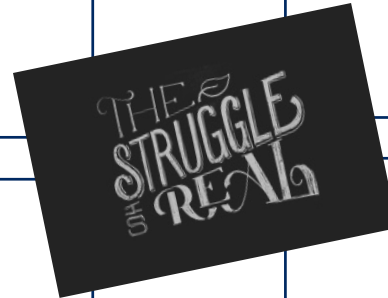
Posting collateral or using funds control?

Paying more than 4%?

The Small Business Struggle

License & permit bonds differ from contract bonds

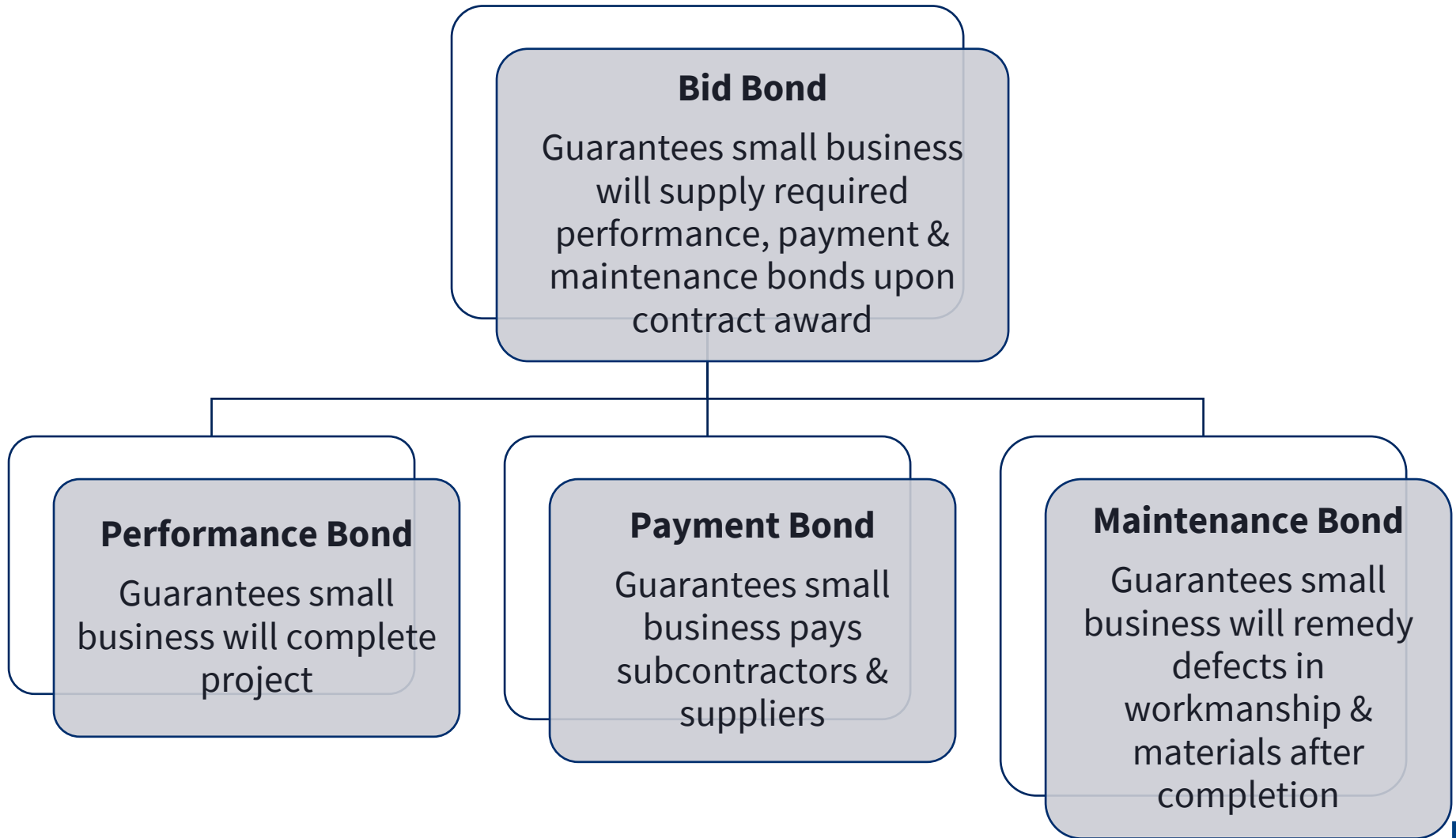
Contract surety bonds are a form of credit



Sureties underwrite each bond for capital, credit & capacity

Small businesses may struggle to qualify

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 requirements by internal policies

Check all contracts for bond requirements!

Pre-Qualification & Bonding Capacity

Becoming bondable is like applying for bank credit



**Pre-qualifying provides your bond limits
Obtain bonding capacity without applying for bond**



Know Your Bonding Capacity

**Single contract limit
(ex. \$500,000)**

**Total bonding capacity
(ex. \$6,000,000)**

Surety's Underwriting Focus

Technical & Managerial Ability

- Past experience
- Management controls
- Accounting

Financial Statements

- Working capital, net worth & profitability
- CPA prepared financials for \$2 million+ jobs

Credit Resources

- 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!

**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**

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 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 36 surety companies and over 350 agents

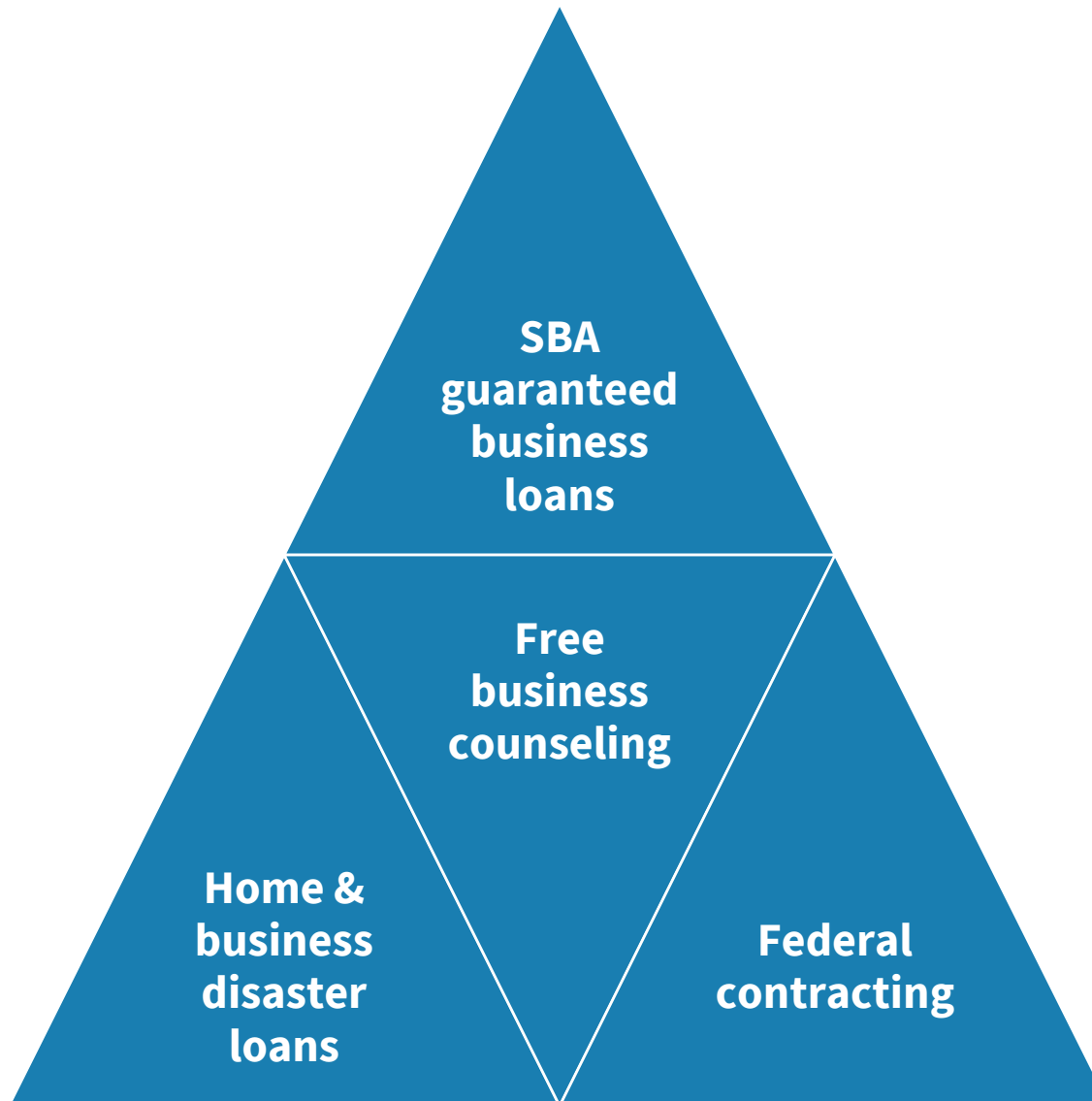


Contact an SBA Authorized Bond Agent



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