

Small Business Administration's (SBA) Surety Bond Program

SBA's Role

The SBA Office of Surety Guarantees (OSG) administers the SBG Program as a public-private partnership between the federal government and the surety industry. The SBG program consists of the Prior Approval (Plan A) and the Preferred Surety Bond Program (PSB or Plan B) program.

Eligibility

In addition to the surety's bonding qualifications, SBA's eligibility requirements for applying for an SBA bond guarantee are:

- The contract must be \$2 million or less;
- The contractor's business must be independently owned and operated and qualify as a small business under federal regulations;
- For federal prime contracts, your company must meet the small business size standard for the North American Industry Classification System (NAICS) Code that the federal contracting officer specified for that procurement. The small business size standard for heavy and civil construction is \$31 million in average annual receipts (except dredging, which is \$18 million). If the contract is for one of the specialty trades, the size standard is \$13 million. Size standards for providing services range as high as \$32.5 million in annual receipts.

For all other prime contracts and subcontracts for construction, service or supply (e.g., commercial, state and local) you qualify for surety bond assistance from the SBA if your annual receipts do not exceed the \$7 million standard.

In every case, an individual contract cannot exceed \$2 million and must require bonds.

The SBA Guarantee

SBA reimburses a participating surety (within specified limits) for the losses incurred as a result of a contractor's default on a guaranteed bid bond, payment bond, performance bond or any bond that is ancillary with such a bond.

How to Apply

The SBA does not directly bond the contractor. The contractor chooses a bonding agent who represents an SBA surety participant. The contractor completes the surety application and the required SBG forms, providing the agent with the required credit, capacity and character information. The agent then underwrites the application and decides whether to execute with or without an SBA guarantee.

To Apply

Please contact Niren Shah at 513-489-6422 or nshah@u-insure.com for further questions or to apply.