

U.S. Small Business Administration
Surety Bond Guarantee Program
DEFAULT REPORT, CLAIM FOR REIMBURSEMENT,
AND RECORD OF ADMINISTRATIVE ACTION

Any intentionally false statement or willful misrepresentation in connection with a claim for payment pursuant to a Guarantee Agreement is a violation of Federal law, subject to criminal and civil prosecution under 18 USC Sections 287, 371, 1001, 15 USC Section 645 and 31 USC Section 3729 carrying possible fines and/or imprisonment.

GENERAL INSTRUCTIONS:

This form combines SBA Forms 994H-Claim for Reimbursement, 994J-Report of Default, and 1101-SBA/DBG Modification/Administrative Action. It should be used as follows: (Please type or print legibly.)

- To file a Default Status Report; complete sections: A, B, C, H
- To file a Claim for Reimbursement; complete sections: A, C, E, F, G, H
- To record SBA Administrative Action; complete sections: A, C, D

A. SBG IDENTIFICATION SUMMARY

SBG NUMBER: _____	CONTRACTOR'S NAME: _____
SURETY ALPHA CODE: _____	990 DATE: / / (See reverse) CONTRACT AMOUNT \$ _____
BOND NUMBER: _____	OBLIGEE: _____
CLAIM NUMBER: _____	PROJECT: _____
DEFAULT STATUS CODE: _____	BOND TYPE: _____
<input type="checkbox"/> 01=Active	<input type="checkbox"/> Payment
<input type="checkbox"/> 02=Closed-No Loss	<input type="checkbox"/> Performance
<input type="checkbox"/> 03=Closed-Subrogation	<input type="checkbox"/> Bid
<input type="checkbox"/> 04=Closed-Final	
<input type="checkbox"/> 05=Closed Settled	
DEFAULT REASON CODE: _____ (From reverse)	NO CHANGE FROM PREVIOUS REPORT
SBA's RESERVE AMOUNT: \$ _____	STATUS UPDATE INCLUDED: (Describe below, current status and default completion plans.)
	SURETY RESERVE AMOUNT: \$ _____

B. SUBROGATION ACTIVITY (Explain in Section C., below, or attach a separate sheet if, necessary.)

<input type="checkbox"/> Litigation pending	<input type="checkbox"/> Settled for \$ _____	<input type="checkbox"/> No change from last report
<input type="checkbox"/> Payments being made	<input type="checkbox"/> None – Bankrupt/Defunct	<input type="checkbox"/> Approval requested to Close Final
		<input type="checkbox"/> Firm Collateral Held \$ _____
Other anticipated recovery from salvage, indemnities, etc. \$ _____		

C. EXPLANATIONS, COMMENTS, ADMINISTRATIVE ACTIONS (Attach additional sheet if warranted.)

SPECIAL HANDLING OF CHECKS (Manual 1166's)

Consultants	_____ Mail to payee:
Claims	Payee _____
Other	Name _____
Deliver to SBA:	Add _____
_____ Office	City/St/Zip _____

(SBA USE ONLY)

D. SBA/DBG CLAIM PAYMENT RECOMMENDATION, REVIEW, APPROVAL, AND AMOUNT OF CLAIM APPROVED

THIS REQUEST IS HEREBY APPROVED FOR PAYMENT IN ACCORDANCE WITH SBA REGULATIONS.

AMOUNT REQUESTED \$ _____ AMOUNT APPROVED \$ _____ EFFECTIVE DATE (Date SBA received) / /

RECOMMENDED BY (Signature/Title/Date)	REVIEWER (Initials/Date)	2 ND REVIEWER (Initials/Date)	APPROVING OFFICIAL (Signature/Title/Date)
--	-----------------------------	---	--

E. ITEMIZATION OF SURETY LOSS (Loss Class Codes: L=Loss; E=Expense; TA=Trust Account Deposit)

List all loss items as well as funds deposited to a Trust Account. (See reverse)

<u>DRAFT</u> <u>DATE</u>	<u>DRAFT</u> <u>NUMBER</u>	<u>PAYEE</u>	<u>AMOUNT</u>	<u>LOSS</u> <u>CLASS</u>
-----------------------------	-------------------------------	--------------	---------------	-----------------------------

TOTAL \$ _____

F. ITEMIZED SURETY RECOVERY See Instructions. (Recovery Class Codes: I=Indemnity; C=Contract Funds)

<u>DATE</u>	<u>SOURCE</u>	<u>RECOVERED</u> <u>AMOUNT</u>	<u>RECOVERY</u> <u>CLASS</u>
-------------	---------------	-----------------------------------	---------------------------------

TOTAL \$ _____

G. SUMMARY OF CLAIM FOR REIMBURSEMENT

Total of Loss Disbursements (Itemized Above)	\$ _____
Total of Loss Disbursements Previously Reported	\$ _____
TOTAL LOSS DISBURSEMENTS	\$ _____
Recovery (Itemized Above)	\$ _____
Recovery Previously Reported	_____
Undisbursed Trust Account Balance (See reverse)	_____
TOTAL OFFSETS	\$ (_____)
Surety Net Loss (Total Loss Disbursements Less Total Offsets)	\$ _____
Less Deductible Amount (See reverse)	(_____)
SBA (____ %) Share of Surety's Reimbursable Loss	_____
Less Prior Total SBA Payments	(_____)
TOTAL DUE AND REQUESTED BY SURETY OR TOTAL DUE AND SUBMITTED TO SBA	\$ _____

H. CERTIFICATION

I, the undersigned being duly designated, hereby certify that this default report and/or itemization and summary of payments and recoveries received upon bonds issued in conjunction with the U.S. Small Business Administration's Surety Bond Guarantee Program is true and correct to the best my knowledge, information and belief. I further certify that all payments made and recoveries received are substantiated by payroll sheets, copies of Surety's drafts, claimants invoices, assignments and releases (where applicable), recovery instruments, etc., and that such substantiating documents are retained in this office, our agent's office, or in the office of our claim account trustee.

NAME OF SURETY	(Area Code/Phone No.)	SURETY CERTIFYING OFFICIAL'S SIGNATURE, TITLE, AND DATE
----------------	-----------------------	---

**INSTRUCTIONS AND CLARIFICATION
OF SELECTED FORM 994H ITEMS**

General

1. This form may be used to report the default of an SBG contractor, as well as for periodic status reporting in accordance with the terms of SBA's Surety Bond Guarantee Agreement. If a different format is used, all information requested on 994H Form must be provided.
2. A separate SBA Form 994H must be used for each bond in default/claim status. An additional sheet/letter may be attached for more detailed reporting.
3. If this is an initial default/claim notice:
 - a. A carbon copy of this form should be sent simultaneously to the SBA Field Office which guaranteed the bond in caption.
 - b. Provide a detailed report including the percentage of completion, remaining contract funds, methods of selecting completion contractor, description of how claim situation arose, present condition, surety's plans for resolution and salvage, anticipated loss.

Specific

- Section A.
- 1) "SBG Number" – enter the full 14-digit number.
 - 2) "990 Date" is the date SBA Form 990, "Surety Bond Guarantee Agreement," was signed by SBA Official.
 - 3) DEFAULT REASON CODES:

CODE

1. Underbidding
2. Weather/natural disasters
3. Shortage in critical materials/
Delays in receiving same
4. Alleged embezzlement
5. Financial mismanagement
6. Incompetence/poor workmanship
7. Union strike/labor trouble
8. Illness or death of key employee
9. Walked off job
10. Dispute with obligee
11. Possible fraudulent operation
on part of principal
12. Despondency
13. Co-mingling of funds

CODE

14. General's subcontractor in default
15. Sub's General in default
16. Possible sub-busting on part of general
17. IRS lien
18. Sub's General behind Schedule
19. Unforeseen physical obstacle
20. Shortage of labor
21. Principal fails to appear at job site
to begin work
22. Fire damage
23. Materialman lien
24. Labor lien
25. Principal failed to sign contract
26. Surety did not issue final bond
27. Other

- Section E.
- 1) List all loss items as well as funds deposited to a trust account. A separate accounting must accompany any request for reimbursement of loss incurred via a trust account. Such accounting must provide the source of all deposits to the account, and the disposition of all funds from the account (by date, draft number, payee and amount). Any balance remaining in the account or any amounts not accounted for as expenditures comprise the trust account balance and are to be included in Section G. as "Undisbursed Trust Account Balance."
- Section F.
- 1) List all recovery items received by the Surety. Also, list as recovery, all trust account remaining balances returned by the trustee.
- Section G.
- 1) The "Undisbursed Trust Account Balance" is reduced to zero when the remaining balances are returned by the trustee. See instructions for Section E., above.
 - 2) The "Total of Loss Disbursements" is the total amount from Section E., "Itemization of Surety Loss."
 - 3) The "TOTAL LOSS DISBURSEMENTS" is the combined total of loss disbursements itemized and previously reported.
 - 4) The "Deductible Amount" is 80% of the Premium amount up to \$500 for Guarantee Agreements written on/after April 21, 1976.