



# News Release

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### ***Changes to SBA's Surety Bond Guarantee Program Help Streamline Contractors Reconstruction Efforts In Battered Gulf Coast***

**WASHINGTON** – The U.S. Small Business Administration, through its Surety Bond Guarantee Program, has taken a number of steps in the past few months to enhance support to small businesses nationwide, particularly construction contractors in the devastated Gulf Coast region.

In the wake of the devastating hurricanes, and working in close partnership with surety companies and their agents across the country, the SBA is promoting the expansion of small business participation in the rebuilding efforts through two substantial changes that help streamline contractors' efforts in the reconstruction phase.

“SBA staff is gearing up for a surge in surety bond applications for construction work in the Gulf States and across the country,” said SBA Administrator Hector V. Barreto. Having processed more than \$7 billion in loan approvals related to hurricanes Katrina, Rita and Wilma, we want to do everything in our power to help small contractors to help businesses and homeowners engage in reconstruction as rapidly as possible. These businesses and homeowners will lay the foundation for a renewed economic base in the affected region.”

In the first of the changes a business is considered small for purposes of qualifying for an SBA surety bond guarantee if the contract or subcontract work will be performed in one of the Presidentially declared disaster areas in the Gulf States, and the business is small as defined by either of the following two criteria, whichever is higher: (1) meets the North American Industry Classification System (NAICS) size standard for the industry in which it is primarily engaged, or (2) average annual receipts of the business do not exceed \$6.5 million. This size standard also applies to small businesses that are the prime contractors on federal projects. Other contractors qualify if their average annual receipts do not exceed \$6.5 million.

Through the Surety Bond Guarantee Program, SBA guarantees bid, payment and performance bonds on contracts up to \$2 million in value.

The SBA also has announced completion of Phase I of a new electronic bond application process. Small businesses and surety companies participating in the SBA Prior Approval Program can now transmit application forms electronically to SBA to help expedite the review and approval processes.

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Phase II of this application process will contain a fully re-engineered and streamlined electronic application. SBA staff also is re-engineering the claims reimbursement process to shorten the cycle time between submission of a claim for reimbursement by a surety company and payment by the government.

SBA assistance in locating a participating surety company or agent and completing application forms is available from SBA offices in Atlanta, Philadelphia, Denver and Seattle, or online. For more information on SBA's Surety Bond Guarantee Program, go online to <http://www.sba.gov/osg/> for a list of area office contacts and SBA offices near your business or call 1-800-U ASK SBA.

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