

VSIA
Valley Surety
Insurance Agency

License No. 0799396

"Surety Specialists"

SBA BONDING MADE SIMPLE

Valley Surety Insurance Agency also writes SBA guaranteed bonds. The SBA Bond Program is for the qualified small business contractor of good character and reputation who is required to have a bid, performance or payment bond in order to obtain a contract, including but not limited to firms in construction, repair, maintenance, service, supply and manufacturing provided a bond is not obtainable on reasonable terms and conditions without SBA's assistance. The program's long-range objective is to assist the small and emerging contractors to become bondable on their own merits.

Please provide the following information for a SBA submission, full submission of the following information will secure our earliest response:

1. Business Financial Statements:

- A. Last three (3) fiscal year-end Business Financial Statements. If the last three (3) fiscal year-end business financial statements are not available submit copies of your last last three Federal Income Tax Returns.
- B. Contracts less than \$400,000.00, the Financial Statements of the firm can be internally prepared and computer generated that tracks with previous financial statements. However the data submitted must be in such form and completeness as to allow the Underwriter to decide the financial merits of the case based on substance, rather than on the type of the statements.
- C. Contracts ranging from \$400,000.00 to \$1,000,000.00, the Financial Statement must be compiled by a Certified Public Accountant with full notes and schedules.
- D. Contracts in excess of \$1,000,000.00 to SBA statutory limitation of \$5,000,000.00 the Financial Statement must be prepared by an independent Certified Public Accountant. This statement must be reviewed as defined by the AICPA and should be prepared using the percentage of completion method of accounting. The six month interim business financial statement must be prepared by a CPA and must be compiled.
- E. Interim Business Financial Statements are required to be submitted six months after the fiscal year-end statement.

The business financial statements must be prepared using the accrual method of accounting however the percentage of completion method of accounting is preferred. The cash method of accounting is not acceptable. Please note that the contractor must sign and date all balance sheets contained in the Business Financial Statements to attest that he has read these statements.

2. Personal Financial Statement with last available Federal Tax Return:

- A. If Sole Proprietorship, owner must submit a separate Personal Financial Statement.
- B. If Partnership, each partner must submit a Personal Financial Statement.
- C. If Corporation, each officer must submit a Personal Financial Statement.
- D. Indemnitor

Please note that the owners must sign and date the personal financial statements.

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3. **Contractors Questionnaire.** Complete in full.
4. **Current Bank Reference Letter** – Or current Bank Statements for the business accounts and Bank Line of Credit if available along with a copy of the Bank Line of Credit Agreement.
5. **Status of Contracts Form** - Listing the Current Work on Hand.
6. **Resume on all owners and Key Personnel.**
7. **Business Plan.**
8. **Current Certificate of Insurance.**
9. **Age the Accounts Receivables and Accounts Payables** shown on the last Business Financial Statement.
10. **SBA Form 994** - Application for Surety Bond Guarantee Assistance.
This form must be completed and signed where indicated.
11. **SBA Form 912** - Statement of Personal History.
 - A. If Sole Proprietorship, owner must complete.
 - B. If Partnership, each partner must complete.
 - C. If Corporation, each officer, director who holds 20% or more of the ownership stock.
12. **General Indemnity Agreement.** Form will follow after review of the information.
13. **Information for the requested bond(s):**
 - A. Copy of the Invitation to Bid or Bid Bond Request Form.
 - B. Copy of the Contract with the Bid Results.
 - C. Bid Bond/Final Bond Forms (If obligee has their own forms).
14. **Cost of the SBA Guarantee Bond:**

SBA's guarantee is issued to a Surety Company on behalf of a small business concern. For consideration of this guarantee, SBA collects fees from both the Surety Company and the Contractor, on all final bonds. The cost is \$7.29 per thousand based on the Final Contract Price.
15. **Premium:** Bid Bond/Final Bond Premiums are determined once the account has been reviewed and approved.

Please note that additional SBA Forms can be obtained at sba.gov in the forms library.

If your firm has questions regarding the SBA Bond Guarantee Program, please feel free to contact our office for further assistance.

Thank you for considering Valley Surety Insurance Agency for your Bonding Needs!!