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SENATOR CARDIN SAYS SBA ACTION INCREASING SURETY BOND LIMITS WILL HELP SMALL BUSINESSES GET CONTRACTS

Cardin's Amendment to Recovery Act raised limits from \$2 to \$5 million

WASHINGTON – **U.S. Senator Benjamin L. Cardin** (D-MD), author of the *American Recovery and Reinvestment Act* provision to increase the statutory limits under the Surety Bond Guarantee Program from \$2 million to \$5 million, praised the Small Business Administration (SBA) for implementing his amendment that raises the surety bond ceiling.

The SBA announced today that small businesses needing surety bonds to compete for construction and service contracts can now qualify for SBA-backed surety bonds of up to \$5 million. This increase more than doubles the previous \$2 million maximum surety bond guaranteed by SBA.

“Small businesses have been seriously affected by this economic downturn and I am pleased that the surety bond ceiling has been increased so that small firms can better compete for contracts,” said Senator Cardin, a member of the Committee on Small Business & Entrepreneurship. “This change will be particularly helpful to small and emerging contractors who need access to surety bonds so they can bid on public construction and service projects, many of which will be funded by the recovery package.”

Through SBA's Surety Bond Guarantee program, SBA guarantees bid, payment and performance bonds. Surety bonds protect the project owner against financial loss if contractors default or fail to perform. SBA partners with the surety industry to help small businesses that would otherwise be unable to obtain bonding in the traditional commercial marketplace. Under the partnership, SBA provides a guarantee to a participating surety company of between 70 and 90 percent of the bond amount.

The SBA also announced that additional program enhancements contained in the stimulus bill will be announced soon in the *Federal Register*. Among these changes is a

provision that will allow SBA to guarantee a bond on a federal contract up to \$10 million following certification by the contracting officer that the bond guarantee is required.

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