



The National Association of Surety Bond Producers
1828 L Street, NW, Suite 720
Washington, DC 20036



The Surety & Fidelity
Association of America

The Surety & Fidelity Association of America
1101 Connecticut Avenue, NW, Suite 800
Washington, DC 20036

Sent via U.S. Mail and e-mail at karen.mills@sba.gov.

May 26, 2010

Karen Mills, Administrator
U.S. Small Business Administration (SBA)
409 3rd Street, SW
Washington, DC 20416

Re: SBA National Small Business Week & SBA Surety Bond Guarantee Program

Dear Administrator Mills:

The National Association of Surety Bond Producers ("NASBP"), a trade association of professional surety bond producers, who specialize in providing surety bonds for construction contracts and other purposes to companies and individuals throughout the United States, and the Surety & Fidelity Association of America ("SFAA"), a trade association of approximately 450 insurance companies that are licensed to provide surety and fidelity bonds throughout the United States, wish to express our profound gratitude for the wonderful recognition by the SBA during National Small Business Week of the contributions made by the bond producer and surety company communities to our Nation's small businesses. NASBP and SFAA, and their respective members, work to ensure that many small construction businesses, which otherwise may not qualify for bonding in the standard market, can obtain access to surety credit, providing needed economic opportunities for these firms, including through a close association with the SBA Surety Bond Guarantee Program. We are proud of our partnership with SBA and are proud to promote the Surety Bond Guarantee Program and other SBA programs to our industry, our members and their customers.

NASBP and SFAA supported the enhancements made to the Surety Bond Guarantee Program under ARRA, which included increasing the contract size that can be guaranteed from \$2 million to \$5 million and up to \$10 million (if a federal agency's contracting officer certifies that the guarantee is necessary) and vesting discretion in the Administrator to determine the Program's liabilities. These are significant enhancements that have generated interest in and increased use of the Program. It is our understanding that the number of bonds written in the Program this year has increased significantly and that more surety companies have sought and are seeking to participate in the Program. Unfortunately, the ARRA enhancements are set to expire on September 30 of this year. NASBP and SFAA support making these permanent; however, we perceive the certification requirement as an unnecessary step for contracts exceeding \$5 million.

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We wish to offer ideas for further enhancements to the Program. National Small Business Week is an opportune time for focused consideration of these enhancements. These enhancements will build on the momentum generated by the ARRA enhancements and will increase the attractiveness and extend the reach of the Program. These ideas are delineated in the attached document entitled, "Revitalizing the SBA Bond Guarantee Program," and are supported by the entire surety industry.

Among these ideas are combining the Prior Approval and Preferred Programs into one comprehensive program, increasing the guarantee percentage provided to surety companies, and reducing the fees charged to small businesses and sureties to access the Program. We note that similar ideas were adopted for 7(a) and 504 loans administered by the SBA and have proven to be very successful.

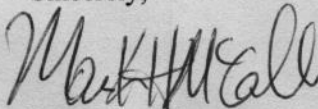
The Senate Small Business Committee still expects to pass a bill before the August recess that addresses the SBA programs. To date, the Committee has marked up legislation such as S 2989, revising and reauthorizing some of the SBA loan programs. It is vital to small contractors that the needed changes in the SBA bond program be included in any Senate bill this year as well.

We also advocate for grant assistance to small and disadvantaged construction firms, so they may hire professional service providers, such as lawyers, accountants and other business consultants of their choice, to prepare them to meet the requirements for financial and surety credit. Representative Yvette Clarke has introduced legislation, H.R. 3771, that would provide such needed assistance.

NASBP and SFAA share your view that small businesses are the backbone of the American economy. We would welcome the opportunity to meet with you personally to discuss our ideas in further detail, particularly in light of the Obama Administration's stated goal to introduce and to advocate for legislative solutions for small business job creation.

Thank you again for recognizing the contributions of the bond producer and surety company communities and for the many efforts put forth by the SBA to benefit the small businesses of this country.

Sincerely,



Mark McCallum
Chief Executive Officer
NASBP



Lynn Schubert
President
SFAA