



NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS

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July 13, 2010

U.S. Senate Minority Leader Mitch McConnell
Russell Senate Office Building
Washington, DC 20510

Dear Minority Leader McConnell,

On behalf of the National Association of Surety Bond Producers (NASBP), a national trade organization of professional surety bond producers and brokers, representing over 5,000 personnel, which place bid, payment, and performance bonds for the Nation's construction and infrastructure projects, I am contacting you to express our support of Amendment # 4414 to be offered by Senator Ben Cardin as part of H.R. 5297, the Small Business Lending Fund Act of 2010.

NASBP supported the enhancements made to the Surety Bond Guarantee Program under the American Recovery and Reinvestment Act (ARRA), which included increasing the contract size 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.

Based on our recent conversation with the Small Business Administration's (SBA) Office of Surety Guarantees, the number of bonds written in the Program this year has increased significantly and more surety companies have sought and are seeking to participate in the Program. This increased activity is a direct result of the passage of these enhancements in ARRA.

Furthermore, the SBA reports that there have been no defaults on any bonds issued above the \$2 million range, since the higher bond guarantees were implemented. Unfortunately, these enhancements will expire on September 30, unless Amendment # 4414 is adopted. Amendment # 4414 is vital to small and emerging construction businesses, so they have a SBA Bond Guarantee Program that will continue to cover larger contract amounts, enabling them to compete for more public construction contract awards and helping them to remain viable components of the U.S. economy.

To that end, NASBP strongly supports Amendment #4414 to H.R. 5297, the Small Business Lending Fund Act of 2010 and urges that you and your Senate colleagues vote for its adoption. The enhancements to the SBA Bond Guarantee Program made by ARRA simply are too critical to the welfare of American small businesses to lose!

I would welcome the opportunity to discuss these matters further and to answer any questions that you may have of surety practices or the surety industry.

Thank you for your time and consideration with this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark McCallum", with a long, sweeping horizontal line extending to the right.

Mark McCallum
Chief Executive Officer