



NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS

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February 2, 2009

Mr. Erik Necciai
Counsel
U.S. Senate Committee on Small Business & Entrepreneurship
428A Senate Russell Building
Washington, DC 20510

Dear Erik,

The NASBP strongly supports an amendment to H.R. 1 that would increase the maximum bond amount available for a bond guarantee issued by the Office of Surety Guarantees of the U.S. Small Business Administration from \$2 million to \$5 million. Such an increase in the maximum bond amount of the SBA Bond Guarantee Program is critically needed for small businesses wishing to perform public construction contracts.

A clear procurement trend in recent years has been that public works projects at federal and state levels, for a variety of reasons, are let in larger amounts. Increasing the maximum bond amount of the SBA Bond Guarantee Program should have the affect of making many more small construction firms who wish to pursue public and private construction contracts eligible to participate in the Program. Further, by increasing the maximum bond amount, you increase the contracting opportunities for small contractors who otherwise would not qualify for bonding due to, for example, their inability to access banking lines of credit in this tough economic climate. Many of these small contractors may have had banking lines of credit withdrawn or revoked, severely hampering their access to bank credit and impairing their ability to meet the capital requirements necessary for standard surety underwriting.

By increasing the opportunities of small construction firms, you enable those firms to grow and to thrive, stimulating our economy and preserving and generating quality jobs, and provide significant benefits to public and private owners through increased competition for their projects.

Yours sincerely,

Mark H. McCallum
General Counsel & Director of Government Relations