NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS
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January 24, 2022

Mr. Jermaine Perry
Surety Bond Specialist
U.S. Small Business Administration (SBA)
Office of Surety Guarantees (OSG)
409 Third Street SW, Suite 8600
Washington, DC 20416

Delivered via email to: **Jermaine.Perry@sba.gov; John.miller@sba.gov; and Patrick.kelley@sba.gov**

Re: 5-Year financial statements to verify NAICs size standards

Dear Mr. Perry:

On behalf of the National Association of Surety Bond Producers (NASBP), I am contacting you to express concerns regarding the January 4, 2022, *OSG East News Alert* announcing that, effective January 6, 2022, small businesses which apply for surety bonds through the SBA Surety Bond Guarantee Program (Program) will be required to furnish five years of financial statements to verify that they qualify as small businesses based on the North American Industry Classification System (NAIC's) code. This is a dramatic shift in policy from 2021, which required businesses to furnish three years of financial statements to determine their qualification as small businesses.

Over the past several years, the Program has been revitalized, which is directly attributable to the policy changes supported by the OSG, such as increasing the contract size eligibility, raising the guarantee offered to surety companies, lowering the Program fees, and revising the CPA-audited financial statements requirement. These important revisions were undertaken in consultation with and with the support of the surety industry, and they have created greater opportunities for small and emerging contractors.

To continue this momentum, NASBP respectfully requests that OSG retain the policy of small businesses furnishing 3-years of financial statements/receipts to verify their sizes. NASBP believes that requiring small businesses to produce 5-years of financial statements is overly burdensome. Simply put, having to demonstrate five consecutive years of financial statements will impose greater cost and time burdens on these businesses, which runs counter to the objective of giving more such businesses access to surety bonding credit. NASBP also notes that the SBA Business and Disaster Loan Programs are exempt from the 5-year requirement, and we believe that the Bond Guarantee Program should be accorded the same exemption, because the Office of Surety Guarantees in part of the Office of Capital Access.

Given the recent passage of the federal infrastructure package and the opportunities it can afford small businesses, we strongly urge you to reconsider the 5-year financial statement requirement, reverting back to the 3-year financial statement requirement, so the Program will be in the best position to assist the bonding needs of those small businesses.

Thank you for your consideration of our comments.

If you have any questions, please feel free to contact me directly at 240-200-1272 or at lleclair@nasbp.org.

Sincerely,

Lawrence E. LeClair
Director, Government Relations

cc: Patrick Kelley, AA, Office of Capitol Access
John Miller, DAA, Office of Capitol Access