



For Immediate Release

NASBP Contact: Kathy Hoffman, Director of Communications
Phone: (240) 200-1278 | E-mail: khoffman@nasbp.org

SFAA Contact: Peter Roth, Vice President – Strategic Communications, Marketing & Research
Phone: (703) 401-0676 | E-mail: proth@surety.org

NASBP & SFAA Publish Bond Information Kit for State Broadband Offices & ISPs Participating in BEAD Program *Forms and model language facilitate use of surety bonds to meet BEAD requirements*

July 9, 2024 (WASHINGTON, DC) – The National Association of Surety Bond Producers (NASBP) and The Surety & Fidelity Association of America (SFAA) issued a first-of-its-kind Broadband Equity, Access, and Deployment (BEAD) Program Surety Bond [Information Kit](#). The Kit includes bond forms to address the announcement of the National Telecommunications & Information Administration (NTIA) of the U.S. Department of Commerce to accept surety bonds as an additional form of security in lieu of letters of credit (LOCs) for the BEAD Program.

In November of 2023, NTIA issued a programmatic waiver to modify the requirement for LOCs as the sole means of security to secure the performance of recipients of BEAD grant funds to construct broadband infrastructure. After NTIA's waiver announcement, NASBP and SFAA formed a surety working group to develop performance bond forms and model language to facilitate the use of surety bonds to meet BEAD Program security requirements. The surety working group developed two performance bond forms, model language for state broadband offices to insert into award agreements, and a sample letter template to confirm for state broadband offices the bond amount for which an internet service provider (ISP) or its construction contractor initially qualifies.

Of the two bond forms, one addresses situations when the ISP can qualify for bonding and furnishes the bond directly to the state broadband office. The second bond form addresses situations where the contractor to the ISP building out the broadband system is better suited to qualify for bonding.

"Broadband access is so crucial for communities to gain connections, information, and opportunities, especially in rural or underserved areas," stated NASBP CEO Mark McCallum, "and permitting the use of surety bonds to protect federal and state funding of and investment in broadband infrastructure will ensure that these vital systems will be constructed and realized." NASBP Director of Government Relations Larry LeClair added, "NASBP and SFAA over time have informed federal agencies responsible for rural broadband deployment of the time-tested benefits of surety bonds to safeguard broadband investments." "After NTIA announced it would allow ISPs to furnish surety bonds as alternatives to LOCs, NASBP and SFAA then played an active role with the ISP community to educate it about the surety bond product," related LeClair.

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“The additional security option instead of LOCs will benefit small internet service providers (ISPs) who were having difficulty securing LOCs,” said SFAA Vice President of Policy & General Counsel Julie Alleyne. “And most importantly, state broadband offices and taxpayers will have added protection because the surety company will only furnish a bond to those it believes can complete the work successfully based on the prequalification process. In comparison, a LOC issued by a bank and secured by deposited funds does not evaluate the contractor’s ability to perform the work,” continued Alleyne.

As a hallmark of public procurement, surety bonds are widely used and accepted forms of performance security. They provide viable options for qualified companies that receive federal grant monies for the development of broadband infrastructure and that wish to offer a form of security other than a bank LOC.

The BEAD Program Surety Bond Information Kit is available to download [here](#).

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Founded in 1942, the **National Association of Surety Bond Producers (NASBP)** is the association of and resource for surety bond producers and allied professionals. NASBP members specialize in providing surety bonds for construction contracts and other purposes to companies and individuals needing the assurance offered by surety bonds. www.nasbp.org

The Surety & Fidelity Association of America (SFAA) is a nonprofit, nonpartisan trade association representing all surety and fidelity industry segments. We promote the value of surety and fidelity bonding and its vital protections through advocacy, outreach, promotion, and education. The more than 425 member companies write 98 percent of surety and fidelity bonds in the U.S. SFAA is also licensed as a rating or advisory organization in all states, and state insurance departments have designated it as a statistical agent for reporting fidelity and surety experience. www.surety.org