
15 U.S. Code § 694b

Surety bond guarantees

(a) Authority of Administration to guarantee surety against loss from principal's breach of bond

- (1)
- (A) The Administration may, upon such terms and conditions as it may prescribe, guarantee and enter into commitments to guarantee any surety against loss resulting from a breach of the terms of a bid bond, payment bond, performance bond, or bonds ancillary thereto, by a principal on any total work order or contract amount at the time of bond execution that does not exceed \$6,500,000, as adjusted for inflation in accordance with section 1908 of title 41.
- (B) The Administrator may guarantee a surety under subparagraph (A) for a total work order or contract amount that does not exceed \$10,000,000, if a contracting officer of a Federal agency certifies that such a guarantee is necessary.
- (2) The terms and conditions of said guarantees and commitments may vary from surety to surety on the basis of the Administration's experience with the particular surety.
- (3) The Administration may authorize any surety, without further administration approval, to issue, monitor, and service such bonds subject to the Administration's guarantee.
- (4) No such guarantee may be issued, unless—
- (A) the person who would be principal under the bond is a small business concern;
- (B) the bond is required in order for such person to bid on a contract, or to serve as a prime contractor or subcontractor thereon;
- (C) such person is not able to obtain such bond on reasonable terms and conditions without a guarantee under this section; and
- (D) there is a reasonable expectation that such principal will perform the covenants and conditions of the contract with respect to which such bond is required, and the terms and conditions of such bond are reasonable in the light of the risks involved and the extent of the surety's participation.

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