



Bonding Letter

SESSION 7

**SMALL CONTRACTORS INITIATIVE:
BONDING & ACCESS TO CAPITAL**



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Dear Contractor:

Thank you for getting in touch with us. As you know, surety bonds are financial guarantees—by an independent institution—of your company's payment and performance on the specific job. For success, we must work as a partnership to assemble a well-organized package that will provide a positive picture to the bond companies. The sections of the package will show your company's Character, Capacity, Capital, and Commitment that:

- Your company is well-managed, experienced specifically in the work you want to bond, and handles all work in a responsible manner.
- Your financial situation has cashflow (working capital) sufficient to complete the project (even if you are not paid as agreed) and reflects overall company profit, a positive net worth, and manageable debt.
- The project has a scope of work that you fully understand and can fulfill in a timely and professional manner, and includes bottom-line profit.

I am attaching a Contractor's Questionnaire (form #01) that contains most of the information we need to determine your 'bondability.' Please note the checklist on page 4 of the Questionnaire and use that as a guideline for the documents we need to complete your bond package. For the business plan, resumes, reference letters, etc., we prefer that you use your own format, but if you do need a template we can certainly send you one. We do need you to use our Bond Request Form (form #04) with each application for any bond, with the appropriate supplemental information described throughout the document. The forms are either Microsoft Word or Excel and can be filled out electronically before printing out (and signing, if necessary). The Excel document 03.Work In Progress Schedule completes the calculations for you—it's easier to fill out on the computer than by hand!

We have learned that the clear presentation of all the above information—making a thorough and accurate package—can go a long way toward overcoming less-than-wonderful financial reports. The effort you expend assembling this information relates directly to our chances of success in obtaining the bonds you need. Please give us a call with any questions, and we can decide how to proceed.

Sincerely,

Your Bonding Agent