



We offer Contractor
Surety Bond Guarantee
programs for Bonds up
to \$250,000 for projects
funded by the American
Recovery and
Reinvestment Act of
2009 (ARRA)



Massachusetts Community
Development Finance

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Contract Surety
Bond Guarantee
Program



Over 30 years of
investing in small
businesses in
Massachusetts

➤ **The Program**

CDFC can guarantee bid, performance and payment bonds up to \$250,000 for small, minority and women contractors who have difficulty obtaining surety. CDFC's guarantee gives sureties an incentive to provide bonding for eligible contractors, enhancing a contractor's ability to obtain bonding thereby improving access to contracting opportunities. The surety guarantee, an agreement between a surety and CDFC, provides that CDFC may assume up to 90% of the overall value of the bond (not to exceed \$250,000) in the event the contractor should breach the terms of the contract.

Contractors can apply directly for a specific bond with an agent or surety company of their choice who is willing to work with this program. If the surety company is not willing to approve the application on its own merits but is willing to re-consider with a bond guarantee, the contractor can contact CDFC. CDFC will determine if the contractor meets its underwriting standards and, if so, contact the surety company on behalf of the contractor. If the surety company agrees to the terms of the CDFC guarantee, CDFC will provide the guarantee and the bond will be issued. The contractor will pay the cost of the guarantee.

➤ **Eligibility**

A contractor applying for a CDFC bond guarantee must be a small contractor, minority contractor or woman contractor in addition to meeting the surety's bonding qualifications. A "small contractor" is one whose average gross revenue for the recent two years is \$5 million or less.

➤ **Duties of CDFC**

CDFC works with the surety company to determine an applicant's ability to complete the contract based on the information, documentation and underwriting rational provided by the surety company. If the review fails to establish performance capacity, and all other aspects of the application are approved, CDFC will enter into a guarantee agreement with the surety company. If the review fails to establish performance capacity, CDFC will seek clarification from the surety underwriter. If performance capacity cannot be reasonably assured, CDFC will not be able to guarantee the bond.

CDFC Mission

Our mission is to provide financing to small businesses in Massachusetts to which private capital is not readily available with the purpose of creating or preserving jobs and promoting economic development.

Please contact us for more information.

Charlene Golonka

Loan Officer

CDFC

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