

New Program

New York State Surety Bond Assistance Program

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The New York State Surety Bond Assistance Program is a new program announced by Governor Andrew Cuomo in the 2012 State of the State address. One of the biggest challenges facing small businesses and minority- and-women-owned contractors is securing credit. The failure to secure credit limits their ability to obtain state construction and transportation contracts. To eliminate this barrier to growth, New York State has launched a new statewide bond assistance program that provides financial and credit assistance, as well as training and technical support to help small businesses or Minority- and- Women-Owned Business Enterprises (MWBEs) secure surety bonds for New York State government contracts.

Overview

When a qualified small business or MWBE requires a Bid Bond, or a Performance and Payment Bond from surety companies to secure a construction or transportation contract or sub-contract, the New York State Surety Bond Assistance Program can help the contractor secure the bond. The program provides credit support in the form of Irrevocable Letters of Credit (ILOCs) for up to 30% of the total contract amount, and is available to both prime and sub-contractors. ILOCs are essentially guarantees provided by the State to the surety company on behalf of the contractor.

Small businesses and MWBEs can also take advantage of a comprehensive program of training and technical support on how to become 'bond-ready' and to receive an ILOC. The training and technical assistance will be available through the New York State Surety Bond Assistance program and will be offered by the New York State Small Business Development Center network and the Dormitory Authority of the State of New York. Technical assistance is also available to help firms with existing ILOCs through the program.

Benefits

The New York State Surety Bond Assistance Program provides surety bond credit support and technical assistance to small businesses and MWBEs in New York State. The program provides contracting opportunities for small firms which could lead to increased financial security, job creation, and business revenue growth. The program is estimated to create 2,200 jobs over the next several years, and is estimated to increase personal income by \$137 million and overall economic output by \$328 million.

How it Works

Eligible businesses can apply to the program before or after seeking surety bonding. If a surety company requires collateral or credit support in order to issue a bond, beyond what the contractor has available, the New York State Surety Bond Assistance Program may provide the necessary assistance to qualifying businesses in the form of an Irrevocable Letter of Credit of up to 30% of the base contract amount. The maximum government contract size is limited to \$2 million. For those qualified contractors not 'bond-ready', but will bid for a State contract within a year, the program will provide training and technical assistance facilitated by the Dormitory Authority of State of New York and the Small Business Development Center Network statewide.

Eligibility

- Applicant must be a New York State small business or MWBE for a minimum of two years.
- Maximum contract size is \$2 million.
- Minimum average gross revenue of \$400,000 in either of the last two fiscal or calendar years and maximum gross revenue not to exceed \$5 million in the most recent calendar or fiscal year.
- Minimum acceptable credit is greater than 600 for all persons required to sign a General Indemnity Agreement (owner, spouse, investors and principals owning more than 5% interest and their spouses).
- Previous experience completing a similar scope of work.
- For more detailed eligibility guidelines, click [here](#) .

Fees and Associated Costs

The Irrevocable Letter of Credit (ILOC) will be issued by a participating bank. The company applying for the ILOC will be charged an annual fee of less than 1% of the bond value. This fee is payable to the participating Bank and is in addition to the typical bond premium charged by the surety company.

There is no cost for the associated training and technical assistance.

How to Apply

Small Businesses and MWBEs

An application may be submitted by a contractor or surety broker/agent at the time a Bid bond or a Payment/Performance bond is required on a New York State agency contract.

To download an application, click [here](#) (PDF) or [here](#) (MS Word).

Surety Companies and Brokers/Agents

If you are a surety company or broker/agent interested in participating in this program, please contact Ms. Huey-Min Chuang, identified below under Contact Information.

Current surety companies participating in the program include ACE Group and Travelers.

Related Content

[National Association of Surety Bond Producers](#)

[Fidelity and Surety Association of America](#)

To apply For MWBE Certification, click [here](#).

Contact Information

For all New York State Surety Bond Assistance Program inquiries, please contact Ms. Huey-Min Chuang, Senior Director of Business & Economic Development, at 212-803-3238 or BAP@esd.ny.gov.

Small businesses interested in other state programs for launch and/or expansion, please contact the NYS Small Business Division at (800) 752-8369 or nylovessmbiz@esd.ny.gov.
<http://www.empire.state.ny.us/BusinessPrograms/BondingAssistance.html>