

U.S. Small Business Administration
Surety Bond Guarantee Program
**DEFAULT REPORT, CLAIM FOR REIMBURSEMENT,
AND RECORD OF ADMINISTRATIVE ACTION**

Any intentionally false statement or willful misrepresentation in connection with a claim for payment pursuant to a Guarantee Agreement is a violation of Federal law, subject to criminal and civil prosecution under 18 USC Sections 287, 371, 1001, 15 USC Section 645 and 31 USC Section 3729 carrying possible fines and/or imprisonment.

GENERAL INSTRUCTIONS:

This form combines SBA Forms 994H-Claim for Reimbursement, 994J-Report of Default, and 1101-SBA/DBG Modification/Administrative Action. It should be used as follows: (Please type or print legibly.)

1. To file a Default Status Report; complete sections: A, B, C, H
2. To file a Claim for Reimbursement; complete sections: A,C, E, F, G, H
3. To record SBA Administrative Action; complete sections: A, C, D

A. SBG IDENTIFICATION SUMMARY

SBG NUMBER: _____ CONTRACTOR'S NAME: _____
 SURETY ALPHA CODE: _____
 BOND NUMBER: _____ 990 DATE: / / (See reverse) CONTRACT AMOUNT \$ _____
 CLAIM NUMBER: _____ OBLIGEE: _____
 PROJECT: _____
 DEFAULT STATUS CODE: _____ BOND TYPE: _____ DEFAULT DATE: / /
 01=Active
 02=Closed-No Loss _____ Payment
 03=Closed-Subrogation _____ Performance
 04=Closed-Final _____ Bid _____
 05=Closed Settled

LAST STATUS REPORT: / /
 CLOSE DATE: (SBA USE ONLY) / /
 _____ NO CHANGE FROM PREVIOUS REPORT
 _____ STATUS UPDATE INCLUDED: (Describe below, current status and default completion plans.)
 DEFAULT REASON CODE: _____ (From reverse)
 SBA's RESERVE AMOUNT: \$ _____
 SURETY RESERVE AMOUNT: \$ _____

B. SUBROGATION ACTIVITY (Explain in Section C., below, or attach a separate sheet if necessary.)

____ Litigation pending ____ Settled for \$ _____ ____ No change from last report
 ____ Payments being made ____ None – Bankrupt/Defunct ____ Approval requested to Close Final
 ____ Firm Collateral Held \$ _____

Other anticipated recovery from salvage, indemnities, etc. \$ _____

C. EXPLANATIONS, COMMENTS, ADMINISTRATIVE ACTIONS (Attach additional sheet if warranted.)

SPECIAL HANDLING OF CHECKS (Manual 1166's)
 Consultants _____ Mail to payee: _____
 Claims _____ Payee _____
 Other _____ Name _____
 Deliver to SBA: _____ Add _____
 _____ Office City/St/Zip _____

(SBA USE ONLY)

D. SBA/DBG CLAIM PAYMENT RECOMMENDATION, REVIEW, APPROVAL, AND AMOUNT OF CLAIM APPROVED

THIS REQUEST IS HEREBY APPROVED FOR PAYMENT IN ACCORDANCE WITH SBA REGULATIONS.

AMOUNT REQUESTED \$ _____ AMOUNT APPROVED \$ _____ EFFECTIVE DATE (Date SBA received) / / _____

RECOMMENDED BY (Signature/Title/Date)	REVIEWER (Initials/Date)	2 ND REVIEWER (Initials/Date)	APPROVING OFFICIAL (Signature/Title/Date)
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E. ITEMIZATION OF SURETY LOSS (Loss Class Codes: L=Loss; E=Expense; TA=Trust Account Deposit)
 List all loss items as well as funds deposited to a Trust Account. (See reverse)

<u>DRAFT DATE</u>	<u>DRAFT NUMBER</u>	<u>PAYEE</u>	<u>AMOUNT</u>	<u>LOSS CLASS</u>
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TOTAL \$ _____

F. ITEMIZED SURETY RECOVERY See Instructions. (Recovery Class Codes: I=Indemnity; C=Contract Funds)

<u>DATE</u>	<u>SOURCE</u>	<u>RECOVERED AMOUNT</u>	<u>RECOVERY CLASS</u>
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TOTAL \$ _____

G. SUMMARY OF CLAIM FOR REIMBURSEMENT

Total of Loss Disbursements (Itemized Above)		\$ _____
Total of Loss Disbursements Previously Reported		\$ _____
TOTAL LOSS DISBURSEMENTS		\$ _____
Recovery (Itemized Above)	\$ _____	
Recovery Previously Reported	_____	
Undisbursed Trust Account Balance (See reverse)	_____	
TOTAL OFFSETS		\$ (_____)
Surety Net Loss (Total Loss Disbursements Less Total Offsets)		\$ _____
Less Deductible Amount (See reverse)		(_____)
SBA (____ %) Share of Surety's Reimbursable Loss		_____
Less Prior Total SBA Payments		(_____)
TOTAL DUE AND REQUESTED BY SURETY _____ OR TOTAL DUE AND SUBMITTED TO SBA _____		\$ _____

H. CERTIFICATION

I, the undersigned being duly designated, hereby certify that this default report and/or itemization and summary of payments and recoveries received upon bonds issued in conjunction with the U.S. Small Business Administration's Surety Bond Guarantee Program is true and correct to the best my knowledge, information and belief. I further certify that all payments made and recoveries received are substantiated by payroll sheets, copies of Surety's drafts, claimants invoices, assignments and releases (where applicable), recovery instruments, etc., and that such substantiating documents are retained in this office, our agent's office, or in the office of our claim account trustee.

NAME OF SURETY

(Area Code/Phone No.)

SURETY CERTIFYING OFFICIAL'S SIGNATURE, TITLE, AND DATE

INSTRUCTIONS AND CLARIFICATION OF SELECTED FORM 994H ITEMS

General

1. This form may be used to report the default of an SBG contractor, as well as for periodic status reporting in accordance with the terms of SBA's Surety Bond Guarantee Agreement. If a different format is used, all information requested on 994H Form must be provided.
2. A separate SBA Form 994H must be used for each bond in default/claim status. An additional sheet/letter may be attached for more detailed reporting.
3. If this is an initial default/claim notice:
 - a. A carbon copy of this form should be sent simultaneously to the SBA Field Office which guaranteed the bond in caption.
 - b. Provide a detailed report including the percentage of completion, remaining contract funds, methods of selecting completion contractor, description of how claim situation arose, present condition, surety's plans for resolution and salvage, anticipated loss.

Specific

- Section A.
- 1) "SBG Number" – enter the full 14-digit number.
 - 2) "990 Date" is the date SBA Form 990, "Surety Bond Guarantee Agreement," was signed by SBA Official.
 - 3) DEFAULT REASON CODES:

<u>CODE</u>	<u>CODE</u>
1. Underbidding	14. General's subcontractor in default
2. Weather/natural disasters	15. Sub's General in default
3. Shortage in critical materials/ Delays in receiving same	16. Possible sub-busting on part of general
4. Alleged embezzlement	17. IRS lien
5. Financial mismanagement	18. Sub's General behind Schedule
6. Incompetence/poor workmanship	19. Unforeseen physical obstacle
7. Union strike/labor trouble	20. Shortage of labor
8. Illness or death of key employee	21. Principal fails to appear at job site to begin work
9. Walked off job	22. Fire damage
10. Dispute with obligee	23. Materialman lien
11. Possible fraudulent operation on part of principal	24. Labor lien
12. Despondency	25. Principal failed to sign contract
13. Co-mingling of funds	26. Surety did not issue final bond
	27. Other

- Section E.
- 1) List all loss items as well as funds deposited to a trust account. A separate accounting must accompany any request for reimbursement of loss incurred via a trust account. Such accounting must provide the source of all deposits to the account, and the disposition of all funds from the account (by date, draft number, payee and amount). Any balance remaining in the account or any amounts not accounted for as expenditures comprise the trust account balance and are to be included in Section G. as "Undisbursed Trust Account Balance."
- Section F.
- 1) List all recovery items received by the Surety. Also, list as recovery, all trust account remaining balances returned by the trustee.
- Section G.
- 1) The "Undisbursed Trust Account Balance" is reduced to zero when the remaining balances are returned by the trustee. See instructions for Section E., above.
 - 2) The "Total of Loss Disbursements" is the total amount from Section E., "Itemization of Surety Loss."
 - 3) The "TOTAL LOSS DISBURSEMENTS" is the combined total of loss disbursements itemized and previously reported.
 - 4) The "Deductible Amount" is 80% of the Premium amount up to \$500 for Guarantee Agreements written on/after April 21, 1976.

PLEASE NOTE: The estimated burden for completing this form is 20 minutes per response. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., SW, Washington DC 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202 Washington, DC 20503. OMB Approval (3245-007) PLEASE DO NOT SEND FORMS TO OMB.

