

U.S.
Surety



Small Business Administration
Bond Guarantee Program
**DEFAULT REPORT, CLAIM FOR REIMBURSEMENT,
REPORT OF RECOVERIES**

AND

Any intentionally false statement or 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:

1. The Surety may use this form to file an initial or updated Default Status Report by completing sections A, B, C, and H. If a different format is used, all of the requested information must be provided.
2. The Surety must use this form to:
 - File a Claim for Reimbursement; complete sections: A, C, E, F, G, H
 - Report Recoveries, complete sections: A, C, F, G, H

Please type or print legibly. The surety company must print, sign, and mail to U.S. Small Business Administration, Office of Surety Guarantees, 409 3rd St., SW, Washington, DC, 20416

A. SBG IDENTIFICATION SUMMARY

| | |
|---|--|
| SBG NUMBER: _____ | CONTRACTOR'S NAME: _____ |
| SURETY ALPHA CODE: _____ | 990 DATE: / / (See reverse) CONTRACT AMOUNT \$ _____ |
| BOND NUMBER: _____ | OBLIGEE: _____ |
| CLAIM NUMBER: _____ | PROJECT: _____ |
| DEFAULT STATUS CODE: _____ | BOND TYPE: _____ |
| 01=Active | Payment |
| 02=Closed-No Loss | Performance |
| 03=Closed-Subrogation | Bid |
| 04=Closed-Final | DEFAULT DATE: / / |
| 05=Closed Settled | LAST STATUS REPORT: / / |
| DEFAULT REASON CODE: _____ (From reverse) | CLOSE DATE: (SBA USE ONLY) / / |
| SBA's RESERVE AMOUNT: \$ _____ | NO CHANGE FROM PREVIOUS REPORT |
| | STATUS UPDATE INCLUDED: (Describe below, current status and default completion plans.) |
| | SURETY RESERVE AMOUNT: \$ _____ |

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

| | | |
|---|--|--|
| <input type="checkbox"/> Litigation pending | <input type="checkbox"/> Settled for \$ _____ | <input type="checkbox"/> No change from last report |
| <input type="checkbox"/> Payments being made | <input type="checkbox"/> None – Bankrupt/Defunct | <input type="checkbox"/> Approval requested to Close Final |
| | | <input type="checkbox"/> Firm Collateral Held \$ _____ |
| Other anticipated recovery from salvage, indemnities, etc. \$ _____ | | |

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

(SBA USE ONLY)

D. SBA/SBG 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) |
|--|-----------------------------|---|--|

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> |
|-------------------|---------------------|--------------|---------------|-------------------|
|-------------------|---------------------|--------------|---------------|-------------------|

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> |
|-------------|---------------|-------------------------|-----------------------|
|-------------|---------------|-------------------------|-----------------------|

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. I further certify that the Surety has complied with all SBA Surety Bond Guarantee Program regulations in 13 CFR Part 115 and all SBA program requirements.

| | | |
|----------------------|-----------------------------|---|
| 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:
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:

CODE

1. Underbidding
2. Weather/natural disasters
3. Shortage in critical materials/
Delays in receiving same
4. Alleged embezzlement
5. Financial mismanagement
6. Incompetence/poor workmanship
7. Union strike/labor trouble
8. Illness or death of key employee
9. Walked off job
10. Dispute with obligee
11. Possible fraudulent operation
on part of principal
12. Despondency
13. Co-mingling of funds

CODE

14. General's subcontractor in default
15. Sub's General in default
16. Possible sub-busting on part of general
17. IRS lien
18. Sub's General behind Schedule
19. Unforeseen physical obstacle
20. Shortage of labor
21. Principal fails to appear at job site
to begin work
22. Fire damage
23. Material man lien
24. Labor lien
25. Principal failed to sign contract
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 (3245-0007) PLEASE DO NOT SEND FORMS TO OMB.