not itself a PSB Surety provided that the relationship between the PSB Surety and the Affiliate has been fully disclosed to SBA and that such Affiliate has been approved by SBA to participate as a Prior Approval Surety pursuant to §115.11.

(72 FR 34600, June 25, 2007)

§ 115.63 Allotment of guarantee authority.

(a) General. SBA allots to each PSB Surety a periodic maximum guarantee authority. No SBA guarantee attaches to bonds approved by a PSB Surety if the bonds exceed the allotted authority for the period in which the bonds are approved. No reliance on future authority is permitted. An allotment can be increased only by prior written permission of SBA.

(b) Execution of Bid Bonds. When the PSB Surety Executes a Bid Bond, SBA debits the Surety’s allotment for an amount equal to the guarantee percentage of the estimated penal sum of the Final Bond SBA would guarantee if the Contract were awarded. If the Contract is then awarded for an amount other than the bid amount, or if the bid is withdrawn or the Bid Bond guarantee has expired (see §115.12(c)), SBA debits or credits the Surety’s allotment accordingly.

(c) Execution of Final Bonds. If the PSB Surety Executes a guaranteed Final Bond, but not the related Bid Bond, SBA debits the Surety’s allotment for an amount equal to the guarantee percentage of the penal sum of the Final Bond. SBA will debit the allotment for increases, and credit the allotment for decreases, in the bond amount.

(d) Release and non-issuance of Final Bonds. The release of Final Bonds upon completion of the Contract does not restore the corresponding allotment. If, however, a PSB Surety approves a Final Bond but never issues the bond, SBA will credit the Surety’s allotment for an amount equal to the guarantee percentage of the penal sum of the bond. In that event, the Surety must notify SBA as soon as possible, but in no event later than 5 business days after the non-issuance has been determined. Until the Surety has so notified SBA, it cannot rely on such credit.

§ 115.64 Timeliness requirement.

There must be no Execution or approval of a bond by a PSB Surety after commencement of work under a Contract unless the Surety obtains written approval from the D/SG. To apply for such approval, the Surety must submit a completed “Surety Bond Guarantee Agreement Addendum” (SBA Form 991), together with the evidence and certifications described in §115.19(f)(1)(ii).

§ 115.65 General PSB procedures.

(a) Retention of information. A PSB Surety must comply with all applicable SBA regulations and obtain from its applicants all the information and certifications required by SBA. The PSB Surety must document compliance with SBA regulations and retain such certifications in its files, including a contemporaneous record of the date of approval and Execution of each bond. See also §115.19(f). The certifications and other information must be made available for inspection by SBA or its agents and must be available for submission to SBA in connection with the Surety’s claims for reimbursement. The PSB Surety must retain the certifications and other information for the term of the bond, plus such additional time as may be required to settle any claims of the Surety for reimbursement from SBA and to attempt salvage or other recovery, plus an additional 3 years. If there are any unresolved audit findings in relation to a particular bond, the Surety must maintain the related certifications and other information until the findings are resolved.

(b) Usual staff and procedures. The approval, Execution and administration by a PSB Surety of SBA guaranteed bonds must be handled in the same manner and with the same staff as the Surety’s activity outside the PSB program. The Surety must request job status reports from Obligees in accordance with its own procedures.

(c) Notification to SBA—(1) Approvals. A PSB Surety must notify SBA by electronic transmission or monthly bordereau, as agreed between the Surety and SBA, of all approved Bid and Final Bonds, and of the Surety’s approval of increases and decreases in the
$115.66 Contract or bond amount.
The notice must contain the information specified from time to time in agreements between the Surety and SBA. SBA may deny liability with respect to Final Bonds for which SBA has not received timely notice.

(2) Other events requiring notification.
The PSB Surety must notify SBA within 30 calendar days of the name and address of any Principal against whom legal action on the bond has been instituted; whenever an Obligee has declared a default; whenever the Surety has established or added to a claim reserve; of the recovery of any amounts on the guaranteed bond; and of any decision by the Surety to bond any such Principal again.

§115.66 Fees.
The PSB Surety must pay SBA a certain percentage of the Premium it charges on Final Bonds. The PSB Surety must also remit to SBA the Principal’s payment for its guarantee fee, equal to a certain percentage of the Contract amount. The fee percentages are determined by SBA and are published in Notices in the Federal Register from time to time. Each fee is rounded to the nearest dollar. The Surety must remit SBA’s Premium share and the Principal’s guarantee fee with the bordereau listing the related Final Bond, as required in the PSB Agreement.

§115.67 Changes in Contract or bond amount.
(a) Increases. The PSB Surety must process Contract or bond amount increases within its allotment in the same manner as initial guaranteed bond issuances (see §115.65(c)(1)). The Surety must present checks for additional fees due from the Principal and the Surety on increases aggregating 25% of the contract or bond amount or $50,000, and attach such payments to the respective monthly bordereau. If the additional Principal’s fee or Surety’s fee is less than $40, such fee is not due until all unpaid increases in such fee aggregate at least $40.
(b) Decreases. If the Contract or bond amount is decreased, SBA will refund to the Principal a proportionate amount of the guarantee fee, and adjust SBA’s Premium share accordingly in the ordinary course of business. No refund or adjustment will be made until the amounts to be refunded or rebated, respectively, aggregate at least $40.

§115.68 Guarantee percentage.
SBA reimburses a PSB Surety in an amount not to exceed 70% of the Loss incurred and paid. Where the total Contract or Order amount increases beyond the Applicable Statutory Limit after Execution of the bond, SBA’s share of the Loss is limited to that percentage of the increased Contract or Order amount which the statutory limit represents, multiplied by the guarantee percentage approved by SBA. For an example, see §115.31(d).

§115.69 Imminent Breach.
(a) No prior approval requirement. SBA will reimburse a PSB Surety for the guaranteed portion of payments the Surety makes to avoid or attempt to avoid an Imminent Breach of the terms of a Contract covered by an SBA guaranteed bond. The PSB Surety does not need SBA approval to make Imminent Breach payments.
(b) Amount of reimbursement. The aggregate of the payments by SBA under this section cannot exceed 10% of the Contract amount, unless the Administrator finds that a greater payment (not to exceed the guaranteed portion of the bond penalty) is necessary and reasonable. In no event will SBA make any duplicate payment under any provision of these regulations in this part.
(c) Recordkeeping requirement. The PSB Surety must keep records of payments made to avoid Imminent Breach.

§115.70 Claims for reimbursement of Losses.
(a) How claims are submitted. A PSB Surety must submit claims for reimbursement on a form approved by SBA no later than 1 year from the date the Surety paid the amount. Loss is determined as of the date of receipt by SBA of the claim for reimbursement, or as of such later date as additional information requested by SBA is received. Subject to the offset provisions of part 140, SBA pays its share of Loss within