

## 28.203-1 Acceptability of individual sureties.

(a) An individual *surety* is acceptable for all types of *bonds* except position schedule *bonds*. Assets pledged by an individual *surety* shall meet the eligibility requirements of Treasury's Bureau of the Fiscal Service. Per [31 U.S.C. 9310](#), individual *sureties* must pledge eligible obligations, which Treasury refers to as acceptable collateral or eligible collateral. A list of acceptable assets, entitled "Acceptable Collateral for 31 CFR part 225," may be accessed by going to <https://www.treasurydirect.gov/files/laws-and-regulations/collateral-programs/2018-final-225-list-of-acceptable-collateral.pdf> and clicking on "Acceptable Collateral for 31 CFR part 225".

(b)

(1) An individual *surety* shall execute the *bond* (e.g., *bid bond* ([SF 24](#)), *performance bond* ([SF 25](#)), *payment bond* ([SF 25A](#))).

(2) The net adjusted value of unencumbered assets is their market value minus the margin. The margin tables are available at [www.treasurydirect.gov](http://www.treasurydirect.gov). The net adjusted value of unencumbered assets pledged by the individual *surety* must equal or exceed the penal amount (i.e., face value) of each *bond*.

(3) The individual *surety* shall execute the [SF 28](#), Affidavit of Individual Surety, and provide a security interest. One individual *surety* is adequate support for a *bond*, provided the net adjusted value of unencumbered assets pledged by that individual *surety* equals or exceeds the amount of the *bond*.

(4) An *offeror* or contractor may submit up to three individual *sureties* for each *bond*, in which case the net adjusted value of the pledged unencumbered assets, when combined, must equal or exceed the penal amount of the *bond*. Each individual *surety* is jointly and severally liable to the extent of the penal amount of the *bond*.

(c) Using the information from the [SF 28](#) submitted by the *offeror* or contractor, the *contracting officer* shall notify the Treasury's collateral operations support team by email at [BMT@fiscal.treasury.gov](mailto:BMT@fiscal.treasury.gov) or by phone at 888-568-7343, of the individual *surety*, the assets to be pledged, and the amount necessary to cover the individual *surety bond*, i.e., the required amount to be collateralized. Treasury will advise the *contracting officer* whether the assets are eligible to be pledged, consistent with [28.203-1\(a\)](#), and of the valuation of the assets offered to be pledged, consistent with the valuation standards in [28.203-1\(b\)\(2\)](#). If after 3 business days the *contracting officer* has not received a response from Treasury, the *contracting officer* may seek assistance from the Director, Bank Policy and Oversight, at 202-504-3502. The *contracting officer* shall determine whether the individual *surety bond* is acceptable as to the amount necessary to cover the individual *surety bond* based on the asset eligibility and valuation assessment from Treasury. The *contracting officer* shall notify both the *offeror* or contractor and the individual *surety* of this determination.

(d) If the *contracting officer* determines the individual *surety* is acceptable, the *contracting officer* shall request the Treasury's collateral operations support team set up the necessary individual *surety* pledged asset collateral account.

(e) If the *contracting officer* determines that no individual *surety* in support of a *bid guarantee* is

acceptable, the *offeror* utilizing the individual *surety* shall be rejected as nonresponsible, except as provided in 28.101-4. A finding of nonresponsibility based on unacceptability of an individual *surety*, need not be referred to the Small Business Administration for a Certificate of Competency. (See 19.602-1(a) and 61 Comp. Gen. 456 (1982).)

(f) If a contractor submits an unacceptable individual *surety*, or one that Treasury could not assess the asset eligibility and valuation within a reasonable time, then the *contracting officer* may permit the contractor to substitute an acceptable *surety* within a reasonable time.

(g) Evidence of possible criminal or fraudulent activities by an individual *surety* shall be referred to the appropriate agency official in accordance with agency procedures.

**Parent topic:** 28.203 Individual Sureties.