

# 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/instit/statreg/collateral/collateral.htm> 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.](#)