

(a) To qualify for a surety bond or guaranty under the Program, a principal shall meet the requirements of this section.

(b) The principal shall satisfy the Authority that:

(1) (i) The principal is of good moral character; or

(ii) If the principal is not an individual, the principal is owned by individuals of good moral character;

(2) As determined from creditors, employers, and other individuals who have personal knowledge of the principal:

(i) The principal has a reputation for financial responsibility; or

(ii) If the principal is not an individual, a majority of the principal is owned by individuals with a reputation for financial responsibility;

(3) The principal is a resident of Maryland or has its principal place of business in Maryland; and

(4) The principal is unable to obtain adequate bonding on reasonable terms through normal channels.

(c) The principal shall certify to the Authority and the Authority shall be satisfied that:

(1) A bond is required in order to bid on a contract or to serve as a prime contractor or subcontractor;

(2) A bond is not obtainable on reasonable terms and conditions without assistance under the Maryland Small Business Surety Bond Program; and

(3) The principal will not subcontract more than 75 percent of the dollar value of the contract.

Article – State Finance and Procurement

13-207.

(a) Except as otherwise provided in this section, a procurement officer may not require a bidder or offeror to provide bid security on a procurement contract if the procurement officer expects the price to be \$100,000 or less.

(b) (1) A procurement officer shall require a bidder or offeror to provide bid security on a procurement contract for construction if:

(i) the price is expected to exceed \$100,000; or

(ii) the price is expected to be \$100,000 or less but federal law or a condition of federal assistance requires the security.

(2) The amount of bid security required for a procurement contract for construction shall be: