



NIELSON, HOOVER & COMPANY, INC.

SMART. UNCOMPROMISING. TIMELY. EFFECTIVE. NIELSON, HOOVER & COMPANY, INC. SURETY SOLUTIONS THAT MAKE A DIFFERENCE.

At Nielson, Hoover & Company, Inc. (NHC), we pride ourselves in helping contractors obtain the best surety bond program that the surety industry provides. We know that the better the underwriters know you and your business, the better your bond relationship will be both in terms of your normal bond program as well as how the underwriters respond to unusual bond requests.

It is clear from our experience that first impressions are key in the surety relationship. Yet, the real opportunity to improve your bond program comes in how we manage the ongoing relationship. As you will see below, we start with the initial information request which is the basis for our presentation to the surety. Once we have selected the best surety option together, we proactively manage the surety underwriting cycle to grow and improve your surety program.

Although we are requesting a substantial amount of information to get started, not all of this will be needed to give you an idea of the type of program we believe we could obtain for your firm. If time is critical, or if you want an indication of what we could do for your firm, please send us the first four items below. We can start working on your behalf while you gather the balance of the information. However, we know that the better we know you and your firm, the better we can present you to the surety community. It has been our experience that the better the sureties know you, the better your surety program will be over the long-term.

The following is a checklist of the information necessary to help you set up a bond line:

- > Copies of the last three fiscal year-end financial statements including work in progress & completed contract schedules
- > Current interim financial statement and work in progress report if fiscal statement is over six months old with an aging of accounts receivables
- > Current personal financial statement for all indemnitors and/or owners
- > Bank Line of Credit Agreement
- > Business Plan
- > Most Recent Federal and Personal Tax Returns
- > Buy/Sell Agreement
- > Specimen Copy of Subcontract Agreement
- > Certificate(s) of Insurance(all lines carried)
- > Resumes of Owners/Key Employees
- > Brochure and/or Letters of Recommendation About the Accomplishments of Your Firm

At Nielson, Hoover & Company, Inc., we know that it is not just the initial impression and submission to the underwriters that will maximize your bond program. It is also the ongoing management of the relationship between both you and NHC and the relationships we both foster with the surety. We know not every relationship is the same, nor is everyone's needs identical, so we tailor our relationship to meet your expectations and our goals.



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On an ongoing basis, we will engage with you to do the following:

- > A complete and comprehensive Financial Trend Analysis of your financial results. This involves the review and analysis of your past three to five years of financial statements. The analysis will be similar to that of the Surety Company and will allow us to see how they are looking at your financial condition and trends so that we can anticipate concerns and proactively address issues to negotiate the most favorable terms for you.
- > Review work in progress schedules regularly to monitor project performance and identify profit fades, profit improvements, under billings and gross profit in your backlog.
- > Initial and annual narratives to the surety on your organization, operations, performance, surety needs, and business goals.
- > Arrange periodic meetings with you and your surety to maintain a positive relationship and address results and needs.
- > Review any unusual bond forms, contract terms and conditions and advise management of possible onerous terms and conditions that may present potential concerns from the surety underwriters.
- > When appropriate and with your permission, secure and maintain a strong back-up surety relationship.
- > Maintain a strong in-house/agency line of credit to provide the most efficient handling of your routine bonding needs.
- > Assist in business planning in order to meet surety needs.
- > Provide advice on your company's capitalization requirements and key financial ratios that are conducive to meeting your business goals while maintaining and growing your surety capacity and relationship.

We appreciate the opportunity to assist you with your needs. Sureties are all we do and we do it better than anyone else in the industry.

If you have any questions, please contact us.

Best Regards,

Charles J. Nielson
Chairman

David R. Hoover
President