



2014 Wisconsin Tribal Transportation Conference

USDOTs SHORT TERM LENDING PROGRAM

Overview Presented by:

Roberto Escalante, Project Director
USDOT SBTRC for the Great Lakes Region



SHORT TERM LENDING PROGRAM (STLP) DESCRIPTION

- **PROVIDES A LOAN GUARANTEE ON A REVOLVING LINE OF CREDIT**
- **PRIMARY COLLATERAL IS RECEIVABLES FROM A FEDERALLY FUNDED TRANSPORTATION CONTRACT(S)**
- **PARTICIPANTS CAN APPLY FOR RENEWAL FOR UP TO 5 YEARS**



STLP Program Description – Cont.

- **MAXIMUM LOAN AMOUNT \$750,000**
- **SUBCONTRACT AT ANY TIER IN TRANSPORTATION RELATED FIELD**
- **APPLICATION FEE OF \$150.00, FILING FEES PLUS 1% POINT OF LOAN AMOUNT PAYABLE TO THE BANK**
- **INTEREST RATE BASED ON WSJ PRIME VARIABLE RATE (3.25%) PLUS 2-3 POINTS**



PROGRAM ADMINISTRATION

- The STLP is administered by the DOT OSDBU through cooperative agreements between DOT and several STLP Participating Lenders (PLs)
- Loan documentation and financing transactions are performed by the Participating Lender (PL)
- Loan application processing turnaround is about 30-60 days after full loan package submission
- A subordination agreement may be needed between banks – avoid blanket liens if possible





HOW TO APPLY: KEY STEPS

ESTABLISH
ELIGIBILITY



COMPLETE APPLICATION
& PREPARE PROPER
DOCUMENTATION



SUBMIT COMPLETED
APPLICATION & FEE TO
PARTICIPATING LENDER



ESTABLISH ELIGIBILITY

**(a) CERTIFIED AS A DBE UNDER DOT CERTIFICATION
GUIDELINES (49 CFR, PART 23 & 26)**

- OR -

**CERTIFIED BY THE U.S. SMALL BUSINESS ADMINISTRATION
SECTION 8(A) PROGRAM, HUBZONE OR SERVICE DISABLED
VETERAN OWNED BUSINESS**

**(b) HAVE A CURRENT FEDERAL FUNDED TRANSPORTATION-
RELATED CONTRACT – SBTRC CAN VERIFY**

(c) MUST BE CURRENT ON FEDERAL, STATE and LOCAL TAXES

(d) BE IN BUSINESS FOR THREE (3) CONSECUTIVE YEARS



ELIGIBLE ACTIVITIES

- Maintenance, rehabilitation, restructuring, improvements, or revitalization of any of the nation's transportation modes – public, commercial, Federal, State, or local agency
- Funds may **NOT** be used for: contract mobilization; equipment purchases or other long term uses; refinance of existing debts; payment of non-current taxes; distributions or other payments to stock holders





COMPLETE STLP APPLICATION/ DOCUMENTATION AND SUBMIT TO PL

- 1. Fill out DOT OSDBU STLP application, date and sign.**
- 2. Prepare Supporting Documentation: Documentation is listed on the STLP Application Checklist.**
- 3. Submit to Participating Lender (PL) for Approval**
- 4. After PL approves the loan, DOT will receive a copy of the application package to review and make a final decision on the loan guarantee request.**



SAMPLE DOCUMENTATION

- **Three Years of Business Financials Statements and Federal Tax Returns**
 - Self Compiled, CPA Self Compiled, CPA Reviewed & Audited
- **Current Aging Reports of Receivable and Payables**
 - Should be 90 days current
- **Cash Flow Projection Covering the Term of the Loan**
 - 12 month to month analysis of your cash position



Sample Documentation Cont.

- **Current DBE Certification or Other Eligible SBA Certifications - Include updated annual DBE affidavit**
- **Business Information Documents - Articles of Incorporation, Partnership Agreement, evidence of proper business registration**
- **Company History & Capability Statement**
- **List of Completed Contracts (Past Performance) - List all contracts completed in the past 12 months**



Sample Documentation Cont.

- **Three Years of Personal Tax Returns and Personal Financial Statement of Majority Owners**
- **Three Business / Trade Reference Letters**
 - **Two (2) applicant's contract performance**
 - **One (1) relating to financial performance**
 - **Dated within past six months of application date**
- **Resume of Key Management**
- **Work-in-Progress (WIP) Schedule - Include all jobs currently under contract**



GLR PARTICIPATING LENDERS (PLs)

Town Bank - Hartland, WI

Community Bank & Trust - Glendale, WI

Seaway Bank - Milwaukee, WI





FUNDS ADMINISTRATION

- **Funds are borrowed against each invoice of the contract (s)**
- **Repayment occurs as the project owner or prime/general contractor pays the invoice. The payment is made jointly to the borrower and to the PL Bank and is sent to the bank, which repays the amount borrowed against the invoice and transmits the balance to the borrower.**



6 KEY PIECES OF ADVICE

- 1. Understand and manage your FICO score**
- 2. Manage your business growth**
- 3. Access capital when you don't need it**
- 4. Get a good CPA accountant that understands construction accounting**
- 5. Show profit if your are seeking capital or bonding**
- 6. Work with someone who knows how to put together a loan package & start early**





LOAN PACKAGING ASSISTANCE

Roberto Escalante, Project Director - STLP

Email: rescalante@ihccbusiness.net

Joseph DeLaGarza, Sr. Business Counselor – Other Loans

Email: JDeLaGarza@ihccbusiness.net

USDOT SBTRC - Great Lakes Region

Chicago, IL

Phone: 312-425-9500



OTHER SBTRC SERVICES

- Business counseling
- Short Term Lending Program (STLP) - assisted 13 firms in attaining over \$3.3 million in new loans
- Bonding assistance (BEP) – assisted 15 firms in attaining over \$8.0 million in new bonding capacity
- Procurement assistance
- Administer the Women & Girls in Transportation Initiative (WITI)





Thank you for your time!

