

# DBE Working Capital Revolving Loan Fund Program

*\*Program is subject to annual appropriation by the GA*



**Illinois Department of Transportation**

# Agenda

- Program Overview
- Pre-Eligibility Requirements
- Application Requirements
- Eligible Expenses
- Process Overview
- Deadlines
- Supportive Services Assistance
- More Information



# Program Overview

- **Created by Public Act 98-0117**
  - Program is subject to annual appropriation by GA
- **Administered by the Office of Business & Workforce Diversity's Bureau of Small Business Enterprises (SBE)**
  - Loan Selection Committee determines loan awards not SBE
- **Low-Interest line of credit**
- **IL Unified Certification Program DBEs**
  - IDOT, City of Chicago, CTA, METRA & Pace

# Program Overview

- Funds used on IDOT contracts only
- Interest rate calculated at Prime Rate + 0.5%
- Funds available for 55% of contract award or \$249,000 whichever is less
  - Amount of contract awarded to the DBE applicant; not the total contract award for the project; unless DBE is prime.

# Program Overview

- **Repayment**
  - Loan repayment begins within 15 days of receipt of the first progress payment
  - Final loan payment occurs within 15 days of receipt of the final progress payment for work performed for which loan was awarded

# Pre-Eligibility Requirements

- Completed Application
- Must be certified in IL UCP
- 2 yrs experience *participating* on construction or construction-related projects
  - References required
- Loan denials from 2 conventional lenders
  - Denials must be for a loan amount not to exceed 50% greater than the loan amount requested with the Program.



# **Pre-Eligibility Requirements (con't)**

- **No bankruptcy or foreclosure in last 5 years**
- **No current liens**
  - Tax, criminal, restitution orders, judgments or offsets
- **No delinquent payments to State of Illinois**
- **Pre-eligibility decision made within 10 days of receipt of application / approvals valid for 6 months**

# Application Requirements

- **Pre-Eligibility Approval Notice**
  - Does not guarantee a loan award
- **Financial Information**
  - 3 yrs past federal income tax returns
  - 3 yrs profit/loss statements
  - 3 yrs of IRA statements
  - Bank account balances for past 90 days
- **Projected Expenses**
- **Proof of Contract Award**
  - submitted to SBE within 5 days of award

# Eligible Expenses

- **Loan funds may be eligible for the following uses (applicable to contract award):**
  - Labor costs, salaries, wages
  - Materials
  - Supplies
  - Equipment Rental
  - Insurance
  - Bonding
  - Utility Costs
  - Taxes
  - Permit & Right-of-Entry Fees



# Process Overview

- **Pre-Eligibility**
  - Valid for 6 months
- **Proof of contract award to SBE**
- **Application to Loan Selection Committee if awarded contract**
- **Loan Selection Committee reviews eligible applicants within 10 days post-letting**



# Process Overview

- **OBWD will notify DBE applicant of Loan Selection Committee decision**
- **Loan Selection Committee notifies Secretary of Transportation of approved loans**
- **Secretary authorizes funds disbursed to escrow**

# Process Overview

- DBE must set up escrow account as instructed and meet with Fund Control Agent (FCA)
- DBE submits individual escrow account loan disbursement requests to FCA for review and verification of eligible use of funds
- FCA notifies Escrow Agent to disburse eligible funds to DBE

# Process Overview

- **Fund Control Agent**

- Reviews Loan Agreement terms & sets up repayment plan
- Reviews disbursement requests
- Notifies Escrow Agent of eligible disbursements
- Provides credit restoration training
- Meets one-on-one with DBE firms to provide supportive assistance
- Tracks repayments / notifies IDOT of any defaults

# Process Overview

- **Loan Selection Committee**
  - Reviews DBE completed loan applications
  - Makes determination on loan awards based on the following (including but not limited to):
    - Completed applications
    - Availability of funds
    - Assessment of need
    - Total budget of applicant
    - Loan application information
    - DBE participation
    - IDOT Contract Award



# Deadlines

- **Pre-Eligibility**

- Must be received 30 days prior to the IDOT Letting for which a loan is being sought
  - (e.g., October 9, 2013 deadline for November 8, 2013 Letting)

- **Pre-Eligibility notices sent within 10 days of SBE's receipt of completed application**

- Incomplete applications will be ineligible and returned to applicant

- **Proof of Award**

- Must be submitted to SBE within 5 days of letting to be sent to Loan Selection Committee

# Supportive Services Assistance

- **Management Consultants are available to provide no-cost assistance on your loan application (to ensure completeness)**

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# **For More Information...**

**For more information, downloadable application, FAQ Sheet and Application Checklist please visit:**

**[www.dot.il.gov/doingbusiness/dbe/revolvingloan.html](http://www.dot.il.gov/doingbusiness/dbe/revolvingloan.html)**

**Or call the  
Bureau of Small Business Enterprises  
217-782-5490**