



DevCorp Contract Financing Facility, LLC
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Construction Contractor Financing Experts

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CONTRACT FINANCING FACILITY (“CFF”)

Executive Summary

Description of the Contract Financing Facility (“CFF”)

- Established in 1992, DevCorp has become a leading provider of contract financing for small and middle market construction contractors. Currently, this financing is provided by an embedded facility entitled the Contract Financing Facility (“CFF”).
- The CFF can be used on both public and private projects as a means of supporting local contractor participation on large construction projects.

Features and Benefits of the CFF

- DevCorp relies on existing pre-qualification processes thereby minimizing the costs and time required to administer the program and obtain approvals.
- DevCorp’s CFF provides both mobilization and invoice financing. This is unique for construction financing; mobilization and invoice financing is rarely combined in the same facility.
- DevCorp’s costs of funds are very competitively priced, which enables contractors to obtain the financing they need without sacrificing profitability as when they use factoring or traditional asset based lenders.
- All funds are disbursed through a third party administrator, thereby increasing fiscal responsibility and decreasing risk of loss.

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Program Protocols

- A construction contractor, typically working as a sub, who has been deemed qualified by an eligible pre-qualification process or who is covered by subcontractor default insurance, is awarded a contract for work on a publicly or privately owned construction project (An eligible pre-qualification process is one which has been certified as such by DevCorp).
- The contractor signs an agreement requiring that his/her construction contract is assigned as security for any advancement; that all funds are disbursed by the third party administrator (“TPA”); and that retainage, typically up to 10%, is held either by the prime contractor or the TPA. UCC-1 filings are made where appropriate.
- At the signing of the construction contract with the project owner or prime contractor, the contractor-participant is eligible for an advance for approved Mobilization Items, up to 10% of the contract amount.
- Thereafter, all disbursements are made upon the presentation of invoices approved by the project owner or prime contractor. At the presentation of the approved invoice the contractor-participant can draw down up to eighty percent of the invoice amount
- No single advance may exceed \$1 million.
- The maximum amount of funds advanced at any time is forty percent of the contract amount.
- Repayment of each advanced amount is made when payment is received for the invoice that was the basis of the advance.
- Contract financing cost is an origination fee of 3% of the total financing facility (maximum credit limit), plus 2% interest on advanced funds per each 30-day period and up to .25% of the total contract amount for the TPA.