



*Construction Contractor Financing Experts*



## **SUPPLY CONTRACT FINANCING FACILITY (“SCFF”)**

### **Executive Summary**

#### **Description of Supply Contract Financing Facility (“SCFF”)**

- Established in 1992, DevCorp has become a leading provider of contract financing for small and middle market companies. Currently, this financing is provided by two embedded facilities entitled the Contract Financing Facility (“CFF”) for construction contractors and the Supply Contract Financing Facility (“SCFF”) for resellers of supplies and materials. This Executive Summary addresses the SCFF.
- The SCFF 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 SCFF**

- DevCorp underwrites the supplier and the end user more than the re-seller.
- DevCorp’s SCFF assists in rapidly increasing the credit worthiness of the reseller.
- DevCorp’s costs of funds are very competitively priced, which enables small resellers 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 reseller receives a supply contract and applies for financing from the SCFF. DevCorp underwrites the wholesale supplier and the end user.
- The reseller signs an agreement requiring that his/her supply contract is assigned as security for any advancement and that all funds are disbursed by the third party administrator (“TPA”). UCC-1 filings are made where appropriate.
- The reseller is eligible for an advance with which to make a deposit and order the supplies.
- No single advance may exceed \$1 million or 40%-60% of the total Supply Contract.
- The Supply Contract may not include labor costs. (If installation costs are involved, DevCorp will refer the reseller to the Contract Financing Program.)
- Repayment of advanced amount is made when payment is received for the invoice or purchase order that was the basis of the advance.
- Supply contract financing cost is an origination fee of 3% of the total facility amount (maximum credit limit), plus 2.0% interest on advanced funds per each 30-day period. In addition there is a fee of up to .25% of the contract amount for funds administration.