

III. DOT SHORT TERM LENDING AND BONDING ASSISTANCE PROGRAMS

DOT Short Term Lending Program

Many disadvantaged and women-owned business enterprises, hereinafter referred to as DBEs, that are qualified to perform transportation-related contracts have experienced difficulty in obtaining short-term working capital. In response, the U.S. Department of Transportation (DOT) Short Term Lending Program (STLP) was developed by the Office of Small and Disadvantaged Business Utilization (OSDBU) to offer certified DBEs the opportunity to obtain short-term working capital at prime interest rates for transportation-related projects.

Program Structure

The STLP provides revolving lines of credit to finance accounts receivable arising from transportation-related contracts. The primary collateral consists of the proceeds of the contracts. Borrowing under the lines of credit are to meet the short-term costs of performing the contract(s) being financed. Start up businesses are not eligible to apply for the STLP. It is recommended that a business have at least a three-year past performance history before applying to the program. Start up businesses are advised to apply to the Small Business Administration for financing.

Transportation-Related Contract

A transportation-related contract is defined as a contract for the maintenance, rehabilitation, restructuring, improvement, or revitalization of any of the nation's modes of transportation with any public or commercial provider of transportation of any Federal, state, or local transportation agency. In addition, such a contract may be with any other Federal agency, provided that, and within the discretion of the Director of DOT's OSDBU, each contract will assist a DBE in competing subsequently for contracts with either a public or commercial provider of transportation of any Federal, state, or local transportation agency. This provision is applicable to any prime contractor or subcontractor, of any tier, of such a transportation provider or agency.

Certification

Certification of DBE status is performed by recipients of federal transportation funds under DOT guidelines (49 CFR, Part 23 and 26). Information is available through the DBE liaison office of each state and possession. The addresses and contact persons of the liaison offices are listed in DOT's Marketing Information Package which may viewed on the OSDBU website at: <http://osdbuweb.dot.gov/business/mp/miphtml.html> or may be obtained from the OSDBU by calling 1-800-532-1169. No additional certification is required for firms certified by the U.S. Small Business Administration under Section 8(a); Small Disadvantaged Business (SDB); HubZone Empowerment Contracting Program; and Service-disabled Veterans.



Most Often Asked Questions about the DOT Short Term Lending Program

The following questions and answers have been developed as a guideline to the program qualifications and procedures:

Q: Who can apply for the DOT STLP?

A: An applicant must have a transportation-related contract and have current certification as a DBE by any agency applying DOT certification guidelines (49 CFR, Part 23 and 26) or by the U.S. Small Business Administration Section 8(a) Program; Small Disadvantaged Business (SDB); HUBZone Empowerment Contracting Program; and Service-disabled Veterans.

Start up businesses are not eligible to apply for the STLP. It is recommended that a business have at least a three-year past performance history before applying to the program. Start up businesses are advised to apply to the Small Business Administration for financing.

Q: What type of financing is provided by the DOT STLP?

A: Short-term working capital is provided in the form of a revolving line of credit for which the primary collateral is accounts receivable arising from the contracts or subcontracts being financed. The maximum line of credit is \$750,000.

Q: How are the lines of credit provided?

A: The STLP is administered by the DOT OSDBU through cooperative agreements between DOT and six banks (STLP banks). Loan documentation and financing transactions are performed by the STLP bank, which offers the line of credit.

Q: How are the funds provided by the line of credit to be used?

A: Borrowings under the lines of credit are to meet the short-term costs of performing the contract(s) being financed. Due to the STLP structure and the short-term nature of borrowings, funds are not available for: contract mobilization, equipment purchases or other long-term uses, refinance of existing debt, payment of non-current taxes, distributions or other payments to stockholders.

Q: How are funds borrowed and repaid under the line of credit?

A: Funds may be borrowed against each invoice of the contract(s) being financed. Repayment occurs as the project owner or prime contractor pays the invoice. The payment is made jointly to the borrower and to the STLP bank and is sent to the bank, which repays the amount borrowed against the invoice and transmits the balance to the borrower.

Q: How is the interest rate determined?

A: Borrowings under the line of credit bear interest at the prime rate as published daily in the Wall Street Journal, adjusted on the first day of each calendar month plus one and 3/4's points



Q: How long can the line of credit be used?

A: A line of credit normally covers a one-year period and one or more renewals may be requested. Term can be less than one year.

Q: How does my company apply?

A: Loan applications may be obtained from the OSDBU Website at <http://osdbuweb.dot.gov/business/Docs/stlpapp.pdf>. Completed applications may be forwarded to DOT or to the STLP bank. The name and address of each STLP bank and the states, which it services, are listed below.

Q: What types of information must be included with the application?

A: The application materials include a list of information items, which support the application. Among them are the following:

- Business and personal financial statements (3 years)
- Business and personal income tax returns (3 years)
- Cash flow projections (Term of the loan)
- Accounts receivable and accounts payable
- Company profile
- Personal Financial Statement
- Certification that all taxes are current
- 3 business references

Q: Where can I obtain assistance in preparing the application package?

A: Firms may consider utilizing the services of the SBA's Small Business Development Centers (SBDC), U.S. Department of Commerce's Minority Business Development Centers (MBDCs), Business Information Centers (BICs), the State Supportive Services Programs, local area Chambers of Commerce, and SCORE as possible sources for assistance or guidance in preparing application packages.

Q: Who makes the decision for a line of credit application?

A: Decisions are made by both the STLP bank and by DOT.

For more specific information on the Short Term Lending Program, please contact:

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 Email nancy.strine@ost.dot.gov



STLP Banks

GA, AL, MS

Citizens Trust Bank

75 Piedmont Avenue
 Atlanta, GA 30303
 Fred Daniels, Senior Vice President
 (404) 653-2614
 Lynette Crosslen, Loan Administrator
 Telephone (404) 653-2899
 Fax: (404) 659-6424
 email lynette.crosslen@ctbatl.com
 Hours: Monday-Friday
 9:00 am-5:00pm (EST)

VA (Outside Washington, DC Metropolitan Area)

Virginia Community Development Loan Fund

1624 Hull St.
 Richmond, VA 23224
 Tim Hayes, Executive Director
 Telephone: (804) 233-2014
 Fax: 804-233-2158
 Email: thayes@vcdlf.org
 Hours: Monday thru Friday
 8:30 am-5:00 pm (EST)

IL, IN, MI, MO, OH, MN, WI, IA, KY

International Bank Of Chicago

5069 North Broadway
 Chicago, IL 60640
 Frank Calabrese
 Telephone: (773) 769-2899 or
 (708) 410-2899
 Fax: (773) 769-2686
 Web site: www.inbk.com
 Email: frank.c@inbk.com
 Hours: Monday thru Friday
 9:00 am-5:00pm CST

CO, KS, NE, SD, ND, NM, AZ, WY, UT, MT, ID, NV, OR, WA, CA

Native American Bank, N.A.

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 Denver, CO 80228
 Office: (303) 988-2727
 Fax: (303) 988-5533
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**Washington, DC Metropolitan Area
including MD, VA and the District of
Columbia**

Adams National Bank

1130 Connecticut Ave., N.W
Suite #200
Washington, D.C. 20036
Susan Banks, VP, Commercial Lending
Telephone: (202) 772-3721
Fax: (202) 835-3871
Email: sbanks@adamsbank.com

Website: <http://www.adamsbank.com>
Hours: Monday-Thursday 9:00am-3:00pm
Friday 9:00am-5:00pm (EST)

The State of Florida

Continental National Bank of Miami
400 SW 107 Avenue
Miami, Florida 33174
Frank T. Santana, Vice President
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Hours: Monday thru Friday 9:00 am--
5:00pm (EST)

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RI, SC, TX, VT, WV, Puerto Rico, U.S. Virgin
Islands**

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