

CONTRACTOR FUNDING

Overview:

The **Contractor Accounts Receivable Funding Program** is designed to provide working capital for specific projects/contracts for General Contractors (GC's) and Sub-Contractors (Subs) through the funding of project receivables. These contracts must be with a government entity, whether a municipal, county, state or federal agency either directly or through a General Contractor. The contractor submits the contract they want funded to Construction Bid Source, LLC. (CBS) for an initial plan review, the contract is reviewed along with the contractor's budget and, once approved for factoring, a construction/funding schedule is established.

As work is being completed and progress billings/invoices are generated by the contractor and approved by the owner/GC, the CBS funding source advances 75% of the amount of the invoice to provide the needed working capital to pay the bills related to the project. Such funding and bill payment is accomplished through a funds control program, **Resource Monitoring Service (RMS)**, a disbursement program similar to services that surety or banks require. All funding is channeled through CBS funding sources, in conjunction with the contractor, makes sure all bills attributed to the job are paid, including the contractors overhead. As a value-add and as part of this relationship, CBS is able to make available to our contractor clients many administrative and accounting services such as tax payments, job costing etc., reducing back-office staffing and costs if used to its fullest extent. Having access to working capital in a timely manner rather than waiting to get paid and having a service such as CBS providing assurance to the contractor, GC (if appropriate), owner, surety and lender that all project bills are being paid and lien releases collected gives the contractor additional confidence and an advantage over the competition when bidding new projects.

Application and Approval Process:

Once the Construction Bid Source. application is completed by the contractor applying for funding, received, reviewed and initial underwriting is satisfactorily completed by CBS funding source staff, a proposal is prepared outlining proposed line of credit, terms and conditions of factoring and listing diligence items required to complete underwriting is sent to the business owner for their review. If the proposal is satisfactory to the business owner, it is signed and returned with an application/due diligence fee of \$500 to cover the expense of lien searches, drafting documents and filing fees prior to funding. Upon receipt of the signed proposal and processing fee and receipt of the balance of information and documents requested from the contractor, underwriting and due diligence are completed. Upon approval, we proceed with the funding document processing and filings and setting up of the RMS program, which typically takes 4 to 5 business days. Factoring of receivables begins immediately thereafter!