



Construction Project Financing Program

Working capital credit line for subcontractors on major projects

Many contractors are undercapitalized, yet conventional lenders (and many alternative funding sources) tend to avoid them. Further, owners and General Contractors are historically slow payers and an average of 10% of a contractor's fee is "retained" until project completion. All of these factors can create cash flow challenges. Liquid Capital of Northeast Ohio understands that there is a need for innovative financing solutions for these businesses.

Our Construction Project Financing Program is specially designed to finance subcontractors performing work on major construction contracts funded by local, state or federal government agencies or by large, financially stable corporations. We utilize the good credit of the entity ordering the products or services to finance the contractor who otherwise would not be able to take on the work. The decision to offer funding is based on the financial strength of a business's customers, not on the business's own financial strength or length of time in business. We provide the working capital funding necessary to properly execute these contracts, offering credit lines from \$25,000 to \$1,000,000 and up.

A key element of the program is the inclusion of Resource Monitoring Services (RMS). RMS is the outsourcing of accounts payable and accounts receivable functions on a per-project basis. As the third-party administrator, we monitor the financial progress of the project and keep the contractor, lender and surety bond provider completely informed. RMS is a way to assure lenders, surety bond companies, property owners, developers, contractors and subcontractors that monies intended to pay bills for a specific project are used for that purpose and are not diverted for other expenses. This added control coupled with funds availability can allow the contractor to negotiate prompt payment discounts with suppliers, directly increasing the bottom line.

Following credit review and approval, and negotiation of all applicable contracts, the Construction Financing Program works like this:

- Credit line is established based on requirements for the project.
- Project budget is created and entered into the system.
- Invoices for work performed are submitted.
- Funds become available based on eligible invoices and/or pay applications.
- Funds are disbursed through the RMS program, reducing the credit line.
- Funds are received by lender in payment of invoices, replenishing the credit line.
- Fees and interest are paid as funds are received and disbursed.
- As project requirements dictate and cycles are completed successfully, the credit line may be increased.

Construction Project Financing is provided in association with Resource Management Partners, Inc. (RMPI), a nationally recognized provider of financial management services for small to medium sized businesses. Their construction industry expertise extends beyond financing and that can be a major factor in assuring the successful completion of the project.

For more information about this program or to submit an application please contact Liquid Capital of Northeast Ohio by phone at (440) 734-3321 or by email at info@lcneo.com.