

**Small Contractor Line of Credit**  
**Program Guidelines October 2022**

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**Statement of Program Purpose**

The Line of Credit program is intended to support construction, architectural, and engineering businesses located within the City of Pittsburgh.

**Program Funding:**

The Program will be funded with a combination of private corporate contributions, and other local, state, and federal monies as appropriate.

**Program Terms and Conditions:**

**Small Contractor Line of Credit**

Amount: Financing of up to 90% of project costs from \$25,000 - \$100,000.

Interest rate: 4%

Line of Credit Terms: 1 year - to be reviewed for renewal on an annual basis.

Fees: \$350 application fee. Paid annually thereafter for each renewal and a 2% due diligence, paid once at closing.

Pre-payment penalties: none

Collateral / security: assignment of contract or subcontract payment to the URA, required; personal guarantees or business and corporate guarantees as appropriate, other security as deemed appropriate by the URA. Additionally, the contract owner must also sign a payment directive.

Inspections: The URA will perform inspections or deliverable reviews, as applicable at set intervals throughout the length of the line of credit.

**Eligibility requirements:**

Applicants must:

- Have a proven track record of successfully executing projects to completion, by providing three project references, as requested.
- Identify projects that they are bidding on in which the Contractor Line of Credit will be used.
- Not have an ownership interest in the project.
- Obtain all appropriate permits and authorizations from the City of Pittsburgh's Department of Permits, Licenses and Inspections.
- Have between \$50,000 - \$2,000,000 in annual revenue.
- Be in good standing with other public debt (including URA) and be current on taxes (individual and business) or have approved payment plans.
- Have appropriate business registrations with the City of Pittsburgh.
- Provide evidence of business Insurance and surety bonds in formats and amounts acceptable to the URA.

Other conditions:

- Priority will be given to minority and women-owned businesses.
- Priority will be given to businesses whose owners are economically disadvantaged.
- Priority will be given to businesses bidding on projects in any of the seven Avenues of Hope neighborhoods (Perry North & South; Elliott, Sheraden, Chartiers City, Windgap; Hill District; Larimer; Homewood; Allentown/Beltzhoover; or Hazelwood).
- Businesses funded with CDBG monies must meet all CDBG eligibility requirements.

### **Line of Credit Application Process**

The URA has established written application processes and procedures that will facilitate the application process and will best serve the objective of the Program. The procedures may be amended from time to time at the sole discretion of the URA by direction of the URA Director of Commercial and Business Lending, the URA Executive Director, or the URA Board of Directors.

All applications shall be made using URA forms. The Borrower shall submit all information that the URA requires, including any documentation needed to establish the eligibility of the Borrower, Borrower's principals and guarantors, if any, and the feasibility of the proposed use.

### Line of Credit Approval and Disapproval

1. The URA, in its sole discretion, may approve or disapprove applications. This program is subject to funding availability.
2. The URA will maintain a log of each application. If the Borrower fails to supply the required documentation within three (3) months of the application date, with no justifiable written explanation, the application will be voided and removed from the application file.
3. All applications for the Program will be processed through an internal review and approval process. At the URA's sole discretion, review and approvals shall be conducted by a/the designated review committee. Upon affirmative recommendation from URA designated review committee, final approval will be made by the URA Director of Commercial and Business Lending.
4. Approval shall be conveyed in a written commitment to the Borrower. Action will not be taken toward closing the line of credit until the Borrower executes and returns to the URA a copy of the commitment letter.
5. If an application is disapproved, the URA shall notify the Borrower in writing. If appropriate, the rejection letter shall state the reason for the rejection of the application.
6. Applicants may withdraw their application at any time.
7. If approved, Borrowers will receive pre-approval letters that can be used as part of bids for six months from the date of issue.

## **Line of Credit Conditions**

1. Applicant will be required to establish a checking account in the business's name and complete the URA-issued Authorization Agreement for Direct Payments (ACH) form.
2. The Borrower must enter into appropriate loan and security documents as determined by the URA in its sole discretion and agree to all other terms and conditions set forth in the documents provided by the URA.

## **Program Application Evaluation Criteria**

### Business Evaluation

The purpose of the Program is to support small contracting, architectural, engineering companies working on projects in Avenues of Hope districts or neighborhoods.

The historical performance of the business will be evaluated and, if applicable, the proposed owners will be evaluated to assess the ability to repay the line of credit. The URA evaluates applications utilizing standard underwriting criteria, including the 5 'c's of commercial credit: cash flow, capital, collateral, character and credit.

Specifically, this evaluation will include, but is not limited to the following:

1. **Viability of the Business:** If applicable, this involves an evaluation of one (1) year prior financial performance, including but not limited to an examination of tax returns, bank accounts, balance sheets, income statements and cash flow statements.
2. **Financial Performance of the Owners:** This involves an evaluation of the personal tax returns of the prior year, a personal financial statement, and a credit bureau check. Applicants with poor credit history will be considered but may be required to attend financial literacy workshops as a requirement of the loan conditions.
3. **Management Ability:** This involves an evaluation of the capacity, experience and skills of the proprietor, partners, or directors. This includes general business experience as well as specialized experience in the construction industry.
4. **Public Record Review:** This involves an evaluation of public records of the business and its principals. This includes review of prothonotary records, tax checks, federal excluded party database, and other public record sources.

## **Project Evaluation**

The merits of the proposed uses of the funds will also be assessed to determine the ability to repay the line of credit. Businesses must demonstrate sufficient invoices. Specifically, this evaluation will include:

Contracts: This involves an assessment of the validity of the projects and contracts. The applicant must demonstrate that the business is financially feasible, project costs are reasonable, and the project invoices can repay the line of credit.

### **Public Benefit Evaluation**

The purpose of the Program is to support small construction companies who are working on projects in Avenues of Hope. Further, the purpose of the Program is to preserve and create jobs and improve to quality of life for Pittsburgh.

Line of Credit applications will also be evaluated based on:

1. The nature of jobs created and/or retained per URA dollar invested.
3. The positive impact on the neighborhood and quality of life.
4. The support of minority-owned business enterprises.

### **Waiver of Guidelines**

The Director of Commercial and Business Lending, the Executive Director, the Deputy Executive Director, or the Board of Directors of the URA may adjust or waive certain provisions of these guidelines based on a determination of the private and public benefits of the project.

### **Notification**

URA reserves the right to:

1. Notify the appropriate community-based organization of applications received from businesses in their neighborhoods.
2. Announce all loan commitments publicly.

### **Additional Information**

For additional information, please contact the Urban Redevelopment Authority at (412) 255-6547 or reach out to Rochelle Lilien, manager of business lending, at [rlilien@ura.org](mailto:rlilien@ura.org). Our TDD number for the hearing impaired is (412) 255-6644.

The Urban Redevelopment Authority of Pittsburgh does not discriminate on the basis of race, color, sex, religion, marital status, disability, age, sexual orientation or national origin. No person, solely on the basis of any of the above factors, shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the loan and grant programs operated by the Urban Redevelopment Authority of Pittsburgh.

Urban Redevelopment Authority of Pittsburgh

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