






ACCESS BONDING PROGRAM

“HELPING CONTRACTORS COMPETE AND GROW”

A program of Capital Access Project, Inc.



- The **Access Bonding Program** was created by Capital Access Project* to increase the surety bonding capacity of small, disadvantaged, minority- and women-owned construction firms**
- The purpose of the Access Bonding Program is to provide those firms the opportunity to establish a surety bond line so that they may bid and perform on government and private sector construction projects that require surety bonds***



*Capital Access Project, Inc. is a 501(c)3 non-profit funded in part by the Louisiana Disaster Recovery Foundation
**Hereafter referred to as 'DBE firms'
***Surety bonds are required on all Federal construction projects over \$100,000



- The Access Bonding Program addresses the challenges of securing surety bonds faced by DBE firms through a well-designed, structured, and monitored program that:
 - Educates contractors about the steps they must take in order to secure a surety bond
 - Provides contractors with the guidance and resources they need to secure a surety bond
 - Provides contractors with a Letter of Credit up to \$50,000* to assist them with meeting the underwriting and collateral requirements necessary to secure a surety bond



*Larger amounts may be approved on a case-by-case basis



- In order to participate* in the Access Bonding Program, a contractor must:
 - ✓ Have a minimum of one (1) year as a state licensed contractor
 - ✓ Provide evidence of DBE status
 - ✓ Agree to work with an Access Bonding Program client manager for comprehensive management and technical assistance
 - ✓ Have average personal credit scores of 640* or above



* Exceptions may apply





- ✓ Complete Contractor's College* training in estimating, bidding, and advanced project management
- ✓ Agree to hire a Certified Public Accountant
- ✓ Sign a Memorandum of Understanding agreeing to the terms and conditions of participating in the Access Bonding Program



*Contractor's College is a program of Capital Access Project, Inc.



- Through the program's advanced management and technical assistance-
 - Participants will undergo a comprehensive analysis of their firm's current position and potential growth opportunities
 - A strategic business plan will be developed that will outline the firm's near- and long-term growth strategies
 - Participants will receive credit counseling and training to improve their personal and business creditworthiness





- Participants will be assisted with identifying and applying for business loans and lines of credit to improve their firm's financial capacity
- Participants will be assisted with securing DBE certifications to enhance their firm's procurement opportunities
- Surety-ready financial statements will be prepared for the firm



- Once the contractor has the credit scores, financial statements, and other required documents, a surety bond line application will be submitted to a surety bond producer for an evaluation of the firm's bond readiness
- The surety bond producer will inform the Access Bonding Program of the amount of collateral, in the form of a Letter of Credit, that is required to secure a surety bond line up to \$500,000*

* The collateral can be leveraged 1:1 to 1:10 times





- Once approved for bonding by the surety company, the contractor will have access to the surety bond line, enabling the firm to bid and perform on projects that require surety bonding
- The contractor will “graduate” from the Access Bonding Program* when it is determined by the surety company that the contractor can secure bonding in the open surety market without the assistance of the Access Bonding Program

*Contractors are required to participate in the program at least 12-months



“The primary objective of the Access Bonding Program is to enable DBE contractors to qualify for surety bonds without the program’s management, technical, and financial assistance”

- Norman David Roussell, Executive Director
Capital Access Project, Inc.





FAQs

Q. Who manages the bond fund?

A. Merrill-Lynch/Bank of America.

Q. Does the contractor receive cash from the fund?

A. No. The contractor receives a letter of credit which means there is no transfer of cash from the fund to the program participant.

Q. What happens if a contractor defaults on a project?

A. Since the contractor undergoes a comprehensive training and screening process, risk of default is minimal. However, there is a loan loss reserve of 10% to help cover any losses over and above funds recovered from the sale or liquidation of the owner's business and personal assets.



To learn more about the Access Bonding Program visit:

www.AccessBondingProgram.org

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