

# **I-110 Credit agreements.**

Sections I-110.1 and I-110.2 apply to all credit agreements, including agreements that provide for both credit and reimbursement.

**Parent topic:** [APPENDIX I - POLICY AND PROCEDURES FOR THE DOD PILOT MENTOR-PROTEGE PROGRAM](#)

## **I-110.1 Program provisions applicable to credit agreements.**

(a) Developmental assistance costs incurred by a mentor firm for providing assistance to a protege firm pursuant to an approved credit mentor-protege agreement may be credited as if the costs were incurred under a subcontract award to that protege, for the purpose of determining the performance of the mentor firm in attaining an applicable subcontracting goal established under any contract containing a subcontracting plan pursuant to the clause at FAR 52.219-9, Small Business Subcontracting Plan, or the provisions of the DoD Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans. Unreimbursed developmental assistance costs incurred for a protege firm that is an eligible entity employing severely disabled individuals may be credited toward the mentor firm's small disadvantaged business subcontracting goal, even if the protege firm is not a small disadvantaged business concern.

(b) Costs that have been reimbursed through inclusion in indirect expense pools may also be credited as subcontract awards for determining the performance of the mentor firm in attaining an applicable subcontracting goal established under any contract containing a subcontracting plan. However, costs that have not been reimbursed because they are not reasonable, allocable, or allowable will not be recognized for crediting purposes.

(c) Other costs that are not eligible for reimbursement pursuant to I-106(d) may be recognized for credit only if requested, identified, and incorporated in an approved mentor-protege agreement.

(d) The amount of credit a mentor firm may receive for any such unreimbursed developmental assistance costs must be equal to—

(1) Four times the total amount of such costs attributable to assistance provided by small business development centers, historically Black colleges and universities, minority institutions, and procurement technical assistance centers.

(2) Three times the total amount of such costs attributable to assistance furnished by the mentor's employees.

(3) Two times the total amount of other such costs incurred by the mentor in carrying out the developmental assistance program.

## **I-110.2 Credit adjustments.**

(a) Adjustments may be made to the amount of credit claimed if the Director, OSBP, OUSD(A&S), determines that—

(1) A mentor firm's performance in the attainment of its subcontracting goals through actual subcontract awards declined from the prior fiscal year without justifiable cause; and

(2) Imposition of such a limitation on credit appears to be warranted to prevent abuse of this incentive for the mentor firm's participation in the Program.

(b) The mentor firm must be afforded the opportunity to explain the decline in small business subcontract awards before imposition of any such limitation on credit. In making the final decision to impose a limitation on credit, the Director, OSBP, OUSD(A&S), must consider—

(1) The mentor firm's overall small business participation rates (in terms of percentages of subcontract awards and dollars awarded) as compared to the participation rates existing during the 2 fiscal years prior to the firm's admission to the Program;

(2) The mentor firm's aggregate prime contract awards during the prior 2 fiscal years and the total amount of subcontract awards under such contracts; and

(3) Such other information the mentor firm may wish to submit.

(c) The decision of the Director, OSBP, OUSD(A&S), regarding the imposition of a limitation on credit will be final.