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Loans to Businesses Impacted by Road and Bridge Repair

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Sec. 32-9nn-1. Definitions

(a) ''Department'' means the Department of Economic Development.

(b) ''Borrower'' means any sole proprietorship, partnership, or corporation duly engaged in for-profit activity which has been issued a commitment for a loan under this program.

(c) ''Commissioner'' means the Commissioner of Economic Development.

(d) ''Impacted Area'' means a geographic area, where a road or bridge project is being undertaken including those being conducted in phases by the Connecticut Department of Transportation and adversely affects the economy of that area as determined by the Commissioner of Economic Development in consultation with the Commissioner of Transportation.

(Effective October 29, 1986)

Sec. 32-9nn-2. Requirements for the determination of the extent of adverse impact

(a) To qualify for a loan, in addition to being located in an impacted area, a business must,

(1) have been located in that area for at least three months prior to the area being declared impacted; and

(2) show substantial loss in revenue for a minimum period of sixty calendar days which is simultaneous to the period in which road or bridge construction or repair has occurred.

(Effective October 29, 1986)

Sec. 32-9nn-3. Procedures for loans

(a) Application for a loan shall be submitted on forms provided by the Department. No application shall be considered unless the exhibits and all information required by such forms are furnished. A business may apply for a loan before the sixty day loss in revenue is sustained, however this requirement must be met at the time of loan closing.

(b) Loan applications will only be accepted by the Department during the time that the area is designated as impacted.

(c) All or a portion of the costs of processing applications for loans to be made under this program, including closing costs, may be waived by the Commissioner.

(d) Upon approval by the Commissioner, the Borrower shall enter into a loan agreement which shall set forth the terms and conditions required by Public Act 86-335, these Regulations and any other terms and conditions applicable to the particular loan which may be established by the Commissioner.

(e) Each loan agreement shall be effective only upon execution of such agreement by the Commissioner and the Borrower.

(f) In determining the maximum amount of each loan, the Commissioner shall take into account the availability of funds in relation to the number of businesses seeking funding as well as other criteria to best carry out the purposes of these regulations.

(g) Such loan agreement shall provide, without limitation, that the Borrower agrees:

(1) To provide the Department with such financial and other information as the Commissioner may in his discretion require from time to time;

(2) To notify the Department promptly of any material adverse change in the financial condition or business prospects of the Borrower;

(3) To represent and warrant that it has the power and authority to enter into the loan agreement and to incur the obligations therein provided for, and that all documents and agreements executed and delivered in connection with the loan will be valid and binding upon the Borrower enforceable in accord with their respective terms;

(4) To provide such security for the loan as the Commissioner may require pursuant to these Regulations and to execute and deliver all documents in connection therewith;

(5) That the funds provided will not be used otherwise than for the purpose for which the loan application was made and approved;

(Effective October 29, 1986)

Sec. 32-9nn-4. Working capital or current expenses loans to eligible business organizations

(a) Working capital and current expenses include items such as: payroll and fringe benefits for employees, utilities, purchase of materials and supplies used in day-to-day operations, and rent payments for the period in which the business location is designated an impacted area. Working capital and current expenses does not include refinancing existing loan indebtedness or capital improvements. The Department will take into account the historical expenses of the business when determining eligible uses of loan funds.

(b) The Department may require the Borrower to provide the Department, as security for the loan, mortgages or security interests in any or all of the following: real property, accounts, chattel paper, documents, instruments, general intangibles, goods, equipment, inventory or other personal property, and may further require the Borrower to have executed and delivered to the Department security agreements, financing statements, mortgages, pledges, assignments, subordinations, guarantees or other documents or evidences of security as and in the form required by the Department.

(c) A current expenses or working capital loan shall be repaid on an amortized schedule of monthly payments. The loan agreement shall provide that unless otherwise notified by the Commissioner, the borrower shall begin repayment 30 days after the area is no longer impacted. The Commissioner, at the time that the area is declared impacted may, based upon the best available information, establish a date upon which the area would no longer be impacted.

(d) Disbursement of the loan shall be made at the discretion of the Commissioner in accordance with the provisions of the loan agreement.

(Effective October 29, 1986)

Sec. 32-9nn-5. Note

(a) Each loan shall be evidenced by a promissory note which shall contain a provision permitting the Borrower to prepay the loan in whole or in part upon any interest payment date without prepayment penalty.

(b) The promissory note may provide for the collection of a late charge, not to exceed two percent of any installment which is not paid within ten days of the due date thereof. Late charges shall be separately charged to and collected from the Borrower.

(Effective October 29, 1986)

Sec. 32-9nn-6. Default and remedy

(a) The failure of the Borrower to abide by the terms of the loan agreement, promissory note or other documents, required of the Borrower by the Department in connection with such loan shall be considered a default under such promissory note.

(b) The promissory note shall contain a provision that the failure of the Borrower to make a payment of principal or interest due under the promissory note within fifteen days from the due date shall constitute a default.

(c) The promissory note shall provide that upon default, any and all sums owing by the Borrower under the promissory note shall, at the option of the Commissioner, become immediately due and payable.

(d) The promissory note shall provide that in the event of default, interest on the promissory note, at the option of the Commissioner, shall automatically increase to an annual rate of 3% greater than the interest rate of the loan and shall apply not only after default, but also after any judgment rendered upon the said promissory note.

(e) The promissory note shall provide for payment for reasonable attorneys' fees and legal costs in the event of default.

(f) The promissory note shall contain such other clauses and covenants as the Commissioner in his discretion may require.

(Effective October 29, 1986)