

MARCH 27, 2020

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about this Advisory,  
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## TEMPORARY RELIEF FOR CONNECTICUT-BASED BUSINESSES

In response to the coronavirus (COVID-19) outbreak, Connecticut has established the Connecticut Recovery Bridge Loan Program (the “**Program**”). This \$25 million short-term emergency loan program will be allocated on a first-come, first-served basis. The Program will be administered by the Department of Economic and Community Development (“**DECD**”) and expedited with the administrative and underwriting support of Connecticut Innovations. The goal of the Program is to provide emergency cash flow relief to small businesses and nonprofits negatively impacted by the coronavirus.

### PROGRAM TERMS AND CONDITIONS

The Program is set up to offer working capital loans to eligible businesses and nonprofits (eligibility discussed below) up to (a) \$75,000 or (b) three months operating expenses, whichever is less. The terms of the loan are as follows:

- No application fee
- 0% interest rate
- The loan is to be paid back in full after twelve months in one balloon payment. A six month extension may be requested and is at the discretion of DECD
- Freely pre-payable

■ Personal guarantee and credit score required

■ Any operating expenses incurred after March 10, 2020 are eligible costs that can be paid off with loan proceeds under the Program

■ Funds can be used to pay credit card debt in the name of the business or nonprofit and accounts payable if the amount is not more than 25% of the requested loan amount

### PROGRAM ELIGIBILITY

To be considered for the Program, your business or nonprofit must:

- Have no more than 100 employees
- Be in good standing with the Department of Revenue Services (DRS) & DECD
- Have been profitable prior to March 10, 2020– with no adverse personal credit reports 60 days past due within the past six months
- Not be involved in real estate, multi-level marketing, adult entertainment, cannabis or firearms; nor be a state elected public official or state employee
- Job creation is NOT a requirement for funding

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**HOW TO APPLY**

In order to apply for the Program, eligible businesses and nonprofits must complete the online application [here](#). The following information will also be required:

**■ Project Financing Plan & Budget**

■ 2019 Income Statement (or) Profit and Loss Statement

■ Internal Financial Statements (YTD)

■ 3-month projected cash flow, demonstrating need

■ Summary of adverse economic impact resulting from COVID-19

■ Recent credit score report

■ Applicant Structure Documents

■ Personal Financial Statement

■ Ownership Breakdown

**■ DRS Letter of Good Standing**

The application and information listed above should be submitted to [decductrecovery@ct.gov](mailto:decductrecovery@ct.gov) as soon as practicable. As a reminder, the program is available on a first-come, first-served basis.

**WHAT TO EXPECT**

Upon submission, the application will go through an underwriting and diligence process. It is the goal of the DECD to have the review process completed within 30 days of receipt of an application, however, due to high demand, it may take 45 to 60 days for review. If the loan application is approved DECD will issue a Letter of Intent outlining the terms and conditions of the loan, including the loan amount.

A Standard Assistance Agreement between DECD and the business or nonprofit ("**Assistance Agreement**") will be drafted and ACH paperwork will be required in order to transfer the funds by wire. Proceeds will be disbursed in one single payment. If DECD approves an application for funding, the business or nonprofit is responsible for payment of DECD's legal costs incurred to prepare the Assistance Agreement, whether or not a closing takes place. These costs are in addition to the applicant's own attorney's costs, if applicable. The applicant is required to pay the DECD legal bill prior to the release of funds. An estimate of these fees will be provided prior to closing.

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*This publication is a summary of legal principles. Nothing in this article constitutes legal advice, which can only be obtained as a result of a personal consultation with an attorney. The information published here is believed accurate at the time of publication, but is subject to change and does not purport to be a complete statement of all relevant issues.*

### CONCLUSION

This Program is a great resource for businesses and nonprofits in need of assistance to continue to operate during these uncertain times. An eligible business or nonprofit that is interested in the Program should gather the required information as soon as practicable and submit all materials with their application. Applicants should be aware of the various cost burdens of the Program noted above including the requirement to provide a personal guaranty for the loan and to pay the legal fees of the DECD if an application is accepted. A business or nonprofit should only apply for the Program if they are able to meet these requirements and the others listed in Section II above.