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Implementation of Employment Incentive Loan Program and Economic Development Loan Program under Section 32-9q of the General Statutes

Sec. 32-9q-1. Definitions

- (a) “Commissioner” means the commissioner of economic development.
- (b) “Department” means the department of economic development.
- (c) “Distressed municipality” has the meaning given to that term in section 32-9p of the General Statutes.
- (d) “Business organization” means any sole proprietorship, partnership, corporation or other form of association for profit recognized in Connecticut.
- (e) “Industrial project” has the meaning given to that term in section 32-23d of the General Statutes.
- (f) “New employment” means any increase, in the level of employment within a distressed municipality, directly attributable to the acquisition, construction, substantial renovation or expansion of an industrial project in respect of which a business organization has applied for a loan under section 32-9q of the General Statutes, measured without consideration of any increases or decreases in the level of employment within the distressed municipality due to other factors. The business organization shall be considered to have created new employment in such municipality if the number of persons employed at the industrial project with respect to which such loan is made, has increased or is expected to increase by more than five as a direct result of such acquisition, construction, substantial renovation or expansion.
- (g) “Local development corporation” has the meaning given to that term in section 32-9q of the General Statutes.
- (h) “Borrower” means any business organization, state development corporation or local development corporation for which a loan has been approved under these regulations.
- (i) “Loan” means a working capital loan under section 32-9q-2 and a loan to a local development corporation under section 32-9q-3 unless the context otherwise requires.

(Effective August 5, 1980)

Sec. 32-9q-2. Eligibility for working capital loans

The department may make working capital loans to any business organization which meets the following criteria:

- (1) The business organization has recently completed, has undertaken or is actively planning the acquisition, construction, substantial renovation or expansion of an industrial project in a distressed municipality and such acquisition, construction, renovation or expansion has or is reasonably expected to create new employment in such distressed municipality.
- (2) The business organization has provided evidence satisfactory to the commissioner that it shall, concurrently with and in an amount not less than the loan made pursuant to this section, receive from a private financial institution or local development corporation a working capital loan, which shall be used for substantially the same purposes as the loan made pursuant to this section;
- (3) The business organization has provided evidence satisfactory to the commissioner that the availability of the loan provided pursuant to this section was an important factor in the decision of such business organization to acquire, construct, substantially renovate or expand such industrial project in such distressed municipality, and such evidence may include evidence that loans on substantially similar

terms and conditions were not otherwise available, excepting only the loan referred to in clause (2) of this section.

(Effective August 5, 1980)

Sec. 32-9q-3. Economic development loans

(a) The department may make loans to any non-profit state development corporation or local development corporation for any economic development purpose determined to be worthwhile by the commissioner.

(b) The aggregate of such loans shall not exceed five hundred thousand dollars.

(c) such loans may be made for any developmental purpose, including but not limited to working capital, start-up and fixed assets.

(Effective August 5, 1980)

Sec. 32-9q-4. Loan application and agreement

(a) Application for a loan shall be submitted on forms provided by the department. No application shall be considered unless the exhibits required by such forms are furnished.

(b) Upon approval by the commissioner and the authority, the borrower shall enter into a loan agreement which shall set forth the terms and conditions required by these regulations and any other terms and conditions applicable to the particular loan, which may be set by the commissioner or the authority.

(c) Each loan agreement shall be effective only upon execution by the commissioner and the borrower.

(d) 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 in accordance with their respective terms;

(4) To provide such security for the loan as the commissioner may require pursuant to section 32-9q-5 of these regulations and to execute and deliver all documents in connection therewith;

(5) That the funds provided will not be used otherwise than in connection with the development and operation of the industrial project for which the loan was approved.

(Effective August 5, 1980)

Sec. 32-9q-5. Loans

(a) The term of the working capital loan shall not exceed ten years from the date of first disbursements of the loan.

(b) No working capital loan shall exceed \$75,000.00 with respect to a single industrial project.

(c) Disbursement of the loan shall be made at the discretion of the commissioner in accordance with the provisions of the loan agreements and the instructions of the authority.

(d) The loan shall be repaid on an amortized schedule of periodic payments or upon such other periodic method of payment of principal and interest as the commissioner considers necessary and appropriate in the particular circumstances,

but in no event shall the periodic payments be scheduled to exceed ten years from the date of first disbursement of the loan.

(e) The loan may be secured or unsecured as the commissioner determines to be appropriate in the particular circumstances. If the loan is to be secured, the commissioner may require the borrower to provide the department as security any 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 commissioner security agreements, financing statements, mortgages, pledges, assignments, subordinations, guarantees or other documents or evidences of security as and in the form required by the commissioner.

(Effective August 5, 1980)

Sec. 32-9q-6. 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.

(b) The promissory note shall provide for the payment of interest at a rate of one percent above the rate of interest borne by the bonds of the state last issued prior to the date such loan is made.

(c) 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 August 5, 1980)

Sec. 32-9q-7. Default and remedy

(a) The failure of the borrower to abide by the terms of the loan agreement, promissory note or other document signed by the borrower 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 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 shall automatically increase to twelve percent per annum and shall apply not only after default, but after any judgment rendered upon the said promissory note.

(e) The promissory note shall provide for payment of 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 August 5, 1980)