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## **Business Emergency Relief Loan Program and Small Home Heating Oil Dealers Loan Program**

### **Sec. 16a-43-1. Definitions**

“Applicant” means any business concern that applies for a loan under these regulations.

“Authority” means the Connecticut Development Authority.

“Borrower” means any business concern to whom a loan has been approved under these regulations.

“Business concern” means any sole proprietorship, partnership, association or corporation formed for the purpose of transacting business for profit, including but not limited to agricultural, manufacturing, wholesale, retail, construction and service concerns.

“Commissioner” means the Commissioner of Economic Development.

“Department” means the Department of Economic Development.

“Disaster emergency” means an emergency or disaster which has been proclaimed by the governor under the laws of the state.

“Loan” means a business emergency relief loan or a small home heating oil dealer loan.

(Effective March 10, 1983)

### **Sec. 16a-43-2. Loan application and agreement for small home heating oil dealer loans**

(a) Application for a small home heating oil dealer loan shall be submitted on Department small home heating oil dealer loan application forms. No application shall be considered unless the exhibits required by such form are furnished.

(b) Upon approval of an application by the Authority or, if the authority so determines, by a committee of the authority, the Department and the borrower shall enter into a small home heating oil Dealer Loan Agreement which shall set forth the terms and conditions required by these regulations and other terms and conditions applicable to the particular loan that the commissioner shall deem appropriate.

(c) Each small home heating oil dealer Loan Agreement shall be effective only upon execution by the Commissioner and the borrower.

(d) The small home heating oil dealer loan Agreement shall provide, without limitation, that the borrower agrees:

(1) That the funds provided will be used exclusively for the purchase of home heating oil;

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

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

(4) 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;

(5) To provide such security for the loan as the Commissioner may deem necessary and appropriate and to execute and deliver all documents in connection therewith;

(6) To provide heating oil to customers whose heating oil bills will be paid for by any governmental agency and to make deliveries in amounts the cost of which

can be provided by grants from such governmental agencies to the extent of supplies available to such borrower and within the service area of such borrower;

(7) That the borrower will not assess a surcharge on the price of fuel oil delivered to a customer if the delivery of such fuel oil is in an amount in excess of one hundred twenty-five gallons, except that a surcharge may be assessed if a delivery is made outside the normal service area or the normal business hours of such borrower or extraordinary labor costs are involved in making a delivery;

(8) To the extent the loan is secured by a contract or contracts, to:

(A) Notify the Commissioner of the modification of any provision of a contract which is security for the loan when said modification affects the time or manner of payment, or in any other way substantially affects the contract or the manner of performance of said contract;

(B) Notify the Commissioner of the termination of any part of a contract or the termination of the entire contract by any party to the contract;

(C) Notify the Commissioner of the failure of either party to a contract to perform any of its obligations under such contract.

(e) If upon examination of the application, supporting information and results of any investigation, either the Authority or the Commissioner rejects such application, then the loan may not be granted and the Commissioner shall cause the applicant to be notified that the application has been denied.

(Effective March 10, 1983)

**Sec. 16a-43-3. Loan amounts and terms for small home heating oil dealer loans**

(a) The term for repayment of any small home heating oil dealer loan or extension of credit shall end not later than the first day of October next following the date of such loan or extension of credit.

(b) The total amount of such Working Capital Loans and Lines of Credit to any one borrower in any period of one year shall not exceed \$200,000.

(c) Disbursement of the loan shall be made at the discretion of the Commissioner in accordance with the provisions of the small home heating oil dealer Loan Agreement and the instructions of the Authority.

(d) The Commissioner shall determine the method of payment of interest and principal due with respect to each loan.

(Effective March 10, 1983)

**Sec. 16a-43-4. Promissory note for small home heating oil dealer loans**

(a) Each small home heating oil dealer loan shall be evidenced by a Promissory Note in the maximum amount of the loan set forth in the small home heating oil dealer Loan Agreement and 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 not more than 1% above the rate of interest borne by the bonds of the State of Connecticut last issued prior to the date of approval of the loan application except that, if such rate is lower than the rate charged by the Federal Small Business Administration for loans provided under its Economic Dislocation Loan Program, the Federal Small Business Administration rate shall be charged and collected.

(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.

(d) The failure of the borrower to abide by the terms of the small home heating oil dealer Loan Agreement or the Promissory Note shall be considered as default under such Promissory Note.

(e) The Promissory Note shall contain a provision that the failure of the borrower to make a payment of any installments of principal or interest due under the Promissory Note within fifteen days from the due date shall constitute a default.

(f) 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.

(g) The Promissory Note shall provide for the payment of reasonable attorneys' fees and legal costs in the event the borrower shall default in payment of the Note.

(h) The Promissory Note shall contain such other clauses and covenants as the Commissioner, in his discretion, may require.

(Effective March 10, 1983)

### **Sec. 16a-43-5. Eligibility**

(a) In order to be eligible for a small home heating oil dealer loan, the applicant must:

(1) be a small home heating oil dealer as defined in subsection (a) of Section 16a-43 of the General Statutes;

(2) represent that such applicant is unable to obtain sufficient assistance through programs of the Federal Small Business Administration or in the event 30 days or more have elapsed since such applicant submitted application for assistance to the Small Business Administration and such application has not been acted upon; and

(3) demonstrate, to the satisfaction of the Commissioner, that such applicant will be unable to properly finance oil purchases without state assistance.

(b) In order to be eligible for a business emergency relief loan, the applicant must:

(1) be a business concern as defined in these regulations;

(2) represent that such applicant was adversely affected by a disaster emergency;

(3) represent that a loan is required in order to repair, reclaim or replace

(A) machinery,

(B) equipment,

(C) real property and improvements thereon,

(D) inventory, or

(E) crops

which were damaged, destroyed or otherwise adversely affected by a disaster emergency;

(4) demonstrate that such applicant is unable to obtain sufficient assistance through programs of the federal government, or in the event 30 days or more have elapsed since such applicant submitted application for assistance under a program of the federal government and such application has not been acted upon;

(5) file an application for a business emergency relief loan within 1 year of the date of the Governor's proclamation of a disaster emergency; and

(6) demonstrate, to the satisfaction of the Commissioner that such applicant will be unable to properly finance all the repair, reclamation or replacement expense without state assistance.

(Effective March 10, 1983)

### **Sec. 16a-43-6. Loan application and agreement for business emergency relief loans**

(a) Application for a business emergency relief loan shall be submitted on Department business emergency relief loan application forms. No application shall be considered unless the exhibits required by such are furnished.

(b) Upon approval of an application by the Authority or, if the Authority so determines, by a committee of the Authority, the Department and the borrower shall enter into a Business Emergency Relief Loan Agreement which shall set forth the terms and conditions required by these regulations and other terms and conditions applicable to the particular loan that the Commissioner shall deem appropriate.

(c) Each Business Emergency Relief Loan Agreement shall be effective only upon execution by the Commissioner and the borrower.

(d) The Business Emergency Relief Loan Agreement shall provide, without limitation, that the borrower agrees:

(1) That the funprovided will be used exclusively for the repair, reclamation or replacement of machinery, equipment, real property and improvements thereon, inventory or crops which were damaged, destroyed or otherwise adversely affected by a disaster emergency;

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

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

(4) 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;

(5) To provide such security for the loan as the Commissioner may deem necessary and appropriate and to execute and deliver all documents in connection therewith;

(6) To the extent the loan is secured by a contract or contracts, to:

(A) Notify the Commissioner of the modification of any provision of a contract which is security for the loan when said modification affects the time or manner of payment, or in any other way substantially affects the contract or the manner of performance of said contract;

(B) Notify the Commissioner of the termination of any part of a contract or the termination of the entire contract by any party to the contract;

(C) Notify the Commissioner of the failure of either party to a contract to perform any of its obligations under such contract.

(e) If upon examination of the application, supporting information and results of any investigation, either the Authority or the Commissioner rejects such application, then the loan may not be granted and the Commissioner shall cause the applicant to be notified that the application has been denied.

(Effective March 10, 1983)

### **Sec. 16a-43-7. Loan amounts and terms for business emergency relief loans**

(a) The business emergency relief loan may be secured or unsecured, as the Authority determines to be appropriate in the particular circumstances. If the loan is to be secured, the Authority or the committee of the Authority may require the borrower to provide the Department as security 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 Authority or the committee of the Authority.

(b) The term for repayment of any business emergency relief loan shall not exceed 10 years, provided that no such loan shall be made the term of which ends later than October 1, 1993.

(c) The total amount of a business emergency relief loan provided by the Commissioner to any single business concern for relief from any one disaster emergency shall not exceed \$500,000.

(d) A business emergency relief 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 Authority or the committee of the authority considers necessary and appropriate in the particular circumstances.

(e) Disbursement of the loan shall be made at the discretion of the Commissioner in accordance with the provisions of the Business Emergency Relief Loan Agreement and the instructions of the Authority.

(Effective March 10, 1983)

### **Sec. 16a-43-8. Promissory note for business emergency relief loans**

(a) Each business emergency relief loan shall be evidenced by a Promissory Note in the maximum amount of the loan set forth in the Business Emergency Relief Loan Agreement and 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 not more than 1% above the rate of interest borne by the bonds of the State of Connecticut last issued prior to the closing date of the Promissory Note except that, if such rate is lower than the rate charged by the Federal Small Business Administration for loans provided under its Economic Dislocation Loan Program, the Federal Small Business Administration rate shall be charged and collected.

(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.

(d) The failure of the borrower to abide by terms of the Business Emergency Relief Loan Agreement or the Promissory Note shall be considered a default under such Promissory Note.

(e) The Promissory Note shall contain a provision that the failure of the borrower to make a payment of any installments of principal or interest due under the Promissory Note within fifteen days from the due date shall constitute a default.

(f) 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.

(g) The Promissory Note shall provide for the payment of reasonable attorneys' fees and legal costs in the event the borrower shall default in payment of the Note.

(h) The Promissory Note shall contain such other clauses and covenants as the Commissioner, in his discretion, may require.

(Effective March 10, 1983)