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Northeast Connecticut Capital Assistance Fund

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Northeast Connecticut Capital Assistance Fund

Sec. 32-156-1. Definitions

(a) "Capital assistance" means a loan provided to an eligible business organization under this section which is used to finance a fixed asset or working capital investment solely at the Northeast Connecticut business location of the eligible business organization.

(b) "Commissioner" means the commissioner of economic development.

(c) "Eligible business organization" means any private sole proprietorship, partnership or corporation duly engaged in for-profit activities in the areas of manufacturing, industrial, research, product warehousing or distribution, and offices related thereto, that either (1) has been doing business and maintained a business location in Northeast Connecticut for a period of at least one year prior to the date of its application for assistance under this section and whose gross revenues did not exceed ten million dollars in its most recently completed fiscal year prior to the date of such application; or (2) has been doing business and maintained a business location in Northeast Connecticut for a period of at least two calendar months but less than one year prior to the date of its application for assistance under this section and whose gross revenues did not exceed an average of six hundred thousand dollars per calendar month during such period.

(d) "Northeast Connecticut" means the geographic area of the municipalities of Ashford, Brooklyn, Canterbury, Chaplin, Eastford, Hampton, Killingly, Lebanon, Mansfield, Plainfield, Pomfret, Putnam, Scotland, Sterling, Thompson, Union, Voluntown, Windham and Woodstock.

(e) "Authority" means the Connecticut Development Authority.

(f) "Borrower" means any eligible business organization which has been issued a commitment for a loan under this program.

(g) "Department" means the Department of Economic Development.

(Effective October 29, 1986)

Sec. 32-156-2. 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.

(b) The Borrower shall pay for all costs of processing applications for loans to be made under this program, including closing costs, as the Commissioner determines are reasonable and necessary to pay such costs.

(c) Upon approval by the Commissioner and the Authority or if the Authority so determines, by a committee of the Authority consisting of the chairman and either one other member of the Authority or its executive director, as specified in the determination of the authority, the Borrower shall enter into a loan agreement which shall set forth the terms and conditions required by Public Act 86-342, these Regulations, and any other terms and conditions applicable to the particular loan which may be established by the Commissioner or the Authority.

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

(e) 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. 32-156-3. Working capital or fixed asset loans to eligible business organizations

(a) The Authority 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 Authority.

(b) A fixed asset or working capital loan shall be repaid on an amortized schedule of periodic payments or upon such other periodic methods of payment of principal and interest as the Authority considers appropriate in the particular circumstances.

(c) Disbursement of the loan shall be made at the discretion of the Commissioner in accordance with the provisions of the loan agreement and the instructions of the Authority.

(Effective October 29, 1986)

Sec. 32-156-4. 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 penalty.

(b) The promissory note shall provide for the payment of interest at a rate not in excess of one percent above the rate of interest borne by the general obligation 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 October 29, 1986)

Sec. 32-156-5. 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 Authority or 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 judgement 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)