



Brenner, Saltzman & Wallman LLP

Attorneys at Law – Established 1963

CONNECTICUT RECOVERY BRIDGE LOAN PROGRAM

March 26, 2020

In order to provide Connecticut based small businesses and nonprofits with emergency working capital during the Coronavirus crisis, the State of Connecticut, through the Department of Economic and Community Development (the “DECD”), is offering **no-interest loans** (“Bridge Loans”) to qualifying organizations through the Connecticut Recovery Bridge Loan program. The fund for these loans is limited to a total aggregate amount of \$25 million and will be allocated on a **first-come, first-served** basis.

TERMS AND CONDITIONS OF THE BRIDGE LOAN

1. The amount of a Bridge Loan will be equal to three (3) months of operating expenses, up to a maximum of \$75,000, based on demonstrated cash flow needs.
2. The Bridge Loan will be a no-interest loan with a twelve (12) month term, which may be extended for an additional six (6) months at the DECD’s discretion.
3. The principal balance of the Bridge Loan will be due in full at the end of the term.
4. The Bridge Loan may be prepaid at any time, without any prepayment fee or penalty.
5. There is no application fee, but the borrower will be required to pay DECD’s legal expenses. Note however that since the loan documentation will be standard and *will not subject to negotiation*, those legal fees should be minimal.
6. The Bridge Loan must be personally guaranteed.

ELIGIBILITY FOR BRIDGE LOAN

In order to qualify for this short-term emergency loan, a business or nonprofit must satisfy the following conditions:

1. The number of employees of the organization is no more than 100.
2. The organization must be in good standing with the Department of Revenue Services (“DRS”) and with the DECD.
3. The organization must have been profitable prior to March 10, 2020.
4. The organization and the personal guarantor must not have had an adverse credit report within the past six (6) months.

The information contained herein is provided as an accommodation and for informational purposes only. This information may not reflect the most current legal developments, and it may not be applicable to your specific circumstances. Do not act upon this information without seeking legal counsel. This information does not constitute legal advice or create an attorney-client relationship with BSW. Do not send us information until we authorize you to send that information to us and we have sent you a letter confirming BSW will represent you

271 Whitney Avenue, New Haven, Connecticut 06511 • 203 772 2600 • bswlaw.com

5. Organizations in the following industries are *not* eligible for Bridge Loans: real estate, multi-level marketing, adult entertainment, cannabis, and firearms. Further, state elected public officials and state employees are not eligible for Bridge Loans.

REQUIRED INFORMATION AND DOCUMENTS

To apply for a Bridge Loan, an eligible organization must file an application with the DECD. The application can be found at this link:

<https://portal.ct.gov/DECD/Content/Coronavirus-Business-Recovery/Emergency-Bridge-Loan-Application-Form>

The following information will be required in connection with the application:

1. Project Financing Plan and Budget form
2. Annual income statement for 2019 and year-to-date internal financial statements for the organization, as well as a personal financial statement of the guarantor
3. Three (3) month projected cash flow
4. Narrative summary of the adverse economic impact on the organization resulting from the Coronavirus
5. Organization documents for the organization (such as Certificate of Incorporation for a corporation or Certificate of Formation for a limited liability company), as well as information on the ownership of the organization
6. Recent credit score report for organization and guarantor
7. Letter of Good Standing from DRS. Information about requesting such a letter can be found at this link:

<https://portal.ct.gov/DRS/TSC/Help-Text/Status-Letter>

TIMING AND PROCESS

Once a completed application package has been submitted, DECD's goal is to complete the process within 30 days, although because of the anticipated demand, that time frame may be pushed out to 60 days or more. If an application is approved, DECD will issue a Letter of Intent that outlines the amount and other terms of the Bridge Loan. The organization will then enter into the DECD's Standard Assistance Agreement which, as noted above, will not be subject to any negotiation.

Additional information concerning the Recovery Bridge Loan Program can be found here:

<https://portal.ct.gov/DECD/Content/Coronavirus-Business-Recovery/CT-Recovery-Bridge-Loan-Program>