

Frequently Asked Questions

Small Business Express Program

Program

- 1. Is the Revolving Loan a line of credit for general working capital?** No, the revolving loan program is a loan program for specific eligible uses with a focus on retaining existing full-time jobs. Funds are generally disbursed in one payment.
- 2. How do I know whether to apply for the revolving or job creation loan?** It depends on the Company's circumstances: (1) The Revolving Loan Program offers loans to help support companies to retain existing full-time employees. (2) The Job Creation Incentive Loan Program offers loans to help support a company's growth, including the creation of new full-time jobs and the retention of existing full-time jobs.
- 3. Is there a job obligation associated with the award of funding?** Yes, the purpose of the Small Business Express program is to create and retain jobs in Connecticut. For the Revolving Loan, applicants would have an obligation to retain existing full-time jobs for 24 months. For Job Creation Incentive Loan, applicants must create new full-time jobs within 12 months and then retain both the new full-time jobs and the existing full-time jobs for 24 months.
- 4. Do new full-time 1099 type positions count toward the job obligation?** No, the positions must be full-time positions where the employee receives a W-2 form and the employer reports the job to the CT Department of Labor. Please note that often company owners do not fall under this category.
- 5. Is there a penalty if the Company doesn't meet the job obligation?** Yes, the interest rate will be increased by one-percentage point (1%).

Application & Process

- 1. Effective January 13, 2017, all Small Business Express applicants must have had a conversation with a bank regarding the financing of their project prior to submission of a Small Business Express application. Why is DECD asking companies to do this prior to applying?** DECD encourages all companies to maintain or establish relationships with their local banks for their financing needs. It is vital for companies to have a local banking relationship to support their ongoing operations, future growth and expansion plans. It is not DECD's intent to interfere with the private sector banking market. Exceptions include companies that are located outside of Connecticut or in a foreign country and are planning to relocate to Connecticut as a part of the project.
- 2. Can I apply if I've been in business over 12 months but don't have three years of financials yet?** Yes, provide the financials that you have (audited financials or signed tax returns), including the most recent profit and loss statement and balance sheet.
- 3. Does the Project Financing Plan and Budget form need to be filled out to reflect my entire company budget?** No, the purpose of the form is to identify how the company proposes to use the DECD funds.

Example: ABC Company is applying for Small Business Express funding for an expansion project. The Company plans to expand their product line in order to grow their customer base. The project will consist of leasehold improvements, purchase of machinery and equipment, computer equipment, software, marketing (website upgrade) and salaries. DECD legal costs must also be part of the project. The Company is requesting a \$200,000 loan. The Company is planning to add five new full-time jobs as part of the expansion and is requesting a portion of the funding toward salaries. (The general policy is that applicants can request up to 50% of the total amount requested to be used for new hires salaries.)

4. Can the applicant be reimbursed for expenditures made prior to the date that DECD receives the application? No. Only eligible expenses made after the date DECD receives the application would be considered. Prior to an assistance agreement, any expenditures made by the applicant would be done at their own risk.

5. Can DECD funds be used toward the purchase or lease of machinery and equipment? Funds can be used toward the purchase of machinery and equipment, but not toward the lease of machinery and equipment.

6. Can DECD funds be used toward salaries? Yes, up to 50% of the requested DECD funds can be used for salaries for new full-time jobs. However, the Company needs to be in a position to support the jobs once the DECD funds are depleted.

7. Can DECD funds be used to refinance existing debt? Generally no, although credit card debt in the Company name and accounts payable could be considered if it is not more than 25% of the request.

8. Can DECD funds be used to purchase a business? No.

9. Is there an application fee? No.

10. Are there any other fees? Yes, if DECD approves the application for funding, then the applicant is responsible for payment of DECD's legal costs incurred to prepare the contract documents (assistance agreement), whether or not a closing takes place. These costs are in addition to the applicant's own attorney's costs. The applicant is required to pay the DECD legal bill prior to the release of funds. These costs may vary based on the specific circumstances of the application, but are estimated at \$2,000-\$3,000.

11. How long does the process typically take? That depends and varies with each small business applicant's successful submission of all required information and the financial situation of the applicant. DECD's goal is 45 days from the point where a complete application package is received, but the timeframe could extend out to 60 or 90 days or more depending on the factors such as review issues and the applicant's responsiveness.

Payment

1. How are funds disbursed? Typically, the funds are disbursed in one payment. However, each project is reviewed case by case and may differ depending on variables that could impact each agreement. In some cases, funds could be arranged to be disbursed in phases.

2. Can I defer loan payments? Possibly—each project is reviewed on a case by case basis and the decision would be made based on the specific circumstances.

For More Information

1. Who do I contact for more information? Contact the Express Hotline at 860-500-2333 or via email at DECExpress@ct.gov. The Program Administrator is Sheila Hummel (Sheila.Hummel@ct.gov)

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