

## FEDERAL PROGRAMS

The United States Congress recently passed the CARES Act, which created some new programs and assistance for small businesses. The state Department of Economic and Community Development (DECD) put together a [helpful resource guide](#) on the CARES Act initiatives.

### U.S. Small Business Administration

- **ECONOMIC INJURY DISASTER LOAN (EIDL)**- The CT Small Business Development Center (SBDC) has a great resource guide on this program. Read the resource [guide here](#). In the resource guide, you'll find more detailed information on applying, as well as information on the forms you will need to submit.
  - What is it?
    - A low-interest (3.75%), working-capital loan for small businesses affected by COVID19. The loan provides temporary relief up to \$2 million to assist qualifying businesses and private nonprofits in meeting their obligations
  - What can the loan be used for?
    - Pay fixed debts, payroll, accounts payable, and other bills that would have been paid had the disaster not occurred.
  - What can't the loan be used for?
    - Lost sales or profits or expansion
    - Paying down long-term debt.
  - Application and processing
    - Apply online at [disasterloan.sba.gov/ela](https://disasterloan.sba.gov/ela)
    - Goal is for the SBA to arrive at a decision in 3-4 week.
- **ECONOMIC INJURY DISASTER LOAN (EIDL) GRANT**- This is a brand new SBA program.
  - Small businesses may qualify for an EIDL \$10,000 advance.
  - Funds will be made available within three days of a successful application. **This loan advance will not have to be repaid.**
  - Apply for the advance [here](#).
- **EXPRESS BRIDGE LOAN PROGRAM**- This program allows SBA Express lenders to provide expedited financing to small businesses in declared disaster areas (which CT is one). These loan funds are intended to be interim loans. Businesses use these funds for disaster-related purposes while they apply for long-term financing. For more detailed information on the program and how to apply, read the Program Guide [here](#).
  - Maximum loan amount: \$25,000
  - Maximum maturity: 7 years
  - SBA guarantee %: 50%
  - What can the loan be used for?
    - The survival and eventual reopening of a small business.
- **PAYROLL PROTECTION PROGRAM**- This program was created as part of the CARES Act recently passed by Congress. This program provides federally-guaranteed loans up to \$10 million to eligible businesses which can be partially forgivable. The program covers the period of February 15, 2020-June 30, 2020.
  - What can the loan be used for?

- Payroll costs
- Costs related to group health insurance benefits during period of paid sick, medical or family leave, and insurance premiums
- Employee salaries, commissions
- Mortgage interest payments, rent, utilities
- Interest on any other debt obligations that were incurred before the covered period
- Interest rate- may not exceed 4%
- Terms- 10 years
- Loan amounts
  - The maximum loan amount for the recipient is calculated based on a payroll formula that essentially equals 2.5x the average total monthly payroll cost incurred in the one-year period before the loan was made.
- Loan forgiveness
  - During the 8-week period beginning on the date the loan is funded, a borrower will be eligible for forgiveness for up to the full principal amount of the loan. The amount eligible for forgiveness during the 8-week forgiveness period is equal to the total costs incurred and payments made for payroll, mortgage interest, rent, and utilities.
  - Loan forgiveness can be reduced if the borrower terminates employees or reduces salary/wages. If as borrower rehires employees or makes up for wages lost by June 30, 2020, portions of the loan still may be forgiven.
- Please contact your bank with questions about the program. This program will be administered by your bank and not the SBA. The approved lenders for this program can be found [here](#).

## STATE PROGRAMS

- **CONNECTICUT RECOVERY BRIDGE LOAN PROGRAM-** Please note that at this time, the state is not accepting new applications for this program after receiving over 4,000 submissions during the initial loan cycle. The state has invested \$50 million into the program and it is administered by the Department of Economic and Community Development (DECD).
  - Purpose: To provide emergency cash flow to small businesses and nonprofits affected by coronavirus.
  - Eligibility:
    - Must have fewer than 100 employees
    - Profitable before March 10, 2020
    - Must be in good standing with the state Department of Revenue Services
  - How much does it cover?- A qualifying business or nonprofit can apply for up to \$75,000 or three months of operating expenses, whatever is lesser.
  - Terms:
    - 0% interest rate
    - 12 month term, or 6 month extension available on request
    - Freely pre-payable
    - Personal guarantee and credit score required.

- For more information on paperwork and other items needed for application, visit <https://portal.ct.gov/DECD/Content/Coronavirus-Business-Recovery/CT-Recovery-Bridge-Loan-Program>.
- **DECD HOTLINE:**
  - **DECD's COVID-19 Business Emergency Response Unit:** The Connecticut Department of Economic and Community Development (DECD) has created a COVID-19 Business Emergency Response Unit dedicated to assisting businesses navigate resources and develop new resources. A dedicated phone line is available at **860-500-2333** to provide assistance to Connecticut's small businesses for this purpose.