

FINANCING – SMALL BUSINESS



Program Name

Community Economic Development Fund (CEDF)

Loans and Technical Assistance - CEDF

Microloan Guarantee Program (CEDF/DECD)

Connecticut Community Investment Corporation (CTCIC)

Child Care Facilities Microloan Program - CTCIC

CTCIC Defense Diversification and Adjustment Revolving Loan Fund (DDARLF)

SBA 504 Fixed Asset Loan Program - CTCIC

SBA Microloan Program - CTCIC

Technology Investment Fund, Incorporated (TIF) - CTCIC

Connecticut Development Authority (CDA)

Connecticut Development Authority Financing Programs - General Information

URBANK Small Business Loan Program - CDA

U.S. Small Business Administration (SBA)

Certificate of Competency Program - SBA

SBA Loan Guaranty Program, (7a)

SBA Microloan



Loans and Technical Assistance - CEDF

Agency:Community Economic Development Fund (CEDF)

Program Description:

Loans and technical assistance to small businesses and nonprofits in the state; loans from \$5,000 to \$250,000. Project must benefit the community, such as increasing the economic base, creating jobs, providing a needed service or by being part of a community strategic plan.

Applicants are required to have a business plan. Technical assistance to fine tune a business plan is available.

A special, "Grow Your Business" loan program is available for businesses in existence for three or more years that show positive growth and profitability trends and that are able to pledge adequate collateral. Business plan applicants are encouraged to call to determine eligibility before submitting a formal application.

CEDF now offers a "Commercial Mortgage" Loan Program for existing businesses of up to \$500,000 to help business owners become property owners as well.

Program Region:Statewide

Program Contact(s):

Jim Wood, Vice President, Senior Loan Officer
430 New Park Avenue
2nd Floor
West Hartford, CT 06110-1142
Phone: (800) 656-4613
Phone: (860) 249-3800 X 309
Fax: (860) 249-2500
www.cedf.com

Agency Profile

Agency:Community Economic Development Fund (CEDF)

Mission:To revitalize Connecticut's distressed neighborhoods by providing greater access to capital and technical assistance to small businesses, and to provide support for community economic development.

Contact Information:

430 New Park Avenue
2nd Floor
West Hartford, CT 06110-1142
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Microloan Guarantee Program (CEDF/DECD)

Agency:Community Economic Development Fund (CEDF)

Program Description:

The purpose of the loan program is to foster business development and employment growth for woman and minority owned businesses that cannot access financing through conventional means. The program offers a 30% guarantee of principal on loans \$50,000 and under. The availability of the guarantee facilitates the potential for receiving a loan. The Department of Economic & Community Development partnering with CEDF will provide the loan guarantees on the direct loans offered through CEDF. Loan funds can be used for general business purposes including working capital, machinery, equipment and startup financing.

Eligible businesses must be woman or minority owned where 51% percent is owned by a woman or a minority who is actively engaged in the daily affairs of the business and has the power to direct the management and policies of the business. Applicants are required to have a business plan. Technical assistance to fine tune a business plan is available.

Funding for this program is limited.

Program Region:Statewide

Program Contact(s):

Nadine Cabrera, Microloan Specialist

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Child Care Facilities Microloan Program - CTCIC

Agency: Connecticut Community Investment Corporation (CTCIC)

Program Description:

The Child Care Facilities Microloan Fund helps increase the availability of child care for working families. CTCIC is Connecticut's statewide intermediary lender for this program in partnership with Connecticut's Health and Educational Facilities Authority and the U.S. Small Business Administration. Up to a \$25,000 fixed rate microloan can be combined with other financing sources up to \$75,000.

Eligible uses include:

- Equipment & furniture
- Insurance premiums & marketing programs
- Professional fees
- Permitting, licensing & zoning approval costs

Features:

- Available to Startups
- 9% fixed interest rate
- For profit & nonprofits
- Business consulting services

Benefits:

- CTCIC will consider startup businesses
- All business types are eligible
- Free access to expertise for all phases of your business

Requirements:

- Business must demonstrate an ability to repay the debt
- Refinance of existing debt is not permissible
- Minimum collateral is a lien on all business assets

Program Region: Statewide

Program Contact(s):

John Torello
2315 Whitney Avenue
Suite 2B
Hamden, CT 06518
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jtorello@ctcic.org

Dennis Brown
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dbrown@ctcic.org
www.ctcic.org/Available_loans.htm

Agency Profile

Agency: Connecticut Community Investment Corporation (CTCIC)

Mission: To provide loans to qualified local small businesses.

Contact Information:
2315 Whitney Avenue
Suite 2B
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Phone: (203) 776-6172
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www.ctcic.org



CTCIC Defense Diversification and Adjustment Revolving Loan Fund (DDARLF)

Agency:Connecticut Community Investment Corporation (CTCIC)

Program Description:

Minimum DDARLF loan amount is \$25,000 typically up to \$100,000. CTCIC can either lend directly or leverage DDARLF loan with equity or financing from other private or public sources. Loan proceeds may be used to buy machinery and equipment, remodeling of new/existing business location and for working capital. Loan proceeds may not be used to refinance existing debt or to pay taxes.

Applications will be accepted from any business negatively impacted by defense-related adjustments and located within the territories listed below. Number and quality of jobs created or retained will be considered in evaluating loan applications. Other businesses located within the targeted communities that are expanding and creating significant employment within the territory may also qualify. Owners must be willing to personally guarantee the loan.

CTCIC staff review business plans, assist with operating issues and provide networking opportunities for borrowers and potential borrowers.

Program Region:Bethany, Branford, East Haven, Guilford, Hamden, Madison, New Haven, North Branford, North Haven, Orange, West Haven, Woodbridge.

Program Contact(s):

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www.ctcic.org/Available_loans.htm



SBA 504 Fixed Asset Loan Program - CTCIC

Agency: Connecticut Community Investment Corporation (CTCIC)

Program Description:

Up to 90% fixed rate financing to purchase owner occupied real estate (with or without construction of improvements), and/or machinery and equipment.

- Program requires bank participation of 50% of the total project to be financed (bank portion secured, at minimum, by first position on asset financed)
- SBA 504 loan represents up to 40% second mortgage of the eligible project cost to be financed.
- Favorable terms include low down payment, (to save cash for your business) 20 year repayment of the SBA 504 second mortgage portion, and a fixed rate of interest on up to 40% of the total loan.
- Maximum SBA second mortgage is \$1,000,000 and up to \$1,300,000 under certain circumstances. The total amount of the project is unlimited.
- Must provide minimum 10% of the total eligible project as equity.

The SBA 504 Program targets business expansion and job creation. Business plans must be sound and include satisfactory financial statements and projections. Business owners must be willing to guarantee the loan.

CTCIC staff review business plans, assist with operating issues and provide networking opportunities for borrowers and potential borrowers.

For more details about the program contact Gary Toole or Tom Lenahan at CTCIC.

Program Region: Statewide

Program Contact(s):

Gary Toole

2315 Whitney Avenue

Suite 2B

Hamden, CT 06518

Phone: (203) 776-6172 Ext. 124

Fax: (203) 776-6837

gtoole@ctcic.org

www.ctcic.org/Available_loans.htm



SBA Microloan Program - CTCIC

Agency: Connecticut Community Investment Corporation (CTCIC)

Program Description:

The SBA Microloan Program provides fixed rate loans up to \$35,000 to for-profit businesses. These loans are for startups or existing businesses and can be combined with other financing sources up to \$105,000.

Eligible uses include:

- Equipment
- Inventory
- Leasehold improvements
- Marketing programs
- Other specific business costs

Benefits:

- Can be startup or existing business
- Technical assistance on all phases of business is available
- Fixed rate interest

Requirements:

- Business must demonstrate ability to repay debt
- The minimum collateral is lien on business assets
- Personal guarantee from all owners of 20% or more of the business
- Cannot be used to refinance debt

Program Region: Statewide

Program Contact(s):

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Technology Investment Fund, Incorporated (TIF) - CTCIC

Agency:Connecticut Community Investment Corporation (CTCIC)

Program Description:

Near equity financing, typical TIF loans, are made in increments of \$50,000 to \$200,000. TIF looks for a return commensurate with risk assumed and anticipates a maximum five year term on its loans. Loan proceeds may be used for research and development, marketing, purchase of machinery and equipment and/or retrofit of new/existing business location, working capital, and contract financing. Loan proceeds may not be used to refinance existing debt or pay taxes. Available to businesses located within or willing to locate to the City of New Haven.

The number and quality of jobs to be created or retained will be considered in evaluating TIF applications. Must clearly demonstrate business' ability to strengthen city's economic base and to create new jobs for city residents. There are on-going financial reporting requirements.

CTCIC staff review business plans, assist with operating issues and provide networking opportunities for borrowers and potential borrowers.

Program Region:New Haven

Program Contact(s):

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Phone: (203) 776-6172 Ext. 125
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www.ctcic.org/Available_loans.htm



Connecticut Development Authority Financing Programs - General Information

Agency: Connecticut Development Authority (CDA)

Program Description:

Direct, Guaranteed and Participating Loans: for businesses unable to meet conventional commercial credit underwriting standards.

- **URBANK guaranteed small business loans** up to \$500,000 for any small business enterprise that is unable to obtain conventional financing anywhere in Connecticut. Contact your banker or CDA. Please see: www.ctcda.com/partners/default.asp for participating lenders and URBANK Small Business Loan Program.
- **Other guaranteed or participating loans** up to \$5 million for businesses meeting CDA eligibility guidelines. Contact your commercial lender or call CDA. See list of Lending Partners. Businesses may be located anywhere in Connecticut.
- **Entrepreneurial guaranteed loans** up to \$500,000 for startup or early stage companies. The entrepreneur must be enrolled in or a successful graduate of, and recommended by the Entrepreneurial Center at the University of Hartford (860-768-5681, 203-382-5582, www.entrepreneurialctr.org). The business may be located anywhere in Connecticut. Contact the entrepreneurial center. See URBANK Entrepreneurial Loan Program.
- **Direct loans** to businesses when companies significantly expand or relocate to Connecticut or when private lenders are unable to address the total financing needs of the business. Direct loans are available statewide:
 - **Stand-alone senior, subordinated or mezzanine loans** up to \$5 million for businesses that have the potential to contribute significantly to the state's economic base. Please see [Direct Loans](#).
 - **Inducement loans** up to \$5 million for companies relocating to or significantly expanding in Connecticut. Please see [Inducement Loans](#).
 - **Brownfields loans** for the redevelopment of industrial sites with environmental contamination. Includes access to commercial, or low-interest loans through CBRA. Statewide eligibility. Please see [CBRA](#) for additional information.
 - **Technology intensive project loans.** Statewide eligibility for loans and all other CDA financing programs. Tax incremental financing (TIF) - based incentives for technology - intensive projects located in designated towns. Incentives are repaid from a portion of future incremental property taxes paid to the municipality by the project. See [Technology - Intensive Companies and Projects](#).
- **Low-cost capital to acquire fixed assets** through tax exempt Industrial Revenue Bond financing for eligible manufacturers or the SBA 504 program for most other for-profit companies.
 - **SBA 504 Certified Development Corporation Loans** offer longer-term, lower cost fixed rate financing than customarily available in the private markets for the acquisition of equipment and buildings. Please See [SBA 504](#).
- **Tax incremental financing (TIF) based incentives** for brownfields projects based upon future incremental tax revenues generated by the project. Please see [TIF based incentives](#).
- **The CDA's Investment Guidelines:**
 - Reasonable expectation of repayment must be documented.
 - The owners and/or principal shareholders of nonpublic corporations must provide personal guarantees.

- Non-owner occupied commercial or industrial real estate* and residential real estate are generally ineligible.
- Not-for-profit businesses are eligible under the URBANK and may be eligible under other programs.
- Retail or personal service businesses may be eligible under URBANK.
- Borrowers are expected to remain in Connecticut for at least ten years.
- Refer to specific program profiles for additional information and eligibility requirements.

* Non-owner occupied brownfields and information technology and e-commerce projects may be eligible under certain circumstances.

Program Region:Statewide

Program Contact(s):

Lori A. Granato
999 West Street
Rocky Hill, CT 06067
Phone: (860) 258-7872
Fax: (860) 257-7582
www.ctcda.com

Agency Profile

Agency:Connecticut Development Authority (CDA)

Mission:To provide debt financing and investment capital to help businesses grow in Connecticut.

The CDA's programs:

- Increase business investment
- Increase employment
- Rejuvenate environmentally contaminated commercial and industrial properties
- Encourage the expansion of technology intensive industries
- Increase state and local tax revenues
- Create economically vibrant urban communities
- Enhance the state's industrial and economic base

Contact Information:

999 West Street
Rocky Hill, CT 06067
Phone: (860) 258-7800
Fax: (860) 257-7582
www.ctcda.com



URBANK Small Business Loan Program - CDA

Agency: Connecticut Development Authority (CDA)

Program Description:

Small business loans up to \$500,000 provided by partner banks and guaranteed by CDA.

- URBANK enables banks to provide financing to companies that are unable to meet standard loan underwriting criteria by providing the bank with loan reserves and first-loss loan guarantees totaling up to 39.5 percent.
- URBANK enhanced loans are available for all business purposes including working capital, lines of credit, acquisition of machinery and equipment, and real estate.
- Loan maturities up to 15 years.
- Interest rate set by bank.
- Bank and borrower control the approval process. In most cases no advance URBANK approval is required.

See the list of Lending Partners at www.ctcda.com/partners/default.asp

Eligibility:

- Start-up, early-stage, small and mid-sized businesses
- Any business purpose
- Refinancing of existing debt with same bank is ineligible.
- Borrower must demonstrate ability to repay the loan either through historical financial statements or reasonable & prudent financial projections

Fees:

The borrower and lender each contribute a one-time insurance premium of 1%- 2% respectively into a reserve account. The bank may pass on their cost to the borrower. The borrower pays a program fee of .05% to CDA at closing.

Program Region: Statewide

Program Contact(s):

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john.lobon@ctcda.com
www.ctcda.com



Certificate of Competency Program - SBA

Agency:U.S. Small Business Administration (SBA)

Program Description:

The Certificate of Competency Program allows a small business to appeal a contracting officer's determination that it is unable to fulfill the requirements of a specific government contract on which it is the apparent successful offeror. The SBA will conduct a detailed review of the firm's technical and financial capabilities to perform on the contract. If the business demonstrates the ability to perform, the SBA issues a Certificate of Competency to the Contracting Officer, requiring award of the contract to the small business.

Visit the SBA's Office of Government Contracting home page at:
www.sba.gov/aboutsba/sbaprograms/gc/index.html for a listing of PCR's, and buying installations nationwide.

Connecticut residents should contact the offices listed below.

Program Region:Statewide

Program Contact(s):

Robert F. Coen
U.S. Small Business Administration
10 Causeway Street, Room 416
Boston, MA 02222-1093
Phone: (617) 565-5587
Fax: (202) 481-5256
Robert.coen@sba.gov

Sean F. Crean
Office of Government Contracting
68 Seawall Street
Augusta, ME 04032
Phone: (207) 622- 8379
Sean.crean@sba.gov

Agency Profile

Agency:U.S. Small Business Administration (SBA)

Mission:Maintain and strengthen the nation's economy by aiding, counseling, assisting and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

Contact Information:

409 Third Street, Southwest
Suite 8800

Washington, DC 20416
Phone: (800) 827-5722
www.sba.gov/aboutsba/index.html

District Office:
Greta Johansson or Stephanie Scott
330 Main Street
Hartford, CT 06106
Phone: (860) 240-4672 Greta
Phone: (860) 240-4637 Stephanie
Fax: (860) 240-4659
www.sba.gov/localresources/district/ct/index.html

Regional Office:
10 Causeway Street, Room 265
Boston, MA 02222-1093
Phone: (617) 565-5590
Fax: (617) 565-5598
www.sba.gov



SBA Loan Guaranty Program, (7a)

Agency:U.S. Small Business Administration (SBA)

Program Description:

7(a) loans are the most basic and most used type of SBA's business loan programs. Its name comes from section 7(a) of the Small Business Act, which authorizes the Agency to provide business loans to American small businesses.

All 7(a) loans are provided by lenders who choose to participate, most American banks do. There are also some non-bank lenders who participate with SBA in the 7(a) program, which expands the availability of lenders making loans under SBA guidelines.

7(a) loans are only available on a guaranty basis. This means they are provided by lenders who choose to structure their own loans by SBA's requirements and who apply guaranty 7(a) loans. The lender and SBA share the risk if a borrower cannot repay the loan in full. The guaranty is a guaranty against payment default and it does not cover imprudent decisions by the lender or misrepresentation by the borrower.

Under the guaranty concept, commercial lenders make and administer the loans. **The business applies to a lender for their financing.** The lender decides if they will make the loan internally or if the application has some weaknesses which, in their opinion, will require an SBA guaranty if the loan is to be made. The guaranty, which SBA provides, is only available to the lender. It assures the lender in the event the borrower does not repay their obligation and a payment default occurs, the government will reimburse the lender for its loss, up to the percentage of SBA's guaranty. Under this program, the borrower remains obligated for the full amount due.

All 7(a) loans that SBA guaranty must meet 7(a) criteria. The business gets a loan from its lender with a 7(a) structure and the lender gets an SBA guaranty on a portion or percentage of this loan. Hence the primary business loan assistance program available to small business from the SBA is called the 7(a) guaranty loan program.

A key concept of the 7(a) guaranty loan program is that the loan actually comes from a commercial lender, not the overnment. If the lender is not willing to provide the loan, even if they may be able to get an SBA guaranty, the agency cannot force the lender to change their mind. And the SBA cannot make the loan itself because the agency does not have any money to lend. Therefore it is paramount that all applicants positively approach the lender for a loan, and that they know the lenders criteria and requirements as well as those of the SBA. In order to obtain positive consideration for an SBA supported loan, the applicant must be both eligible and creditworthy.

WHAT SBA SEEKS IN A LOAN APPLICATION

In order to get a 7(a) loan, the applicant must first be eligible. Repayment ability from the cash flow of the business is a primary consideration in the SBA loan decision process but good character, management capability, collateral, and owner's equity contribution are also important considerations. All owners of 20 percent or more are required to personally guarantee SBA loans.

ELIGIBILITY CRITERIA

All applicants must be eligible to be considered for a 7(a) loan. The eligibility requirements are designed to be as broad as possible so that this lending program can accommodate the most diverse variety of small business financing needs. All businesses that are considered for financing under SBA's 7(a) loan program must: meet SBA size standards, be for-profit, not already have the internal resources (business or personal) to provide the financing, and be able to demonstrate repayment.

Eligibility factors for all 7(a) loans also include: size, type of business, use of proceeds, and the availability of funds from other sources.

Effective as of December 2004, a maximum loan amount of \$2 million has been established for 7(a) loans. For those applicants that meet the SBA's credit and eligibility standards, the agency can guaranty up to 85 percent of loans of \$150,000 and less, and up to 75 percent of loans above \$150,000. This standard applies to most variations of the 7(a) Loan Program, however, SBA Express loans carry a maximum guaranty of 50 percent. The Export Working Capital Loan Program carries a maximum of 90 percent guaranty, up to a guaranteed amount of \$1million.

Program Region:Statewide

Program Contact(s):

William Tierney

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Hartford, CT 06106

Phone: (860) 240-4894

Fax: (860) 240-4659

william.tierney@sba.gov

www.sba.gov/services/financialassistance/7alenderprograms/index.html



SBA Microloan

Agency:U.S. Small Business Administration (SBA)

Program Description:

The SBA MicroLoan program provides very small loans to startup, newly established, or growing small business concerns. Under this program, SBA makes funds available to nonprofit community-based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts ranging from \$500 to \$35,000. Applications are submitted to the local intermediary and all credit decisions are made on the local level.

Terms, Interest Rates and Fees

The maximum term allowed for a microloan is six years. However, loan terms vary according to the size of the loan, the planned use of funds, the requirements of the intermediary lender, and the needs of the small business borrower. Interest rates vary, depending upon the intermediary lender and costs to the intermediary from the U.S. Treasury.

Collateral

Each intermediary lender has its own lending and credit requirements. However, business owners contemplating application for a microloan should be aware that intermediaries will generally require some type of collateral, and the personal guarantee of the business owner.

Technical Assistance

Each intermediary is required to provide business based training and technical assistance to its microborrowers. Individuals and small businesses applying for microloan financing may be required to fulfill training and/or planning requirements before a loan application is considered.

Items to be submitted in loan package:

- Complete business plan, including purpose of loan and description of business
- Three-year financials and three-year business tax returns (for existing businesses)
- Two-year forecast
- Personal financial statement and three-year personal tax returns
- For loans from \$5,000 to \$35,000, SBA will require a copy of a letter from a bank advising that they have rejected the business's request for a loan.

Program Region:Statewide

Program Contact(s):

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www.sba.gov/services/financialassistance/sbaloantopics/microloans/index.html

Community Economic Development Fund

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