

Small Business Programs

Cumberland County

INCENTIVES • 2022

THE AUTHORITY + NJEDA

Date: April 19, 2022
Time: 9:00 am EST

Location: Zoom Link on
The Authority calendar page

Meet Naimah “Nai” Marshall

Nai is the Senior Small Business Liaison for the New Jersey Economic Development Authority. With over 18 years of experience in the finance sector, she is our South Jersey expert who can help your small business today.



Small Business Improvement Grant

The Small Business Improvement Grant provides reimbursement for costs associated with making building improvements or purchasing new furniture, fixtures and equipment. A total of \$15 million of Main Street Recovery Finance Program funding will be utilized to capitalize the Small Business Improvement Grant. Of this \$15 million, 40 percent (\$6 million) will be reserved for businesses and nonprofits located in Opportunity Zone eligible census tracts.

Small Business Lease Grant

The Small Business Lease Grant supports the growth and success of small businesses and nonprofits by providing grant funding to cover a portion of lease payments. These resources will help the establishment and growth of small businesses, while also helping to fill space that is currently vacant and preventing future vacancies. The Grant is being funded through the Main Street Recovery Finance Program (NJ Economic Recovery Act). Of this \$10 million allocated for the program, 40 percent (\$4 million) will be reserved for businesses located in Opportunity Zone eligible census tracts.

Main Street Micro Business Loan Program

Main Street Micro Business Loan will provide low-cost financing of up to \$50,000 to eligible micro businesses in New Jersey with ten or fewer full-time employees and no greater than \$1.5 million in annual revenues. The Program is the successor to the Micro Business Loan Program established by the NJEDA in 2019.

FINANCING & INCENTIVE PROGRAMS

Small Business Improvement Grant

- Reimbursement of up to 50% of total project costs incurred: up to \$50,000.
- Minimum project cost of \$5,000
- Projects completed within 2-years of application submission.

Small Business Lease Grant

- Open to commercial business, nonprofit, or operator of an incubator.
- (2) grant awards of 20% of the annual lease payments on a minimum 5-year lease term.
- Leased space must be 250 sf. Minimum: 10,000 sf max.

Main Street Micro Business Loan Program

- Coming soon!
- Terms include but not limited to:
- 10-year term + 2% interest rate
 - NO payments or interest accrued during 1st year
 - Borrows may be eligible for the balance of the loan to be forgiven at the end of the 5th year.

Programs can be found on the NJEDA website or by clicking [here](#).

Small Business Improvement Grant

A \$15 million program that provides grants up to \$50,000 to reimburse businesses for a portion of costs associated with improvements and/or the purchase or installation of furniture, fixtures, and equipment.



Program Details

The Small Business Improvement Grant provides reimbursement for costs associated with making building improvements or purchasing new furniture, fixtures, and equipment. A total of \$15 million of Main Street Recovery Finance Program funding will be utilized to capitalize the Small Business Improvement Grant.

Of this \$15 million, 40 percent (\$6 million) will be reserved for businesses and nonprofits located in Opportunity Zone eligible census tracts.

Applications will be accepted on a rolling basis until funding is exhausted.

Award Size

Reimbursement of up to 50% of total project costs incurred up to \$50,000. Only one award is allowed per Employer Identification Number(EIN) for the life of the program.

Eligibility

Businesses and nonprofits may be reimbursed for capital improvements, or purchase and/or installation of new furniture, fixtures, and equipment. Landlords are not eligible.

Applicants are limited to one application per federal EIN. Applicants operating from multiple locations under a single EIN would be limited to one application under the sole EIN, but may pool project costs from multiple locations into a single application.

Applicants must:

- Rent or own and operate from facility.
- Meet SBA definition of a Small Business – determined by employee count and NAICS code.
- Provide a current tax clearance certificate prior to approval.
- Be in good standing with New Jersey Department of Labor and Department of Environmental Protection.
- Certify at time of application that they are not in default of any other EDA or State assistance.
- Certify at application that they are willing to pay wages that are the greater of \$15/hour or 120% of the minimum wage rate. Tipped employees are required to be paid 120% of minimum wage rate.
- Remain in the location for at least two years for grants up to \$25,000, or at least four years for all other grant award amounts.

Improvement projects must meet the following eligibility requirements:

- Interior or exterior building improvements, or purchase and/or installation of furniture, fixtures, and equipment (FFE).
- Total project cost must be at least \$5,000.
- Work must be complete on or after March 9, 2020, and within the 2 years prior to application date.
- Projects with total costs over \$50,000 are subject to Green Building Standards for lighting and/or mechanical work.
- Projects utilizing contractors with 4 or more employees (total workforce, not specific to project) may be subject to Affirmative Action requirements.

Home-based businesses are not eligible for reimbursement for renovation or improvement projects. Applicants are responsible for all applicable local approvals (i.e. zoning and building permits). If applicant leases space, then landlord's permission to make improvements is required.

Fees

Approval Fee: \$100

Payable after EDA approval and prior to execution of the grant agreement

Additional Requirements

The full statutory text of the program can be found in sections 82-88 of the Economic Recovery Act of 2020.

A Division of Taxation Tax Clearance Certificate is required. Certificates may be requested through the State of New Jersey's Premier Business Services (PBS) portal online. Under the Tax & Revenue Center, select Tax Services, then select Business Incentive Tax Clearance. If the applicant's account is in compliance with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through PBS.

Applicant must remain in the location for at least two years for grants up to \$25,000, or at least four years for all other grant award amounts.

For more information or to ask a specific question please send an email to smallbusinessservices@njeda.com and a team member will reach out to you.

<https://www.njeda.com/small-business-improvement-grant/>



Small Business Lease Grant

A \$10 million program that provides grants to businesses entering new or amended leases with at least five-year terms that include at least 250 square feet of street-level space.



Program Details

The Small Business Lease Grant supports the growth and success of small businesses and nonprofits by providing grant funding to cover a portion of lease payments. This resource will help establish and grow of small businesses, while also helping to fill space that is currently vacant and prevent future vacancies. A total of \$10 million of Main Street Recovery Finance Program funding will be utilized to capitalize the Small Business Lease Grant.

Of this \$10 million allocated for the program, 40 percent (\$4 million) will be reserved for businesses located in Opportunity Zone eligible census tracts.

Applications will be accepted on a rolling basis until funding is exhausted.

Award Size

Two grant awards of 20 percent of the annual lease payment on a minimum 5-year lease term:

- First disbursement will be made after execution of grant agreement, for an amount equal to 20 percent of the annual lease payment.
- Second disbursement will be made after 12 months of lease payments have been paid by the applicant, for an amount equal to 20 percent of the annual lease payment.

Eligible Applicants

This program is open to businesses and nonprofits.

Applicants with multiple locations are limited to one application per location. Applicants cannot terminate an existing lease and enter into a new lease for the same square footage in order to pursue this grant.

Applicants must:

- Be a commercial business, nonprofit, or operator of an incubator.
- Meet SBA definition of a Small Business – determined by employee count and NAICS code.
- Provide a current tax clearance certificate prior to approval.
- Provide certification from the landlord showing they are current on lease payments.
- Be in good standing with New Jersey Department of Labor and Department of Environmental Protection.
- Certify at time of application that they are not in default of any other NJEDA or State assistance.
- Certify at application that they will pay wages that are the greater of \$15/hour or 120% of the minimum wage rate for the term of the grant agreement (five years). Tipped employees are required to be paid 120% of minimum wage rate.
- Commit to remaining in the facility for at least five years.

Eligible Leases

- 250 – 10,000 s.f. of office, commercial or retail space. A lease of more than 10,000 s.f. is eligible, but the program will only provide grant funding to support 10,000 s.f.
- Must be a new lease, lease amendment, or lease extension. New or amended leases must be for space at least 250 s.f. larger than prior space.
- Must include first-floor (street-level) space. Leases that include two floors are eligible, but must include first-floor space.
- Must be a minimum 5-year term.
- Leases must be executed within 12 months of application.
- Lease must be market-rate based on comparable commercial real estate

Fees

Approval Fee: \$100

Payable after EDA approval and prior to execution of the grant agreement

Additional Requirements

The full statutory text of the program can be found in sections 82-88 of the Economic Recovery Act of 2020.

A Division of Taxation Tax Clearance Certificate is required. Certificates may be requested through the [State of New Jersey's Premier Business Services \(PBS\) portal online](#). Under the Tax & Revenue Center, select Tax Services, then select Business Incentive Tax Clearance. If the applicant's account is in compliance with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through PBS.

Exclusions

- Businesses currently operating under an existing Small Business Lease Assistance Program grant agreement are not eligible to apply, but may opt out of their existing grant agreement to pursue this grant.
- Grantees that default on lease payments or leave the space during their grant term are no longer eligible for the incentive and must repay any funding they received from the NJEDA.
- High Tech and Business Incubator members in Not-for-Profit facilities would not be eligible for independent lease incentives.
- Landlord cannot have an ownership interest in the applicant.

For more information or to ask a specific question please send an email to smallbusinessservices@njeda.com and a team member will reach out to you.

<https://www.njeda.com/small-business-lease-grant-program/>



Main Street Micro Business Loan – Proposed Product Specifications

<p>Funding Source</p>	<p>Up to \$20,000,000 – Main Street Recovery Fund under Economic Recovery Act</p> <p>40% or \$8 million of total funding amount will be reserved for businesses located in an eligible NJ Opportunity Zone census tract.</p>
<p>Program Purpose</p>	<p>To provide low-cost financing to micro businesses in New Jersey.</p>
<p>Eligible Applicants</p>	<p>The following entities are eligible for financing under the Main Street Micro Business Loan:</p> <ul style="list-style-type: none"> • For-profit business, non-profit, and home-based businesses with a business location in New Jersey and that have been in operation for at least six months prior to the date that the application is made available to the public • No real estate or holding companies are eligible for this product. <p>All entities must meet the following requirements to be eligible under the Micro Business Loan:</p> <ul style="list-style-type: none"> • Must have annual gross revenues of \$1,500,000 or less according to the most recent federal tax return that the applicant was required to file. • At time of application and three months prior to application entity cannot have more than 10 full-time employees in total. All employees must work in New Jersey as evidenced by WR-30 filings. There is no minimum employee number and sole proprietors are eligible. • One loan per business entity (verified by the business’s employer identification number, or EIN) • Applicants and recipients of the original Micro Business Loan are eligible for this loan if they meet all eligibility requirements.

Main Street Micro Business Loan – Proposed Product Specifications

<p>Eligible Applicants (continued)</p>	<ul style="list-style-type: none"> • A business entity with multiple locations (that is, all locations operate under only one EIN) will be limited to one application under this new product (under the sole business entity). • Entity must provide a current Tax Clearance Certification prior to receiving EDA approval. • Applicant must be in substantial good standing with the Department of Labor and Department of Environmental Protection, with all decisions of substantial good standing at the discretion of the Commissioner of the Department of Labor. • Applicant must submit a completed legal debarment questionnaire and not be subject to disqualification based on that questionnaire. <p>Businesses that are engaged in the following are not eligible for funding: the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of-business” or similar sale; sales by transient merchants, Christmas tree sales or other outdoor storage; or any activity constituting a nuisance.</p>
<p>Eligible Uses</p>	<ul style="list-style-type: none"> • Future operating expenses, which may be held as working capital to fund such future operating expenses • Future inventory expenses • Future purchases of equipment as long as installation and construction costs do not exceed \$1,999.99 • Home-based businesses cannot use loan, proceeds for any residential costs (i.e. home mortgage/lease payments) <p>The following uses are not eligible uses:</p> <ul style="list-style-type: none"> • Refinancing of existing debt

Main Street Micro Business Loan – Proposed Product Specifications

<p>Eligible Uses (continued)</p>	<ul style="list-style-type: none"> • Personal, non-business obligations or costs incurred by related entities • Construction • Equipment requiring installation or construction costs in excess of \$1,999 • Rolling stock – no cars, trucks, or vans can be purchased
<p>Application Process and Board Approval/ Delegated Authority</p>	<ul style="list-style-type: none"> • Applications will be reviewed on a rolling basis (first-come, first- served as applications are completed) until all funds are committed or program expires (3 years). • Delegation to Authority staff (Chief Community Development Officer, Managing Director - Underwriting and Community Development, Director of Small Business Services, Senior Vice President of Finance and Development, or Vice President of Business Operations) to approve individual applications to the Main Street Micro Business Loan in accordance with the terms set forth in the attached program specifications. • The delegated authority requested for approval also includes the delegated authority to decline for any decisions based solely on non-discretionary reasons. For final administrative decisions based solely on non-discretionary reasons, delegated authority is requested for approval by a Chief Legal & Strategic Affairs Officer, any Vice President, or the Director Legal Affairs. • Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 10 business days). The Director of Legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend a final administrative decision. For final appeal decisions on non-discretionary reasons, delegated authority is issued to the following staff: Chief Legal & Strategic Affairs Officer, any Vice President, and Director of Legal Affairs.

Main Street Micro Business Loan – Proposed Product Specifications

<p>Underwriting/ Approval Criteria</p>	<ul style="list-style-type: none"> • For for-profit businesses, the financial information that is provided will only be utilized to verify annual revenue to determine an applicant’s eligibility criteria and ownership – it will not be used to determine the applicant’s ability to repay this loan. However, all owners will need to provide a guarantee. • If otherwise eligible, staff will have a specialty hard credit report pulled specific for small businesses from CoreLogic Credco. At least one of the guarantors (owners) must have a credit score of 600 and above in at least one of the three data sources provided in the credit report: Equifax (Beacon 5.0), Experian (FICO II), and TransUnion (FICO Classic 04). • Non-profits will be required to meet a minimum Debt Service Coverage Ratio (DSCR) of 1.00x based on most recent tax return or financial statements.
<p>Loan Amounts</p>	<p>Up to \$50,000</p>
<p>Rates & Terms</p>	<ul style="list-style-type: none"> • Standard 10-year term • The interest rate will be 2 percent for this program, set at approval. • No payments or interest will accrue during the first year after closing. Payments of principal and interest will begin at the beginning of year 2. • No payment term amendments are allowed prior to end of 5th year – all other modifications unrelated to the payment terms may be permitted throughout the term of the loan. If after the 5th year any payment terms are modified, the business will no longer be eligible for forgiveness. • At the end of year 5 the applicant may be eligible for the balance to be forgiven if the applicant (1) has made their loan payments as identified in their loan agreement with no

Main Street Micro Business Loan – Proposed Product Specifications

<p>Rates & Terms (continued)</p>	<p>delinquency of more than 90 days, (2) has no current default, and (3) is still be open and operating. The applicant will be required to submit a certification form to EDA certifying that they are open and operating, that they have used the loan for approved purposes only, and that they are not in default. This form will be included in the loan agreement and must be returned by the applicant 60 days prior to the end of the 5th year so a decision can be made by EDA. If the applicant does not submit the form by that date, they may still qualify for loan forgiveness, however loan payments will continue to be required until their certification form is supplied to and verified by EDA, which will reduce the balance EDA will forgive. Staff will verify the business is open and operating, which may be through an Internet search. If verified, EDA will forgive the remaining balance at the end of year 5 or later if the certification form is not received by the due date as described above. If an applicant is not eligible for forgiveness or does not request forgiveness and submit the required documentation, they are required to continue making their payments as defined in their loan agreement.</p>
<p>Lien/Collateral/Security</p>	<ul style="list-style-type: none"> • No collateral is required • Guarantee is required of all owners except for non-profits • Risk Rating: expected to be substandard. If the risk rating is found to support an override to a lower risk rating, then staff will do so to reflect the appropriate rating.
<p>Fees</p>	<p>Staff is requesting a partial waiver of EDA’s standard application and closing fees because of the drastic negative impact of the pandemic on most micro businesses:</p> <ul style="list-style-type: none"> • Application fee of \$100 (non-refundable) at time of application

Main Street Micro Business Loan – Proposed Product Specifications

Fees (continued)	<ul style="list-style-type: none">• Closing fee: \$400 <p>EDA will use up to 3% of the \$20 million funding for administration to process applications and to cover other operating fees since fees to applicants are reduced.</p> <p>EDA will use an additional amount up to \$250,000 to hire temporary employees for processing if deemed necessary.</p>
Disbursement	Approved loan amount to be fully disbursed upon closing.

DIRECT LOAN

Direct Loans are one solution in the NJEDA's portfolio of programs designed to increase access to capital and support the growth of small businesses in New Jersey

LEARN MORE
at

<https://www.njeda.com/directloans/>

Program Details:

New Jersey businesses in need of financing and committed to job creation/retention may be eligible for direct loans through EDA when financing is not available under other EDA financing programs.

Up to **\$2 million** for fixed assets*, or up to **\$750,000** for working capital to be used for fixed assets or working capital.

Direct Loans offer companies lower interest rates, longer terms, and a fixed rate.

Eligibility

To be eligible for the program, the borrower must create or maintain one job for every \$65,000 of EDA assistance.

Terms

- EDA direct loans provide the following terms: Up to 5 years for working capital, up to 10 years for new equipment and 5 years for used equipment, and 20 years for real estate transactions.
- The base rate is the 5-Year United States Treasury or 2%, whichever is higher. The base rate will be adjusted based upon the applicant's creditworthiness.
- * Pursuant to P.L.2017, c.261, direct loans of up to \$3 million may be available to qualified businesses in targeted urban centers, regional centers, and metropolitan planning areas.

Fees

- Application fee: \$1,000
- Commitment fee: 0.875% of loan amount
- Closing fee: 0.875% of loan amount

** All fees are non-refundable

continued

More Information

Division of Taxation Tax Clearance Certificate required. Certificates may be requested through the State of New Jersey's Premier Business Services (PBS) portal online.

- Under the Tax & Revenue Center, select Tax Services, then select Business Incentive Tax Clearance.
- If the applicant's account is in compliance with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through PBS.

It is the applicant/client's responsibility to maintain a current and clear tax clearance certificate. If a current and clear certificate is not evidenced to NJEDA at time of closing, NJEDA will not proceed with closing.

Prevailing Wage

Projects utilizing NJEDA financial assistance for construction related costs are subject to state prevailing wage requirements.

Effective April 1, 2020 all construction contracts in which prevailing wage applies must provide proof of valid NJ Department of Labor Construction Registration Certification. Please email PWCR@dol.nj.gov if you have any questions about this requirement. Please be advised that a valid Contractor Registration Certificate is required to perform construction on this NJEDA financially assisted project.

More information available on our website at

<https://www.njeda.com/directloans/>



@NewJerseyEDA

Small Business Fund

For more information visit www.njeda.com

*All fees are non-refundable.

This program is partially funded through the State Small Business Credit Initiative (SSBCI).

If You Are:

A creditworthy small, minority-owned or women-owned business in New Jersey in operation for at least one full year or not-for-profit corporation in operation for at least three full years.

You May Qualify For:

Small Businesses - Up to \$500,000 for credit scores greater than or equal to 680.

Not-for-Profits: Up to \$500,000 with 1.0X historical debt service coverage.

To Be Used For:

Fixed assets and working capital.

Program Details:

An expedited approval process provides financial assistance to qualified businesses through direct loans, participations, or guarantees with a fixed interest rate.

The base rate is the 5-Year United States Treasury or 1%, whichever is higher. The base rate will be adjusted using criteria based upon the applicant's creditworthiness.

Fees:

- Application fee: \$300
- Commitment fee: 0.5% of the loan amount
- Closing fee: 0.5% of the loan amount
- Guarantee fee: 0.5% of guarantee amount for the number of years of the guarantee, payable at closing

Division of Taxation Tax Clearance Certificate required. Certificates may be requested through the State of New Jersey's Premier Business Services (PBS) portal online

Under the Tax & Revenue Center, select Tax Services, then select Business Incentive Tax Clearance. If the applicant's account is in compliance with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through PBS.

Please note: It is the applicant/client's responsibility to maintain a current and clear tax clearance certificate. If a current and clear certificate is not evidenced to EDA at time of closing, EDA will not proceed with closing.