

### **APPLICATION PROCESS**

**When do applications open?** The expected release date for this program is late September of 2022. Funding is first come first served and approvals are based on a complete application with all support documentation.

**Where can I find the application?** The application will be available at [Main Street Micro Business Loan - NJEDA](#)

**What items do I need to apply?** Please view all required documents on the application checklist and gather your documents in advance to ensure you are prepared to upload this information when you apply: [Main Street Micro Business Loan Application Checklist](#)

**Who do I reach out to if I have questions before I apply?** Please feel free to email [smallbusinessservices@njeda.com](mailto:smallbusinessservices@njeda.com) or call customer care at (844) 965-1125.

**How many years of tax returns will I be expected to provide?** The last three years of business federal tax returns that the business entity was required to file, if applicable. If you have filed for a tax return extension, you must also provide proof of your approved IRS tax return extension.

**If I haven't filed my 2021 tax return, am I eligible?** Yes, but you must provide your approved IRS extension at time of application, and we will use your 2020 tax return to determine if your gross revenue meets the eligibility criteria.

**My business was newly established in 2021 but I haven't filed a tax return yet, am I eligible?** If your business was newly established in 2021, and you have not filed a federal business tax return, and 2021 is the only year to verify revenue, you must provide proof of your approved IRS federal business tax return extension. NJEDA will proceed with the review of your application only after you've provided your 2021 federal business tax return.

**My business was newly established in 2022 and I have not filed a tax return yet, am I eligible?** If your business was newly established in 2022, established at least six months prior to the date of application, and you have not filed a tax return yet, you will be asked to provide 2022 financial statements and P&L reports.

- At the turn of the new year, NJEDA may request for you to provide your 2022 tax return, and/or proof of your approved IRS federal business tax return extension.

**Why do I need to provide a tax clearance certificate?** A current tax clearance certificate must be provided prior to the loan approval to demonstrate that the applicant is in substantial good standing with the NJ Division of Taxation. The Business Incentive Tax Clearance can be printed directly through the [Premier Business Services portal](#)

**How do I print my tax clearance certificate?** Please follow these [Directions for securing your tax clearance certificate](#)

**Does my tax clearance certificate have to be printed in NJ Economic Development Authority's name?** Yes, please select the correct agency in the drop-down menu when you print your certificate. DO NOT select just the first option.

**What happens if I have a problem with obtaining my tax clearance?** Applicants cannot proceed to an approval until the tax clearance is provided to the reviewer of the file. For troubleshooting and questions regarding your tax clearance call 609-292-9292 or email [businessassistancetc.taxation@treas.nj.gov](mailto:businessassistancetc.taxation@treas.nj.gov)

**ELIGIBILITY**

**Is there a minimum credit score needed to apply?** Yes, at least one of the business owners will need a credit score of at least 600 at time of application to be eligible. However, non-profits will be required to meet a minimum Debt Service Coverage Ratio (DSCR) of 1.00x based on most recent tax return and/or financial statements.

**If my business has multiple owners, can I choose which owner's credit to pull?** No, at the time of application, the applicant will need to authorize a credit bureau check for anyone who has an ownership percentage in the business to include the applicant, principals, stockholders and/or investors.

**If I apply for multiple business entities that I own, will a credit bureau check be required for each application?** Yes, every application submission will require the applicant to authorize a credit bureau check for anyone who has an ownership percentage in the business to include the applicant, principals, stockholders and/or investors. **Only one application per EIN is allowed for this product**

**How long must I have been in business?** Your business must be in existence for at least 6 months prior to the date of application. The date on your formation document will be used to demonstrate when the business went into existence.

**What is the maximum number of employees I can have?** Only businesses with 10 or fewer full-time employees at the time of application and one quarter prior to the application are eligible.

- NJEDA will verify the number of employees reported on the application. If there is a discrepancy, then the file reviewer will follow up with the applicant. All employees must work in New Jersey.

**If I am a non-profit, can I apply?** Yes, eligible non-profit businesses with 10 or fewer full-time employees (at time of application and one quarter prior to application) and no greater than \$1.5 million in annual gross revenues can apply. Non-profit businesses must be in existence for at least 6 months prior to the date of application

- Non-profit applications will be reviewed through the Underwriting process and are required to meet a minimum Debt Service Coverage Ratio (DSCR) of 1.00x based on the most recent tax return and/or financial statements.
- Non-profit businesses must provide their non-profit determination letter from the IRS at time of the application.

**If I run my business from my home, am I eligible?** Yes, eligible home-based businesses with 10 or fewer full-time employees (at time of application and one quarter prior to application) and no greater than \$1.5 million in annual gross revenues can apply. Home-based businesses must be in existence at least 6 months prior to the date of application.

- Home-based businesses cannot use loan proceeds for any residential cost (i.e., home mortgage/lease payments)

**I am a sole proprietor am I eligible?** Yes, eligible sole proprietors with 10 or fewer full-time employees (at time of application and one quarter prior to application) and no greater than \$1.5 million in annual gross revenues can apply. Sole proprietors must be in existence for at least 6 months prior to the date of application. Sole proprietorships must be registered with the State of New Jersey.

**If my business was not formed in New Jersey, am I eligible?** Out of state entities, formed at least six months prior to the date of application, must be registered to do business in New Jersey for at least six months prior to the date of application. The applicant will be asked to provide the business formation document filed with their state along with their New Jersey Certificate of Authority at the time of application. **The business must also have a physical location in New Jersey**

**I have a cannabis business, am I eligible?** Cannabis-related businesses (or any person who controls the business or owns or controls more than one percent of the stock of the business) that have applied for or received a license or certification from the New Jersey Cannabis Regulatory Commission (NJ-CRC) are not eligible.

## MAIN STREET MICRO BUSINESS LOAN FAQ'S

**Can I apply with multiple business entities?** Only one application per EIN is allowed for this product.

**I haven't been impacted by COVID-19 can I apply for this loan?** Yes, COVID impact is not a requirement for this loan product.

**Can I apply if I have another loan and/or grant with NJEDA?** Yes, however, you must be current and in good standing with all payments and must meet the eligibility criteria for this product.

**Are real estate companies eligible to apply for the loan?** Real estate holding companies are NOT eligible.

**What is the maximum revenue a business can make to qualify for this product?** Applicants must demonstrate that, based on the last tax return they are required to file, their annual gross revenue was \$1.5 million or less.

**How does NJEDA determine if I am in good substantial standing with the Department of Labor and Department of Environmental Protection?** All decisions of substantial good standing are at the discretion of the Commissioner of the Department of Labor.

### LOAN TERMS

**Are there any fees for this loan?** There is a non-refundable application fee of \$100 due at the time of application and a non-refundable closing fee of \$400.

**If my application is withdrawn or declined, can I have the \$100 fee refunded?** No, the application fee of \$100 is non-refundable.

**Will I have the ability to pay the application and closing fees by credit card?** Yes, all fees can be paid through a credit card payment.

**Will I have the ability to pay the application and closing fees by check?** Yes, however applications won't be processed until the application fee is received and the NJEDA is not responsible for any delay in processing time due to the mail system. Please reference the Application ID number on the check and mail the check to: New Jersey Economic Development Authority, Business Banking Dept, 36 West State St, PO Box 990 Trenton, NJ 08625-0990.

**What is the interest rate?** All eligible applicants receive a 2% interest rate at time of closing.

**What is the term of the loan?** The term is 10 years.

**Do I need collateral?** No collateral is needed for this product.

**Are personal guarantees required for this loan?** No, there will be no personal guarantees required for this product.

**Can I apply for less than \$50,000?** Yes, applicants should only apply for the amount they need and can document.

**When do I have to start making payments?** There are no payments for the first (1) year of your loan term. No interest accrues during this first year. Payments will start the beginning of the second year after your closing date.

**Is a portion of this loan forgivable?** Yes, applicants must meet specific criteria at the end of the 5<sup>th</sup> year to be eligible for forgiveness. 1) Not in default 2) Be open and operating 3) Have no payment delinquencies that are over 90 days 4) Used the loan proceeds for approved purposes.

## MAIN STREET MICRO BUSINESS LOAN FAQ'S

**What steps do I need to take to request loan forgiveness?** Applicants will be responsible for filing a certification form which will also be provided in their closing documents. The certification form must be returned by the applicant 60 days prior to the end of the 5th year so that a decision can be made by NJEDA.

**If I forget to send in my certification form, will my loan still be eligible for forgiveness?** Yes, applicants may still qualify for forgiveness, however loan payments will continue to be required until the certification form is supplied to and verified by NJEDA.

**What happens if I am not eligible for loan forgiveness?** If an applicant is not eligible, they will be expected to continue making their loan payments for the full term of the loan as defined in their loan agreement.

**Can I pay the loan off early?** Yes, there are no restrictions or fees for paying the loan off early.

**What if an applicant defaults on their loan?** Applicants who default on their loan will not be eligible for forgiveness and would need to repay their outstanding loan balance. If the loan is not repaid, the applicant will go on a NJEDA applicant default list and will not be eligible for other NJEDA products.

### USE OF FUNDS

**Can I buy a car with this loan?** No. Rolling stock is not an eligible use for this product (ex. car, truck, van).

**Can I use the funds for fuel or travel expense?** No, travel and fuel expenses are not an eligible expense under this product.

**Can the funds be used to pay for the business's truck loan or lease payments?** No, the funds cannot be used to fund future lease or loan payments for any rolling stock (cars, trucks, vans etc.).

**Can the funds be used for payroll?** Yes, a WR30 report or a payroll report is required to be uploaded at time of application to verify and tie into the loan amount requested. If this loan is to support a new position or hire employees, please provide the job posting or job description at time of application.

**Can I use this for renovations?** No. Funds cannot be used for any renovations or labor that is over \$1,999.99. The loan can only support future working capital expenses to operate the business.

**Can I use this loan to refinance my company credit cards or other loans?** No, this program does not allow the funds to be used for the refinancing of existing debt.

**I want to buy equipment that requires a major installation can I use this loan?** No, any equipment that requires a major installation which will require labor costs over \$1,999.99 is not eligible.

- Documentation of what equipment you want to buy must be provided at time of application. You cannot have already purchased and/or installed your equipment.

**Can I use the funds for acquisition of an existing business?** No, this loan cannot be used to acquire property or another business. It can be used only to support a business that has been in existence and operating for at least 6 months, and for the business' future working capital expenses which helps the business operate.

**What can I use the funds for?** The following uses are eligible uses of the loan:

- > Future business operating expenses, which may be held as working capital to fund such future operating expenses
  - (ex. Non-residential rent/mortgage, payroll, utilities, insurance, employee training, marketing)
- > Future inventory expenses
- > Future purchases of equipment as long as installation and construction costs do not exceed \$1,999.99

**Can I use the funds for eligible operating expenses that are not disclosed on the application?** No, at time of the application, applicants are required to disclose all eligible expenses in which the funding will be used for throughout the term of the loan. The funds must only be used for the approved usage(s) submitted at the time of application.

**What can't I use the funds for?** The following uses are **not eligible** uses:

- > Refinancing of existing debt
- > The reimbursement for expenses, costs, and/or purchases already paid by the business
- > 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 with this loan
- > Home-based businesses cannot use loan proceeds for any residential cost (i.e., home mortgage/lease payments)

### **TARGETED FUNDING**

**Are any funds set aside for historically disadvantaged communities?**

40 percent of the funding available for this program will be reserved for businesses and non-profits located in census tracts that were eligible to be designated as Opportunity Zones (OZ). This targeting helps to ensure entities in communities that have historically faced barriers to success are able to access this program.

- Qualified opportunity zone means “a federal population census tract in this State that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. § 1400.Z-1.”

**How do I know if my business is located in a qualified opportunity zone?**

To determine if you are located within an OZ census tract use the [OZ Mapping Tool](#) and select 'Opportunity Zones' and enter your business address to determine if your location is in an OZ eligible census tract.

