

**Main Street Acquisition Support Grant - Proposed Product Specifications**

<p><b>Funding Source</b></p>	<p>Utilization of Main Street Recovery Fund as follows:</p> <ul style="list-style-type: none"> <li>• \$5,000,000 to capitalize this pilot product, with delegation to CEO to add additional funds not to exceed \$10 million if there is exceeding demand in the product.</li> <li>• 5% of funding or up to \$500,000 to be used by NJEDA to cover administrative expenses.</li> <li>• \$500,000 to be used to hire temporary staff, if needed, based on application volume.</li> </ul> <p>40% of the initial program pool of \$5 million will be reserved for applicants that purchase commercial buildings located in an eligible NJ Opportunity Zone census tract. Should the program funding be increased with the CEO’s requested delegated authority, the additional funding would not be subject to the 40% set aside.</p>
<p><b>Program Purpose and Objective</b></p>	<p>This pilot grant product will offer a reimbursement of closing costs up to \$50,000 to eligible NJ small businesses that have purchased a commercial property in which their business will operate from. The grant amount will be determined by utilizing a HUD1 statement (or other satisfactory closing statement) to identify all the closing costs associated to the loan. Grant will be based on line 1400 of HUD1 (due from borrower column minus the business purchase price or any payoffs) or its equivalent. The loan must result from an arm’s length commercial transaction with a conventional lender, including a CDFI, MDI, SBA lender, credit union or any state, county, or municipality that administers commercial loans with standard underwriting criteria.</p>
<p><b>Eligible Applicants</b></p>	<p>Eligible applicants, which can be for-profit or non-profit entities, must also meet the following requirements:</p> <ul style="list-style-type: none"> <li>•Must meet the SBA definition of a small business based on their NAICS code.</li> <li>•Closing must have taken place after the application was open to the public and grant application date must be no later than one year from date of closing.</li> <li>•Applicants must provide a current Tax Clearance Certificate from the NJ Division of Taxation prior to receiving NJEDA approval.</li> <li>•Applicants must be in substantial good standing prior to approval with NJEDA, the NJ Department of Labor, and NJ Department of Environmental Protection, with all decisions of substantial good standing at the discretion of those entities.</li> <li>•Only a new purchase is eligible; the closing cannot be a refinance of an existing loan. The property purchased can’t be for residential use only, and vacant land is not eligible.</li> <li>•If a real estate holding company purchases the property, the small business that will be occupying the location must apply, however it</li> </ul>

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must meet the SBA’s definition of a small business that will be located on and operate from the purchased property. The small business must either wholly own the real estate holding company, or the ownership of both entities, and percentage of ownership, must be the same. In such situations, the small business will be the applicant and the holding company will be a co-applicant. If the holding company that purchased the property does not have the same owners or ownership percentage as the small business or is not wholly owned by the applicant, then the applicant will be ineligible for this product. Loan must be an arm’s length transaction with a conventional lender (SBA, CDFI, MDI, bank, credit union, or any state, county, city administered loan with underwriting standards accepted) Awardee must certify to operating a commercial business from the NJ project location/building that was purchased for a five-year compliance period.

Applicants are permitted to lease a portion of the purchased property to a third-party.

Applicant must meet the following requirements to be eligible under this grant product:

- Provide a HUD-1 statement (may be in the applicant or real estate holding company associated to the applicant) to identify all closing costs the applicant was required to pay at the time of closing. Grant will be based on line 1400 of HUD1 (due from borrower column minus the business purchase price or any payoffs). If applicant doesn’t have a HUD-1 then it must provide Closing Disclosures or Settlement Statements to support the closing costs paid minus the purchase price of the building, business, or any payoffs.
- Closing must have taken place after the application was open to the public and grant application date must be no later than one year from date of closing.
- Small business must occupy at least 1,000 square feet of total usable square footage of the building.

**Eligible Applicants and Co-Applicants (continued)**

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

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	<p>constituting a nuisance.</p> <p>NJEDA Small Business Lease Grant awardees are eligible for this product. Any time remaining on their compliance period for their lease grant will be added to the 5-year deed restriction for this product.</p>
<p><b>Application Process, Board Approval, and Delegated Authority</b></p>	<p>Applications will be available online at njeda.com, after applications are received, they 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).</p> <p>As per 19:31-5.4 applicants must provide a completed application which includes:</p> <ul style="list-style-type: none"> <li>• The name of the applicant;</li> <li>• The contact information of the applicant;</li> <li>• The prospective future address of the applicant (if different);</li> <li>• The organizational type of the applicant;</li> <li>• The principal products and services and three-digit North American Industry Classification System number;</li> <li>• The New Jersey tax identification number;</li> <li>• The Federal tax identification number;</li> <li>• The most recent three Federal tax returns filed (if applicable);</li> <li>• The total number of full-time and part-time employees of the applicant, in New Jersey at the time of application, and three months prior to the submission of the application;</li> <li>• The comprehensive list of the applicant's locations in New Jersey and the function performed at each location;</li> <li>• A completed legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2;</li> <li>• Submission of a tax clearance certificate, pursuant to P.L. 2007, c. 101;</li> <li>• WR 30, payroll reports, or equivalent documentation for the quarter preceding submission of application;</li> <li>• A certification under the penalty of perjury from the applicant, or an authorized agent of the applicant, that the information provided in the application is true; and</li> <li>• Any other necessary and relevant information as determined by the Authority for any product or for a specific application. Which may include:             <ul style="list-style-type: none"> <li>o A deed that has been filed after the closing of the property.</li> <li>o HUD-1 statements, or other documentation to verify closing costs.</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>o Any of the following to document a relationship between a real estate holding company and small business (applicant) – partnership agreement, bylaws, formation documents, or operating agreement to establish ownership structure and ownership percentages.</li> <li>o A certification provided by the holding company, if any, that it will provide a five-year deed restriction on the property that restricts a property transfer.</li> <li>• The Authority will confirm with the New Jersey Department of Labor and Workforce Development, Department of Environmental Protection, and the Department of the Treasury that the applicant is in compliance by being in substantial good standing with the statutes, rules, and other enforceable standards of the respective department, or, if a compliance issue exists, the eligible business has entered into an agreement with the respective department that includes a practical corrective action plan, as applicable.</li> </ul> <p>While the Authority anticipates that most applications will provide a complete set of required information needed to evaluate the application, staff will follow up with applicants if additional information or documentation is needed.</p> <p>Delegation of authority to the Chief Executive Officer to approve eligible applications for the Main Street Acquisition Support Grant</p> <p>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). Appropriate staff 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 requested.</p>
<b>Grant Amounts</b>	<ul style="list-style-type: none"> <li>• Up to \$50,000</li> <li>• One grant per EIN for a maximum of one location (verified by the business's employer identification number, or EIN).</li> </ul>
<b>Grant Agreement Terms</b>	<ul style="list-style-type: none"> <li>• NJEDA will file a deed restriction on the property. The restriction may be released after five years if the applicant is in compliance with the grant.</li> </ul>

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- If the property is sold or fully leased out, or if the grantee no longer occupies the minimum of 1,000 square feet prior to satisfaction of the 5-year compliance period, repayment of all or a portion of the grant will be necessary.
- The deed restriction may be released after 5-years if the applicant is in compliance with the grant.
- In case of the sale of the property prior to satisfaction of the 5-year compliance period, repayment of all or a portion of the grant will be necessary. Repayment of the grant will be prorated based on the years of compliance, with 20% reductions for each full year the applicant is compliant with the terms of the grant.
- If case of an applicant default, the deed restriction will be tolled for as long as the default remains outstanding and uncured, and the compliance period for the grant will be extended by such time. Applicants may cure a default by restoring its good standing under the grant agreement and satisfying the remaining (extended) compliance period or by repaying all or a prorated amount of the grant, based on the years of compliance, at the sole discretion of the NJEDA.
- Since the grant is not exceeding the \$50,000 threshold under ERA Main Street Recovery Program statute, the purchased property site will not be subject to New Jersey labor compliance requirements.
- Awardees must enforce minimum wage requirements for the applicant and/or co-applicant occupying the purchased property. This means that each full-time or part-time employee employed by the small business be paid not less than \$15.00 per hour or 120 percent of the minimum wage fixed under subsection (a) of section 5 of P.L. 1966, c. 113 (N.J.S.A. 34:11-56a4), whichever is higher, except that the small business shall pay not less than 120 percent of the minimum wage to an employee who customarily and regularly receives gratuities or tips for the term of the grant agreement.
- Tenants other than the applicant or co-applicant that occupy the purchased property are not subject to the minimum wage requirement.
- Applicant will certify annually, beginning 12 months after the execution of their grant agreement and for term of grant agreement, that the applicant or co-applicant identified in the application is operating out of the property and is

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	meeting the wage requirements per section 5 of P.L. 1966, c. 113 (N.J.S.A. 34:11-56a4) if they have employees.
<b>Fees</b>	\$500 fee is due at time of approval.
<b>Disbursements</b>	Grant amount to be fully disbursed after execution of grant agreement.