

NJ LEND - Product Specifications	
Funding Source	Up to \$30,000,000 – Economic Recovery Fund (ERF)
Program Purpose	<p>This 3-year pilot program will allow NJEDA to support more New Jersey based companies with financing when a higher loan threshold amount is needed beyond NJEDA’s existing lending limit of \$2 million for fixed assets. This action is the result of the increased cost of real estate along with access to credit being more restrictive due to elevated interest rates. This pilot loan program will further support the market for when an owner-occupied real estate project, equipment purchase, or working capital request requires up to \$5 million in NJEDA direct financing or up to \$5 million in a loan participation or loan guarantee with an enrolled NJEDA Premier Lender.</p> <p>Many businesses are experiencing either increased rates, interest rates resetting or ballooning and are exploring their options. This would further allow NJEDA to assist more small businesses with larger outstanding balances in allowing them to refinance debt to improve the business cash flow and strengthen the business operations. Refinancings must meet NJEDA policy requirements and will be subject to lower loan amounts not to exceed \$2.5 million.</p>
Eligible Usage	<ul style="list-style-type: none"> • Purchase of owner occupied commercial real estate (business must occupy and operate from at least 51% of the square footage of the NJ commercial property) • Purchase of new equipment. Excludes soft costs and rolling stock. • Working Capital – permanent working capital for short term operating expenses. Permanent working capital is a non-revolving fully amortizing loan in which the proceeds are used to purchase inventory and support recurring operating expenses paid in the ordinary course of business. The Authority in its sole discretion determines what type of inventories and operating expenses are eligible for working capital support. • Refinancing of existing loan on a building that is owner occupied (business must occupy and operate from at least 51% of the square footage of the NJ commercial property). Refinance must meet NJEDA policy requirements.

<p>Loan Amounts</p>	<p>Loan amounts for NJ LEND include:</p> <p>Fixed Assets Minimum Loan Amount \$2,000,000.01 Maximum Loan Amount \$5,000,000.00</p> <p>Working Capital Loan Minimum Loan Amount \$750,000.01 Maximum Loan Amount \$1,000,000.00</p> <p>Line of Credit Guarantee Minimum Guarantee Amount \$750,000.01 Maximum Guarantee Amount \$1,000,000.00</p> <p><u>For loan participations financed with enrolled Premier Lender Banks:</u></p> <ul style="list-style-type: none"> • Fixed Asset Loan Participation: For NJEDA enrolled Premier Lender Banks, the EDA will participate in up to 50% of the bank loan amount for fixed asset loans; with a maximum NJEDA participation of \$5 million. Approvals will be subject to EDA's credit underwriting policy and EDA will use the Premier Lender Bank's underwriting analysis to support its underwriting analysis. • Working Capital Loan Participation: For NJEDA enrolled Premier Lender Banks, the EDA will participate in up to 50% of the bank permanent working capital loan; with a maximum NJEDA participation of \$1 million. Approvals will be subject to EDA's credit underwriting policy and EDA will use the Premier Lender Bank's underwriting analysis to support its underwriting analysis. • Line Of Credit Guarantee: For NJEDA enrolled Premier Lender Banks, the EDA will Guarantee of up to 50% of the bank line of credit amount not to exceed \$1 million. Approvals will be subject to EDA's credit underwriting policy and EDA will use the Premier Lender Bank's underwriting analysis to support its underwriting analysis. <p><u>For NJEDA direct financing to borrower:</u></p> <ul style="list-style-type: none"> • Fixed Asset Loan: For loans financed directly to the borrower, the EDA will finance up to \$5 million for fixed assets. • Working Capital Loan: For permanent working capital loans financed directly to the borrower, the EDA will finance up to \$1 million. <p><u>Refinancings:</u></p>
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	<ul style="list-style-type: none"> • Must meet NJEDA policy requirements and may be subject to lower loan amounts not to exceed \$2.5 million.
Rates & Terms	<p>The NJEDA Interest Rate is based on the equivalent term US Treasury rate or floor of 1% whichever is higher with basis point additions for credit risk. Interest rates will be fixed at the time of closing.</p> <p>Real Estate</p> <ul style="list-style-type: none"> • NJEDA interest rate may be fixed for up to 30 years based on the equivalent term US Treasury rate plus 25 basis points for each 5-year term of the loan provided beyond the first 10 years. • Up to 100% maximum loan-to-value for real estate <p>Equipment</p> <ul style="list-style-type: none"> • NJEDA interest rate may be fixed for up to 10 years. • Up to 90% maximum loan-to-value for equipment (excludes soft costs) <p>Working Capital</p> <ul style="list-style-type: none"> • NJEDA interest rate may be fixed for up to 7 years. • Permanent working capital loan must be secured by real estate <p>Line of Credit Guarantee</p> <p>NJEDA may guarantee the principal amount outstanding on the bank line of credit for up to two years. The interest rate and other terms of the line of credit will be determined by the credit policy and analysis of the originating Premier Lender Bank.</p>
Additional Terms	<ul style="list-style-type: none"> • Term and amortization will be dependent upon loan purpose and useful life of collateral. • For NJEDA Premier Lender Bank loan participations, term and amortization will match the loan terms offered by the partner bank, when appropriate. • Total NJEDA exposure not to exceed \$5 million. • Approvals will be subject to EDA's credit underwriting policy.
Lien/Collateral/Security	<ul style="list-style-type: none"> • Collateral (real estate, equipment/machinery) and liens are required. • EDA will take a subordinate lien to a senior lender on the same collateral. Should the EDA be the sole lender, the EDA lien will be in first position. • For NJEDA Premier Lender Bank loan participations, EDA will take a subordinate lien on collateral behind the Premier Lender • Risk Rating: Subject to the EDA's risk rating methodology.

Applicant Eligibility Requirements	<p>All entities must meet the following requirements to be eligible for the NJ LEND:</p> <ul style="list-style-type: none"> • For profit and non-profit businesses with a business location in New Jersey and must commit to the retention and/or creation of one new full-time job for every \$65,000 of NJEDA exposure within 2 years. • Must have not more than 750 New Jersey employees • Must be able to secure financing with fixed assets (e.g. real property and machinery/equipment). • Homebased businesses are ineligible. <p>For-profit Business</p> <ul style="list-style-type: none"> • Must be operating and generating revenue and expenses for at least two full years. • At least 50% of personal guarantors must meet minimum FICO score of 700 • All individuals or entities having 10% or greater ownership in the business must provide unlimited guarantees for the duration of the loan term. • Must meet a historical global debt service coverage ratio of 1.10x. <p>Non-profit Business</p> <ul style="list-style-type: none"> • Must be operating and generating revenue and expenses for at least three full years. • Personal guarantees are not required. • Must meet a 1.0x debt service coverage ratio. <p>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. All decisions of substantial good standing are at the discretion of those entities.</p>

Fees (All fees are non-refundable)	<p>For NJEDA Loans Financed directly to the borrower:</p> <ul style="list-style-type: none"> • Application Fee: \$1,000 • Commitment Fee: 0.875 % of loan amount, payable at acceptance of term sheet. • Closing Fee: 0.875% of loan amount <p>For loans financed with an enrolled NJEDA Premier Lender Banks:</p> <ul style="list-style-type: none"> • Application fee: \$1000 • Commitment fee: \$750 payable at acceptance of term sheet. • Guarantee Fee: up to 0.5% sized to percentage of guarantee required, not to exceed 0.5% times the years of guarantee. <p>If an applicant does not qualify for the minimum financing amount under the NJ LEND Program but qualifies for an amount eligible under the existing Direct Loan or Premier Lender Loan programs, the application fee will instead be applied to the applicable program for which the applicant may be eligible.</p>
Prevailing Wage & Affirmative Action Requirements	<p>Projects utilizing NJEDA financial assistance for construction related costs to include installation and award of a contract for any construction related work as defined by NJ Department of Labor are subject to prevailing wage and public works contractor registration act requirements.</p> <p>For projects receiving financial assistance, any contractor or subcontractor hired for construction work and having a total company workforce of four (4) or more employees must provide documentation demonstrating their good faith efforts to employ minority and women workers in each construction trade. This effort should be consistent with the applicable county employment goals established in accordance with N.J.A.C. 17:27-7.2 and align with the affirmative action requirements outlined in N.J.A.C. 19:30-3.5.</p>
Application Process and Board Approval/ Delegated Authority	<p>Applications will be available online at njeda.gov. 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 the program expires (3 years).</p> <p>Applicants must provide a completed application which includes but is not limited to:</p> <ul style="list-style-type: none"> • Most recent three full tax years of signed business federal tax returns (if applicable) and CPA prepared financial statements • Most recent three years tax years of signed business federal tax

	<p>returns (if applicable) for any corporate guarantors, operating company and/or real estate company identified on the application.</p> <ul style="list-style-type: none"> • Most recent three years signed personal federal tax returns for all personal guarantors owning 10% or more of the business. • Personal Financial Statement for guarantors owning 10% or more of the business. • Formation documents, Articles of corporation, corporate resolutions, partnership agreements (if applicable) for applicant and any corporate guarantors, operating companies, and real estate holding companies identified on the application. • 501C3 determination letter and Bylaws for Non-Profits • Schedule of Debt • Interim statements and Balance Sheet dated within 90 days • Current NJ Tax Clearance Certification • Number of full-time employees to be created and/or retained within 2 years • Contract of Sale to support Purchase of Real Estate • Bank Term Sheet and/or Bank Commitment Letter for loan participations and line of credit guarantees with NJEDA Premier Lenders • Any additional information deemed necessary to evaluate the application which may include but is not limited to Appraisal(s) on real property and/or machinery, Aging of accounts receivable; Aging of accounts payable; Pro Forma, projections, and leases. • At time of application, applicant will be required to complete a legal debarment questionnaire and not be subject to disqualification based on that questionnaire. <p>Delegated Authority:</p> <ul style="list-style-type: none"> • Delegation to CEO to designate staff to approve individual applications for the NJ LEND in accordance with the terms set forth in the memo and program specifications.
Appeal Process	<p>Applicants whose applications are declined will have the right to appeal with the NJEDA. Appeals must be filed within the timeframe set in the declination letter (which must be at least 10 business days). Legal Affairs will designate Hearing Officers who will review the applications, appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which may be approved in a Final Administration Decision issued by staff in accordance with delegated authority.</p>