

**NJ LEAF Pilot Program**  
**Program Specifications**

<b>Program Purpose</b>	<p>The NJ LEAF Pilot Program is a 3-year pilot loan program that provides low-cost financing of up to \$1.5 million to eligible recreational cannabis cultivators, manufacturers, and testing laboratories in New Jersey that have received their annual license digital card from the New Jersey Cannabis Regulatory Commission (NJCRC) Office of Licensing. This initiative addresses the critical financing gap faced by New Jersey cannabis entrepreneurs due to federal banking regulations. The NJ LEAF aims to support the New Jersey cannabis market by providing businesses with access to capital, enabling them to support business operations conducted within the State of New Jersey including the expansion of operations, the purchase of equipment, acquisition of owner-occupied commercial real estate, and the creation of jobs within the State. Through this pilot loan program, cannabis entrepreneurs are empowered to scale their businesses and compete in a rapidly growing industry, aligning with the State's broader economic goals to strengthen local supply chains within the New Jersey cannabis sector.</p>
<b>Funding Source</b>	<p>\$15 million from the Economic Recovery Fund (ERF).</p> <p>Pursuant to the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act (CREAMMA) at N.J.S.A. 24:6I-49(c)(2), NJEDA must reserve a portion of funds for businesses operating in Impact Zones to stimulate economic development in historically underserved areas. 5% (\$750,000.00) of the NJ LEAF program will be set aside for businesses located in Impact Zones. These zones are designated by the NJCRC based on factors, which include but are not limited to past marijuana arrests, law enforcement activity, unemployment, and population.</p>
<b>Eligible Applicants and Restrictions</b>	<p>Eligible applicants must meet the following requirements to be eligible for the NJ LEAF program:</p> <ul style="list-style-type: none"> <li>• Possess a valid and current recreational annual license digital card as per the final recommendation issued by NJCRC Office of Licensing in one of the following categories: Class 1 Cannabis Cultivator, Class 2 Cannabis Manufacturer, or recreational cannabis Testing Laboratory. (Medical Only ATC's and Medical Only Testing Labs are not eligible)</li> <li>• Must be based in New Jersey and employ fewer than 250 full-time employees. (Includes total individuals employed at all locations on a full-time time basis in and outside of New Jersey.)</li> <li>• Be operating, generating revenue, and incurring expenses for at least one full calendar year prior to the date of application.</li> </ul>

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<b>Eligible Uses</b>	<p>Funds must be used solely to support the applicant's business operations conducted within the State of New Jersey. Eligible uses include:</p> <p><b>Real Estate</b></p> <ul style="list-style-type: none"> <li>• Purchase or refinance of owner-occupied commercial real estate (applicant's business must occupy and operate at least 51% of the square footage of the New Jersey commercial property for the duration of the loan).</li> </ul> <p>In cases where a real estate holding company is involved in the real estate transaction, the licensed cannabis-operating entity will remain the primary applicant, and the real estate holding company may be required to serve as a co-applicant.</p> <p><b>Equipment</b></p>

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	<ul style="list-style-type: none"> <li>• Payment of fines, administrative penalties, State, and/or federal taxes, real estate taxes, municipal utilities, and costs associated with added or special assessments</li> <li>• Personal, non-business obligations, or costs incurred by related entities</li> <li>• Owner payments/salaries</li> <li>• Travel and entertainment</li> <li>• Expenses for facilities outside of New Jersey or unrelated to the applicant</li> <li>• Distributions/return on capital</li> <li>• Legal expenses associated with litigation involving the State of New Jersey, local New Jersey Government, or relating to any regulatory or criminal matter.</li> </ul> <p>The Authority, in its sole discretion, determines what type of inventories and operating expenses are eligible for working capital support. All uses and supporting documentation are subject to the review and approval by NJEDA in its sole discretion.</p> <p>The Authority reserves the right, in its sole discretion, to require documentation and verification that all loan proceeds have been used solely for their intended and approved purposes as outlined in the loan agreement.</p>
<b>Loan Amounts</b>	<p>The total NJEDA loan exposure, provided under this Program, shall not exceed \$1.5 million per NJEDA relationship, calculated on a first-come first-served basis and as applications are complete. Of this amount, the total working capital loan exposure may not exceed \$500,000.</p> <p>The Authority's definition of "NJEDA relationship" includes the applicant and any business entities in which a common individual or entity holds a 20% or greater ownership interest.</p> <p><b>Fixed Assets:</b>          (Owner-Occupied Commercial Real Estate, Equipment/Machinery)         <ul style="list-style-type: none"> <li>- Minimum Loan Amount \$100,000.00</li> <li>- Maximum Loan Amount \$1,500,000.00</li> </ul> </p> <p><b>Working Capital Loan:</b> <ul style="list-style-type: none"> <li>- Minimum Loan Amount \$100,000.00</li> <li>- Maximum Loan Amount \$500,000.00</li> </ul> </p>

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<b>Rates &amp; Terms</b>	<p><b>Interest Rate</b></p> <ul style="list-style-type: none"> <li>• The 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 and term.</li> <li>• Interest rates will be fixed at the time of closing.</li> </ul> <p><b>Real Estate</b></p> <ul style="list-style-type: none"> <li>• The 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.</li> <li>• Up to 100% maximum loan-to-value for real estate.</li> </ul> <p><b>Equipment</b></p> <ul style="list-style-type: none"> <li>• The interest rate may be fixed for up to 10 years.</li> <li>• Up to 90% maximum loan-to-value for equipment hard costs (excludes soft costs, including but not limited to, delivery, installation, and warranties).</li> <li>• Any equipment that requires major installation and/or construction in which labor or a contract cost exceeds \$1,999.99 will require compliance with Prevailing Wage, Public Works Contractor Registration Act, and Affirmative Action requirements.</li> </ul> <p><b>Working Capital</b></p> <ul style="list-style-type: none"> <li>• NJEDA interest rate may be fixed for up to 7 years.</li> <li>• Permanent working capital loan must be secured by real estate.</li> <li>• Up to 100% maximum loan-to-value.</li> </ul>
<b>Additional Terms</b>	<ul style="list-style-type: none"> <li>• Term and amortization will be dependent upon loan purpose and useful life of collateral.</li> <li>• CPA prepared detailed financial projections for at least 3 years (including income statements, balance sheets, and cash flow statements) may be considered for loan amounts up to \$500,000 together with secured fixed assets (real estate, machinery/equipment) and a majority owner minimum credit score of 680. Projections must indicate a minimum DSCR of 1.0.</li> <li>• Projections must be submitted in the original Excel format, with all formulas intact. A written narrative must accompany the financial projections, clearly explaining the key assumptions used (revenue growth, expense trends, and financing terms) as well as the rationale behind the estimates.</li> <li>• Projections will be evaluated for reasonableness, consistency with industry benchmarks, and alignment with the applicant's operational capacity and proposed use of loan proceeds</li> </ul> <p>Approvals will be subject to NJEDA's credit underwriting policy.</p>

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<b>Lien/Collateral/Security</b>	<ul style="list-style-type: none"> <li>Collateral (real estate, equipment/machinery) and liens are required, as determined by the NJEDA underwriting analysis.</li> <li>EDA may take a subordinate lien to a senior lender on the same collateral. Should the NJEDA be the sole lender, the EDA lien will be in first position.</li> <li>Risk Rating: Subject to the NJEDA's risk rating methodology.</li> </ul>
<b>Fees (All fees are non-refundable)</b>	<ul style="list-style-type: none"> <li>Application Fee: \$500.00.</li> <li>Commitment Fee: 0.875% of loan amount, payable at acceptance of term sheet.</li> <li>Closing Fee: 0.875% of loan amount.</li> <li>No Prepayment Penalty.</li> </ul>
<b>Prevailing Wage Affirmative Action</b>	<ul style="list-style-type: none"> <li>Projects utilizing NJEDA financial assistance, for construction or labor related costs that include installation of equipment and award of a contract for any construction related work, as defined by New Jersey Department of Labor and Workforce Development, exceeding \$1,999.99 are subject to prevailing wage and Public Works Contractor Registration Act requirements.</li> <li>For projects receiving NJEDA 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 Authority's affirmative action requirements outlined in N.J.A.C. 19:30-3.5.</li> </ul>
<b>Application</b>	<p>Applications will be accepted online at njeda.gov and reviewed on a rolling basis, first-come first-served, as applications are completed. The program will be available for three years from the date applications are made available to the public, or until the total funding pools is exhausted (whichever is sooner).</p> <p>As part of the application, the Authority will request information from the applicant (including the real estate holding company and/or operating entities and corporate guarantors, if applicable) . If a real estate holding company is involved in the real estate financing transaction, the licensed cannabis-operating entity will remain the primary applicant, and the real estate holding company may be required to serve as a co-applicant.</p>

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	<ul style="list-style-type: none"> <li>• Quote for equipment purchase, if applicable.</li> <li>• Itemized list of the use of funds for a working capital request, if applicable.</li> <li>• 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.</li> <li>• At the time of application, applicant will be required to complete a legal debarment questionnaire and not be subject to disqualification based on that questionnaire.</li> </ul> <p>All applicable items will be required prior to application review and decision by the NJEDA Underwriting Department.</p>
<b>Approval/ Declines</b>	<p>Approvals will be subject to NJEDA's credit underwriting policy.</p> <p>Delegation of authority to the CEO to approve individual applications for the NJ LEAF Program in accordance with the terms set forth in the Board Memo and Program Specifications.</p> <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 as a Final Administration Decision in accordance with delegated authority.</p>
<b>Compliance and Modifications</b>	<ul style="list-style-type: none"> <li>• Loan modifications are at the sole discretion of the Authority.</li> <li>• For the term of the loan the applicant must remain in good standing with NJCRC.</li> <li>• Applicants are required to adhere to all provisions specified in the loan agreement to prevent default.</li> </ul>