

Stronger NJ Business Loan Program FAQ

1. What is the Stronger NJ Business Loan program?

- A. The Stronger NJ Business Loan Program is available to help small businesses and non-profits that were impacted by Superstorm Sandy, as well as businesses looking to expand within storm-impacted communities. Eligible small businesses and non-profits may apply for loans up to \$5 million per eligible location, to be used for renovation, new construction, equipment, or working capital. The maximum working capital loan amount is \$500,000, exclusive of equipment.

Entities within the nine most impacted counties as determined by the U.S. Department of Housing and Urban Development (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union) must evidence a minimum of \$5,000 in physical damage to real property or non-perishable and non-consumable inventory; and/or positively impact the economy of their community through either capital investment or the creation or retention of jobs.

Entities outside of the nine most impacted counties must have at least one impacted location in New Jersey, defined as physical damage to the place of business (must meet the \$5,000 physical damage requirement).

2. What is the interest rate for the Stronger NJ Business Loans?

- A. Stronger NJ Business Loans will have 0% interest for the first 24 months. After the initial interest free period, the interest rate will be set at the 5 year US Treasury, fixed at closing for terms up to 10 years. For terms greater than 10 years, rates will be reset every 10 years; loan terms will be up to 30 years based on the purpose of the loan and the useful life of any assets to be financed.

3. What are the terms of the Stronger NJ Business Loans?

- A. Loans will be available for up to 100% of project costs not covered by other sources, including owner's equity, up to \$5 million for renovation, new construction and equipment. Loans for businesses of up to \$500,000, exclusive of equipment, will be available for working capital.

If a loan is for a project, and the applicant also satisfies the eligibility criteria for the Stronger NJ Grant program, the first \$50,000 of the loan will be forgivable.

There is a two-year principal moratorium for construction loans, or until Temporary Certificate of Occupancy is issued, as applicable. For working capital loans, there is an 18-month principal moratorium.

The term of a loan will be up to 30 years, with the length of the term based on the purpose of the loan and the useful life of any assets to be financed. Guarantees

required for all individuals or entities having a 20% or greater ownership position in the applicant or operating company.

A lien on all assets taken will be required as collateral. The NJEDA will subordinate its loan (in lien position only, not payment) to all senior lenders and existing liens.

For renovation, new construction, and equipment loans, an equity contribution of 5% will be required if liquid assets of the Applicant business or guarantors are greater than two times the amount of project costs.

4. What are the eligibility requirements for the Stronger NJ Business Loan program?

A. Under the Stronger NJ Business Loan program, entities must meet **ALL** of the following eligibility criteria:

- The entity must have been in existence on the date of Superstorm Sandy (10/29/12).
- The entity must have at least one impacted location within the State of New Jersey.
- If located outside the nine most impacted counties, the entity must have sustained at least \$5,000 in physical damages from Superstorm Sandy, which may include damage to non-perishable/non-consumable inventory and damage to real property.
- Projects located within the nine most impacted counties must be able to demonstrate that the project will positively impact the economy of the community and/or evidence a minimum of \$5,000 in physical damage to the entity's real property and/or loss or damage of non-perishable and non-consumable inventory
- The entity must be considered a "small business" as defined by the U.S. Small Business Administration (SBA), and have more than \$25,000 in gross operating revenues.
- The entity must have applied to and received a declination or approval for an SBA disaster loan if the SBA disaster loan program has not lapsed (the SBA deadline for Physical Damage loans is May 1, 2013 and the SBA deadline for Economic Injury loans is July 31, 2013). Specifically, if an entity seeks a loan through the NJEDA for expenses that may be covered under the SBA's Economic Injury disaster loan program, such as expenses relating to working capital for salaries, the applicant must apply to the SBA for an Economic Injury disaster loan before the applicant can submit an application to NJEDA for working capital-related funds. This would be required even if the SBA Physical Damage disaster loan program has lapsed. While entities that applied to SBA but have not received a final decision on the SBA application will be able to prepare an application to Stronger NJ Business Loan program, that application cannot be submitted until a final determination on the SBA application is rendered.

- The entity is not seeking to receive funds from the Stronger NJ Business Loan program that would duplicate funding already received, or known to be forthcoming, from other sources such as private insurance, FEMA or SBA that are for the same purpose. Funds received from private loans, lines of credit or other assets are not relevant to this eligibility criterion.
- The entity must not be debarred by HUD or the State of New Jersey for certain legal matters.
- The entity must be up to date on all tax filings with State of New Jersey.
- The entity must be registered to do business in New Jersey and in good standing.
- The entity must be registered with Dun and Bradstreet and have received a DUNS #.
- The entity must demonstrate an overall creditworthiness satisfactory to the EDA as evidenced by items including but not limited to:
 - a. 100% loan-to-cost (inclusive of other funding sources);
 - b. Global debt service coverage of 1.10 in year before Superstorm Sandy; and
 - c. Minimum credit score of 650 for at least one guarantor, if applicable.

Please visit the Stronger NJ Business programs' website at <http://application.njeda.com/StrongerNJBusiness> for more details on eligibility. If you still have questions or need further guidance, please call 1(855) Sandy-BZ or 1(855) 726-3929. A formal determination of eligibility only can occur if you contact the NJEDA.

5. What applicants are not eligible for the Stronger NJ Business Loan program because of federal regulations?

- A. Per HUD regulations, the following types of applicants would not be eligible for federal funds through the Stronger NJ Business Loan program:
- Home-based businesses, which are considered any entities that do not have a separate entrance for commercial customers, i.e., it requires commercial customers to enter the residential portion of the property in order to conduct business. However, bed and breakfast establishments are not considered home-based businesses. Additionally, damaged homes that contain businesses or non-profits, which are not eligible for assistance under this program, may be eligible to receive funding under residential programs.
 - Privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons. Examples may include private golf courses, private country clubs, and private yacht clubs.
 - Casinos and gambling facilities.
 - Entities located in a Coastal Barrier Resource Area (CBRA).

This list is intended to be comprehensive, but may not be exhaustive.

6. Is the Stronger NJ Business Loan program funded by federal monies received by the State of New Jersey for Superstorm Sandy recovery?

A. Yes. Of the approximately \$1.8 billion New Jersey has received to date through the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) program, the State has allocated \$460 million to support economic recovery and revitalization programs. Of that amount, \$100 million will fund the Stronger NJ Business Loan program.

7. Is there a cap on how much assistance a business can receive under the Stronger NJ Business Loan program?

A. Loans are available for up to 100% of project costs not covered by other sources, including owner's equity, up to \$5 million for renovation, new construction and equipment. Loans of up to \$500,000, exclusive of equipment, for working capital are available to businesses. No business or eligible non-profit can receive more than \$5 million through the Stronger NJ Business Loan program.

8. What is the difference between a federal tax identification number and an employer identification number?

A. An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify an entity.

9. If I own multiple businesses with individual federal tax identification numbers, can I apply for more than one loan?

A. You may apply for each entity with an individual federal tax identification or EIN number by creating separate accounts and applications for each entity within the on-line application. However, multiple businesses with separate EIN numbers that share ownership and that are co-located at the same physical location, may only submit one application collectively. Some entities also may have multiple eligible locations under a single federal tax identification or EIN number. If you need assistance, please contact a Business Advisor at 1(855) Sandy-BZ or 1(855)726-3929.

10. What is a DUNS number?

A. A DUNS number is an individual identification number assigned to registered entities by Dun and Bradstreet. All entities must register with Dun and Bradstreet in order to receive federal funds. To register, visit <http://fedgov.dnb.com/webform>.

11. What is a NAICS code?

A. An entity must have a NAICS (North American Industry Classification System) code or number associated with its primary business activity type. Please use the following link for assistance in determining your NAICS code: <http://www.census.gov/eos/www/naics/>. In the "2012 NAICS Search" box on the left side of that page, enter a keyword that describes your kind of business. A list of

primary business activities containing that keyword and the corresponding NAICS codes will appear. Choose the one that most closely corresponds to your primary business activity, or refine your search to obtain other choices.

12. Can non-profit entities apply for a Stronger NJ Business Loan?

- A. Per HUD regulations, the only non-profit entities eligible for the Stronger NJ Business Loan program are those involved in commercial or industrial activities, or that have facilities, which provide a public service that furthers economic development. These eligible non-profits may only apply for construction funds. Religious-affiliated non-profits, such as churches, may utilize the funding **only** for renovation or new construction of portions of the impacted physical structure with non-sectarian uses.

13. For what kinds of expenses will the Stronger NJ Business Loan program provide assistance?

- A. Eligible expenses for which the Stronger NJ Business Loan program may provide assistance include working capital (operating expenses), inventory, equipment, machinery, fixtures, furnishings, and prospective construction.

14. What kind of HUD regulations will I encounter if I seek funding to address physical damages?

- A. **Per HUD regulations, you will need to stop construction activities immediately upon applying for construction-related expenses.** Applicants should also note that for loan monies sought to address physical damage, including equipment, furnishings, fixtures, machinery, and construction, the State generally cannot disseminate funds without additional reviews, environmental clearances, and proof of National Flood Insurance Program coverage if within a flood plain. These required steps can cause significant delays in the distribution of loan monies.

15. Can I be reimbursed for previously completed rehabilitation work?

- A. HUD regulations applicable to businesses and non-profits do not allow for construction-related expenses to be reimbursed for past work, because federal environmental review requirements will not have been satisfied before the work was undertaken. If you seek funds to complete a construction project that has already started, you will need to stop all work while your application is being considered. Loan funds only will be eligible for prospective expenses.

16. My business is not located along the shore; can I still apply?

- A. Yes. If you satisfy the eligibility requirements for the Stronger NJ Business Loan program, you should apply. Notably, per HUD requirements, 80% of all CDBG-DR funds from this first tranche of funding must be used to benefit the nine most impacted counties as determined by HUD, which are Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union. Therefore, priority will be given to applicants with impacted locations in these counties.

17. What if my needs exceed the total amount of funding for which my business is eligible?

- A. If a gap in capital needs exceeds the total amount for which an entity is eligible under the Stronger NJ Business Loan program, the applicant will be asked to show additional sources of funding that will cover the difference. The intent of this requirement is to ensure project completion is feasible before disseminating funding under the Stronger NJ Business Loan program.

18. Q. If I am applying for working capital support, what information do I need to include in my application?

- A. The application will prompt you to fill out a worksheet of revenue and expenses for the year beginning on the date of the Superstorm (10/29/12), January 1, 2013, or January 1, 2014. You will also need to include copies of invoices and/or receipts for rent or mortgage payments, inventory, marketing expenses, utility bills, workforce training expenses, and payroll and fringe benefits records, as well as copies of insurance policies and payments, tax returns, and other documentation of operating expenses. To avoid a duplication of benefits, you will also need to provide information on other sources of funds you have sought for recovery. Your Business Advisor will communicate with you if any other documentation is needed for your application.

19. If I am applying for a future construction or rehabilitation loan, what information do I need to include in my application?

- A. The application will prompt you to fill out a worksheet of revenue and expenses for the year beginning on either the date of the Superstorm (10/29/12) or January 1, 2013. You will also need to include registered contractor estimates. Other documents may be required to comply with federal environmental and labor regulations. To avoid a duplication of benefits, you will also need to provide information on other sources of funds you have sought for recovery. Your Business Advisor will communicate with you if any other documentation is needed for your application. Please be advised that a lengthy environmental review may be required by HUD, depending on the amount and type of funding requested. **Due to HUD requirements, you will need to stop construction and installation activities immediately upon applying for any labor or installation-related expenses.** These projects will likely be awarded as forgivable loans and will require the applicant to purchase National Flood Insurance Program (NFIP) coverage for the amount and term of the loan, if the project is within a flood plain.

20. If I am applying for an equipment, machinery, fixtures, or furnishings loan, what information do I need to include in my application?

- A. The application will prompt you to fill out a worksheet of revenue and expenses for the year beginning on the date of the Superstorm (10/29/12) or January 1, 2013.

You will also need to include receipts, merchant quotes, comparables, and/or invoices for replaced items. To avoid a duplication of benefits, you will also need to provide information on other sources of funds you have sought for recovery. Your Business Advisor will communicate with you if any other documentation is needed for your application. Please be advised that a lengthy environmental review may be required by HUD. **Due to HUD requirements, you will need to stop construction and installation activities immediately upon applying for any labor or installation-related expenses.** These projects will likely be awarded as forgivable loans and will require the applicant to purchase National Flood Insurance Program coverage for the amount and term of the loan, if the project is within a flood plain, before a final determination on eligibility can be made.

21. How long will it take for my loan application to be reviewed?

- A. The NJEDA's goal is to help as many small businesses recover as quickly as possible. Each application will likely involve a different mix of funding requests, and certain types of funding expenses will take longer to review than others due to federal regulatory requirements. If you have provided all required documentation with the application, the NJEDA will work with you to keep you updated on the status of your application.

22. Will I be notified if more information is required?

- A. After the NJEDA receives your Stronger NJ Business Loan application, a Business Advisor will contact you (at the address provided in your application) if any additional information is needed.

23. If I do not have a particular document required to support my application, can I provide the information sought in some other manner?

- A. Please work with your Business Advisor to assemble sufficient documentation for application requirements.

24. Will my application be declined if any of the paperwork is missing?

- A. An application cannot be considered complete until all required documentation is received. The Stronger NJ Business Loan program is funded with federal CDBG-DR funds and awards are subject to federal requirements. If you do not have the documentation required, please work with your Business Advisor to see if alternative forms of information may satisfy application requirements.

25. If I already applied for Stronger NJ Business Grant, do I need to submit a Stronger NJ Business Loan application if I am interested in applying for a loan?

- A. No, a separate application will not be required. However, you will need to submit additional information in order to be considered for a Stronger NJ Business Loan. Your Business Advisor will advise you on what additional information will be required.

26. Can the information that I have already submitted on the SBA application be used for my Stronger NJ Business Loan program application, or do I have to provide that information?

- A. Since both the NJEDA's Stronger NJ Business Loan program and the SBA program utilize federal funds and are subject to federal regulations, you may notice duplication between the two applications. Per HUD requirements, the NJEDA cannot accept your SBA application in lieu of the application to the Stronger NJ Business Loan program. However, to the extent you compiled documentation and information in support of your SBA application that is also required to be considered for the Stronger NJ Business Loan program, completing your Stronger NJ Business Loan program application should be a quicker and easier process. Furthermore, a copy of your SBA application, if available, must be submitted in connection with your Stronger NJ Business Loan program application. Of course, this only applies to those that filed, or that will file, an SBA application before the SBA loan programs lapse. If a business seeks a loan relating to economic injuries or working capital after the Physical Damage loan application period closes, it still must apply for the Economic Injury disaster loan unless that SBA program has lapsed as well.

27. If my SBA loan application was declined, am I eligible to apply to the Stronger NJ Business Loan program?

- A. In order to comply with federal requirements that prohibit an entity from receiving benefits for a duplicative purpose, filing an SBA application and receiving a final determination on that application (approval or denial) is a prerequisite to submitting an application for the Stronger NJ Business Loan program, until the SBA loan program applicable to the purpose of funding sought by the applicant lapses. For example, if an entity seeks a loan through the NJEDA for expenses that may be addressed through an SBA Economic Injury Disaster Loan, such as expenses relating to working capital for salaries, the applicant must apply to the SBA for an Economic Injury Disaster Loan before the applicant can submit an application to NJEDA for working capital-related funds. This would be required even if the SBA Physical Damage Disaster Loan program has lapsed.

Even after the applicable SBA disaster loan program deadline lapses, a prospective applicant to the NJEDA program that had applied to SBA for a loan before the SBA program lapsed must await a final determination from SBA on its application before it can submit an application to NJEDA. Notably, if an entity applied for an SBA

Physical Damage Disaster Loan, it may have also been automatically considered for an SBA Economic Injury Disaster Loan. Please reference your SBA application materials and determination letter. Additionally, per federal requirements, if the applicant has been approved for an SBA loan, the approved amount must be accounted for when ensuring that Stronger NJ Business Loan program funds are not provided in a manner that would duplicate benefits available to the entity for that purpose.

28. If my insurance claim has not yet been closed, am I eligible to apply to the Stronger NJ Business Loan program?

- A. All insurance claims due to storm-related damages must be closed prior to submitting an application for the Stronger NJ Business Loan program. Additionally, per federal requirements, if the applicant has been approved for any insurance payouts, that must be accounted for when ensuring that Stronger NJ Business Loan program funds are not provided in a manner that would duplicate benefits.

29. If I received money from SBA, am I eligible to apply for the Stronger NJ Business Loan program?

- A. Perhaps. Per federal requirements, CDBG-DR funds (which are used to fund the Stronger NJ Business Loan program) must be used only to satisfy “unmet needs.” This means that if an entity’s total need has been satisfied through other funding sources like private insurance, FEMA or SBA (this does not include private loans, lines of credit, or other similar sources), the entity cannot receive CDBG-DR funds. If an entity still has an “unmet need” after accounting for all monies received from other sources and otherwise satisfies eligibility requirements, it may receive funds up to \$5,000,000 through the Stronger NJ Business Loan program. To provide an example, if an entity with one impacted location has a total need of \$1,000,000 and received \$500,000 from insurance, \$300,000 from SBA and nothing from FEMA, the entity’s “unmet need” would be \$200,000. If the entity met all other eligibility requirements, it could receive \$200,000 through the Stronger NJ Business Loan program.

30. Is there a filing deadline?

- A. There is no deadline for the Stronger NJ Business Loan program at this time. However, all disbursements must be complete by December 31, 2014. Applications are accepted on a rolling and first-completed, first-reviewed basis.

31. If I have questions about filing the application, how can I contact the NJEDA?

- A. If you have not yet submitted your application and have questions, start by visiting the NJEDA’s website, <http://application.njeda.com/StrongerNJBusiness>, for a

program overview and information about filing requirements. If you have additional questions, a customer service representative or Business Advisor can be reached at StrongerNJBusiness@njeda.com, or at these telephone numbers: 1(855) Sandy-BZ or 1(855)726-3929.

32. When is the call center open?

- A. The call center will be open from 8 a.m. to 6 p.m. Monday through Friday, excluding holidays.

33. How long will it take to complete an application?

- A. The length of time it will take to complete an application depends on the type of funding sought and whether the applicant has the required documents and information readily available. The NJEDA has tried to set forth an application that is easy to complete, while still complying with federal regulations. For additional assistance, please call 1(855) Sandy-BZ or 1(855) 726-3929, or email StrongerNJBusiness@njeda.com.

34. Can I save my application and finish it later?

- A. Yes. There is a save button on the bottom right hand corner of every page of the application. Just make certain to press "save" before exiting the page.

35. Are applications available in Spanish?

- A. Applications will be available in Spanish shortly.

36. How can I apply if I speak a language other than English or Spanish?

- A. If you need assistance with your application and speak a language other than English or Spanish, please call 1 (855) Sandy-BZ or 1(855) 726-3929, or email StrongerNJBusiness@njeda.com. The NJEDA will arrange for someone to interpret the application for you and help you through the process.

37. How quickly will I know if my application is approved?

- A. The approval process differs depending on the type of funding requested. For example, an application for working capital would likely be processed faster than an application for construction expenses because HUD has more onerous environmental review requirements that add time to processing for physical damage-related applications. Moreover, the approval process will also depend on how long it takes for the NJEDA to receive all your required paperwork.

38. How soon after approval will I receive the loan?

A. Loans must close within 60 days of approval. All disbursements must be complete by December 31, 2014.

39. Is the loan part of my taxable income?

A. Please consult with a tax professional for guidance on this matter.

40. How will I be notified if my application is declined?

A. During the application, you will be asked for your preferred method of communication (e-mail or U.S. mail). A notice of determination regarding your application will be sent to you. Certain forms of communication may be sent via certified U.S. mail as required by law. If you have any questions please call or email your individual Business Advisor.

41. If my application is declined am I able to re-apply? If so, when?

A. If you have been declined for eligibility reasons, you may appeal the decision. Please call the New Jersey Business Action Center at 1(866) 534-7789 for more information on other programs that may be more appropriate for your business needs.

42. Is there an appeal process?

A. Yes. For more information on the appeal process, please contact your Business Advisor.

43. If my Stronger NJ Business Loan program application is declined, are there any other programs that I could apply to for help?

A. Perhaps. We encourage you to call the New Jersey Business Action Center at 1(866) 534-7789 or visit the State of New Jersey Business Portal at <http://www.state.nj.us/njbusiness/bac/> for more information on other programs that may address your business needs.

44. If I own a private yacht club that was flooded during Superstorm Sandy, can I apply for a loan?

A. Likely not. HUD regulations preclude funding entities that require private memberships and do not provide a sufficient public benefit, which includes but is not limited to jobs and other benefits for low to moderate income populations. Examples of ineligible use of funds may include private golf courses, private country clubs, and yacht clubs.

45. I am a member of a fisheries co-operative. We are organized as a non-profit organization and sustained damage to our processing facility. Can we apply for a loan?

A. Perhaps. HUD regulations allow for non-profits engaged in industrial or commercial activities to apply for construction-related funding. However, operating expenses, including working capital needs, such as salaries and expenses are not eligible.

46. My membership-based non-profit owns a building, which is primarily used for the organization's day-to-day business, but is occasionally rented for special events. Is the organization eligible for a loan through this program?

A. Perhaps, though non-profit entities may only be eligible for construction-related funding. Notably, HUD regulations prohibit funding for businesses or non-profits that require private memberships and do not provide a sufficient public benefit, which includes but is not limited to jobs and other benefits for low to moderate income populations. Under this program, only non-profits involved in commercial or industrial activities, or that have facilities, which provide a public service that furthers economic development. Religious-affiliated non-profits, such as churches, may utilize the funding **only** for renovation or new construction of portions of the impacted physical structure with non-sectarian uses. The limitations may exclude your entity from the Stronger NJ Business Loan program.

47. I file my New Jersey State taxes every year. How do I document that I am up-to-date and have received "tax clearance" from the State?

A. If you have any questions with your tax status, please contact the New Jersey State Treasury hotline at 1(609) 292-6400.

48. I own a Bed and Breakfast at the Jersey Shore, which is also my home. Am I eligible for the Stronger NJ Business Loan program?

A. While federal regulations require that home-based entities generally be excluded from receiving monies through business programs funded with CDBG-DR funds, exceptions to this rule include the following examples: a home-based business with a separate business-entrance and a Bed and Breakfast establishment, where the owner resides on the property.

49. If I purchased a business that was damaged by Superstorm Sandy after the date of the storm, can I apply for assistance for that business?

A. Yes. Any business, regardless of change in ownership, which was registered in New Jersey and in existence on the date of the storm (10/29/12), may apply, subject to all other eligibility criteria.

50. I am the sole owner of a Limited Liability Company (LLC). Am I considered a sole-proprietor?

- A. No. A sole proprietor is someone who owns an *unincorporated* business by himself or herself.

51. My family owns three seasonal rental units under an LLC with a tax identification number; is our company eligible to apply for assistance?

- A. Yes. If a registered, formally-structured company with its own federal tax identification (EIN) number owns two or more rental units used for weekly or seasonal rentals, and if the company owned those impacted units on the date of the Superstorm (10/29/12), then the company would be eligible to apply for assistance, provided that it satisfies all other eligibility criteria. Businesses that own a single rental unit and privately owned rental units that are available for lease throughout the calendar year may be eligible for assistance under the Department of Community Affairs' (DCA) CDBG-DR programs. For more information, please contact DCA at 1(855) SANDY-HM.

52. If my business was in a flood zone and it did not have flood insurance, does that preclude me from receiving funds through the Stronger NJ Business Loan program?

- A. Not necessarily. If the property where the entity is located was impacted by a prior disaster (i.e., a disaster other than Superstorm Sandy) in which the owner at that time received federal funds for recovery on the condition that the owner carry flood insurance in perpetuity or for a period of time that has not expired, HUD requires that the property had to have been covered by a National Flood Insurance Program as of the date of Superstorm Sandy (10/29/2012) to be eligible for CDBG-DR funds. This requirement applies even if there has been a change in ownership. However, if no such requirement is applicable to a property, then a lack of flood insurance coverage as of the date of Superstorm Sandy would not preclude eligibility for the Stronger NJ Business Loan program.