

## **APPLICATION PROCESS**

**When do applications open?** The expected release date for this program is February of 2022.

**Where can I find the application?** The application will be available at [Small Business Services - NJEDA](#)

**What items do I need to apply?** Please view all required documents on the customer checklist and gather your documents so you are prepared to upload this information when you apply:  
<https://www.njeda.com/main-street-mbl-applicant-checklist-final/>

**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).

**How many years of tax returns will I be expected to provide?** The last three years of federal tax returns the business entity was required to file.

**How do I print my tax clearance certificate?** Please follow these directions <https://www.njeda.com/wp-content/uploads/2021/08/Securing-Your-Tax-Clearance-Certificate-Directions-Client.pdf>

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

## **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 or financial statements.

**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.

**What is the maximum number of employees I can have?** Only businesses with 10 or less full-time employees at application and one quarter prior to application are eligible. Applicants will have to provide payroll information through their WR30 or payroll report.

**If I am a non-profit can I apply?** Yes, non-profit businesses in existence for 6 months prior to the date of application are eligible to apply.

**If I run my business from my home am I eligible?** Yes, home based businesses in existence for 6 months prior to the date of application are eligible to apply.

**I am a sole proprietor am I eligible?** Yes, all for profit entities are eligible to apply but must be operating for 6 months prior to the date of application to be eligible to apply.

**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 and 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 revenue was \$1.5 million or less.

### **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.

**What is the interest rate?** Everyone receives 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 is collateral needed for this product.

**Are personal guarantees required for this loan?** Yes, all owners will need to provide personal guarantees.

**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. If the following criteria is met, then the applicant is eligible for their loan balance to be forgiven. The applicant must file the necessary form that will be provided in their closing documents from 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.

**Will someone reach out to me about loan forgiveness?** Yes, applicants will be sent an email notice 60 days prior to the end of the 5<sup>th</sup> year.

**If I forget to send in my form is my loan still eligible for forgiveness?** Yes, payments are required until forgiveness is awarded. Applicants will be expected to continue making payments until forgiveness is awarded to them. If the necessary information is not provided to NJEDA the applicant is expected to continue making payments until they are notified their balance has been forgiven.

## **USE OF FUNDS**

**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 someone 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 for this use.

**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 operating for at least 6 months, and that businesses future working capital expenses to help a business operate.

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

- > Refinancing of existing debt
- > 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