

NJEDA PROGRAMS

The New Jersey Economic Development Authority (“NJEDA”) was authorized by Governor Phil Murphy in recent signed legislation to provide relief to New Jersey small and mid-sized businesses. This package of initiatives will provide more than \$75 million of both State and private financial support. If more resources become available through additional State, Federal, and philanthropic sources, it is expected that these initiatives will grow to more than \$100 million.

There is a fixed amount available to fund these New Jersey programs. We recommend **EARLY APPLICATION**.

The Eligibility Wizard can be found through the State’s COVID-19 Business Information Hub: <https://cv.business.nj.gov>

NJEDA SMALL BUSINESS EMERGENCY ASSISTANCE GRANT PROGRAM

- For businesses and non-profits with between 1 and 10 full time employees
- Intended to stabilize their operations and reduce the need for layoffs or furloughs
- Targeted for payroll and working capital support, not capital expenses such as construction
- \$1000 per FT employee, maximum of \$5,000 in grants
- Includes retail, arts, entertainment, recreation, accommodation, food service, and other services - such as repair, maintenance, personal, and laundry services
- Excludes home-based businesses, and businesses related to gambling or adult services
- The Eligibility Wizard can be found through the State's COVID-19 Business Information Hub: <https://cv.business.nj.gov>

NJEDA SMALL BUSINESS EMERGENCY ASSISTANCE LOAN PROGRAM

- For businesses and non-profits with less than \$5 million in annual revenue
- Intended to help entities that were closed, reduced hours, had 20% decline in revenue, or a disrupted supply chain
- \$100,000 direct loan, with flexible terms such as 10-year amortization, 0% interest, 12-month deferred repayment
- Includes entities in business for at least one year, must show negative impact related to COVID-19, and must certify that entity will make best efforts to not lay off employees or will rehire employees as soon as possible
- Excludes home-based businesses, businesses related to gambling or adult services
- The Eligibility Wizard can be found through the State's COVID-19 Business Information Hub: <https://cv.business.nj.gov>

NJEDA SMALL BUSINESS EMERGENCY ASSISTANCE GUARANTEE PROGRAM

- Pilot program that makes available one-year first loss guarantees of permanent working capital loans and lines of credit from specified “Premier Lender” banks.
- Intended to cover operating expenses for small businesses and non-profits impacted by COVID-19
- Provides 50% guarantees on working capital loans and provides a waiver of loan fees
- Premier Lenders include, among others:
 - BB&T
 - Fulton Bank
 - M&T Bank
 - Ocean First Bank
 - Sturdy Savings Bank
 - TD Bank
- Businesses eligible for these loans must have \$5 million or less in annual revenue and in existence for at least one year; home-based businesses ineligible
- The Eligibility Wizard can be found through the State’s COVID-19 Business Information Hub: <https://cv.business.nj.gov>

NJEDA COMMUNITY DEVELOPMENT FINANCE INSTITUTION (CDFI) EMERGENCY LOAN LOSS RESERVE FUND

- CDFIs include:
 - UCEDC (United Counties Development Corp.)
 - GNEC (Greater Newark Enterprise Corp.)
 - RBAC (Regional Business Assistance Corp.)
 - NJCLF (New Jersey Community Loan Fund)
 - CBAC (Cooperative Business Assistance Corp.)
- Provides loan guarantees to CDFIs for working capital loans to businesses that have been directly impacted by COVID-19
- Loans can be made by the CDFI to companies that have certified it has been adversely affected (i.e. closed, reduced hours, reduced revenue, etc.)
- \$75,000 loan amount per company
- Interest rate for the loan must be lower than 3.75%
- Loans must provide flexible loan structure such as deferred payments, moratoriums on interest for 6 months, etc.)
- Loan amount cannot exceed five years
- CDFIs each received a \$250,000 grant to help the entities meet increased demand for loans
- The Eligibility Wizard can be found through the State's COVID-19 Business Information Hub: <https://cv.business.nj.gov>

NJEDA ENTREPRENEUR SUPPORT PROGRAM

- Intended to encourage private sector investors to provide additional working capital loans to entrepreneurial businesses
- Provides a guarantee of an investor loan advanced for working capital for an entrepreneurial businesses impacted by COVID-19
- Investment must have been made after March 9, 2020, program is retroactive to that date
- NJDEA will guarantee 80% of the total investment amount, not to exceed \$200,000 per entrepreneurial company
- The entrepreneurial business must have:
 - minimum of 50% employees in NJ
 - less than 25 total employees
 - under \$5 million in revenue
 - corporate HQ in NJ
 - in one of 8 sectors as follows: advanced manufacturing, information technology, life sciences, finance/insurance, clean energy, food/beverage, advanced transportation, film/digital media
- Investors can be individuals, trusts, or corporations, and must already have equity interest/position in the company
- Investors need not be NJ residents
- The Eligibility Wizard can be found through the State's COVID-19 Business Information Hub: <https://cv.business.nj.gov>

EXISTING NJEDA BUSINESS CUSTOMERS

- 3-month payment moratorium for eligible businesses on direct loans and premier lender participation loans (pending approval by the agency bank)
- NJEDA is also allowing collateral releases, subordinations and substitutions on business assets
- Late fees on loan repayments and loan modification fees will be waived for impacted businesses
- NJDEA has also waived certain requirements for employee presence in the office for programs under Grow NJ, HUB, BEIP, and BRRAG
- Under Grow NJ, the NJDEA has discretion to extend time to file project completion certification under certain circumstances
- The Eligibility Wizard can be found through the State's COVID-19 Business Information Hub: <https://cv.business.nj.gov>

US SMALL BUSINESS ADMINISTRATION

Because New Jersey is approved for federal disaster assistance, New Jersey businesses are available to apply for Economic Injury Disaster Loans through the Small Business Administration (SBA) as well as Paycheck Protection Program.

ECONOMIC INJURY DISASTER LOANS (EIDLs)

- CARES Act expanded EIDLs
- For small businesses, sole proprietors/independent contractors, and private non-profits of all sizes
- Covers working capital
- Must have sustained economic injury
- Streamlined application – the CARES Act included provisions that make the application process much easier (i.e. no personal guarantee for smaller loans, no need to show credit is available elsewhere, approval can be based on credit score)
- Must have been in business since January 31, 2020
- Loans over \$25,000 require collateral (or a pledge of what is available)
- Amount of loan: \$2 million max
- Interest rate capped at 3.75%
- Loan term 30 years max
- No fees
- Repayment begin when loan is disbursed

ECONOMIC INJURY DISASTER LOANS (EIDLs)

- Apply by December 18, 2020
- **EMERGENCY GRANT:** this loan also includes a \$10,000 grant made available within 3 days, which does not have to be repaid even if the applicant does not qualify for the loan; emergency grant money must be used for providing paid sick leave, payroll, increased costs of materials, rent/mortgage, and repaying obligations that cannot be met because of revenue loss

PAYCHECK PROTECTION PROGRAM

WHAT CONSTITUTES A SMALL BUSINESS?

Under the Act, a “small business” is a business that employs less than 500 people. Small businesses are eligible to receive loans that offer debt forgiveness, which is non-taxable, subject to limitations. The Act appropriates \$349 billion to the Paycheck Protection Program, which aids small businesses in covering payroll (for employees earning up to \$100,000 per year) and other expenses from February 15, 2020 through June 30, 2020.

WHAT DO PAYCHECK PROTECTION LOANS COVER?

UPaycheck Protection Loans may be used to pay payroll, group healthcare benefits, insurance premiums, interest on a mortgage or other debt incurred prior to February 15, 2020, and rent and utility payments. Loan proceeds may not be used to prepay debt. **No collateral or personal guaranty is required to obtain Payment Protection Loans.** The maximum repayment term is ten years, with a maximum interest rate of 4%.

HOW MUCH CAN I BORROW?

Qualifying businesses and non-profit entities are eligible to receive loans up to 2.5 times their monthly payroll costs, measured over the prior twelve months, or \$10 million, whichever is smaller. Payroll costs are defined broadly and includes salaries, certain employee benefits, state and local taxes and certain types of compensation to sole proprietors or independent contractors up to \$100,000. Seasonal employees are treated differently.

HOW ARE SEASONAL WORKER'S TREATED?

The calculation is altered as in that a seasonal employer is the average total monthly payments for payroll shall be for the 12-week period beginning February 15, 2019, or at the election of the eligible recipient, March 1, 2019, and ending June 30, 2019. I would run those calculations for all of your businesses as well as the annual computation to determine which will result in a higher potential amount to borrow..

WHAT ABOUT LOAN FORGIVENESS?

Paycheck Protection Loans are eligible for loan forgiveness equal to the amount expended by the borrower during an eight-week period after the origination date of the loan on payroll costs, interest payments on mortgages that commenced prior to February 15, 2020, rent incident to any lease that was in force prior to February 15, 2020, and utilities for which service began before February 15, 2020.

The entire amount of the loan is eligible for forgiveness if the loan proceeds are expended on eligible expenses, except that forgiven amounts will be reduced by the amount of the small business's employee or salary/wage reductions, which is based on a formula outlined in the Act.

WHAT ABOUT LOAN FORGIVENESS?

Yes, you can. The loan forgiveness reduction may be offset and does not apply if, by June 30, 2020, the borrower of a Paycheck Protection Loan rehires the same number of employees (not necessarily the same employees) who were laid off between February 15, 2020 and 30 days after enactment of the Act.



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Q & A

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