

# Small Business Emergency Assistance Loan Program – Phase 2

## FAQs

### 1. What is the process to apply for the Phase 2 Loan Program?

- The process to apply for this program is a multi-step process:
  - o STEP 1 - If you have never applied for NJEDA financing before, visit [the NJEDA application portal](#) now to create a new username and password. Store this information so that you can easily locate it for when the pre-registration period opens. If you have applied for financing, please check that link to ensure you can access the portal.
  - o STEP 2 - The first step is to pre-register your business during the NJEDA's pre-registration period which will be open from February 10, 2021, 9:00 am EST –February 22, 2021, 5:00 pm EST. Businesses can only pre-register during this pre-registration period, and **only businesses that pre-register will be able to apply.**
  - o STEP 3 - After pre-registration, businesses will be able to apply beginning February 24, 2021, 9:00 am EST by completing an application form on the NJEDA's application portal. Once a business has submitted its application form, NJEDA will conduct a preliminary review to see if the business is eligible. Because of the anticipated high volume of applicants, the preliminary review may take some time and will not be completed immediately after the application is submitted, so applicants should not expect to be contacted right away.
  - o STEP 4 - If the business appears to be eligible, the applicant will be contacted by email to provide and upload a checklist of items which is not limited to but will include tax returns, financial information and supporting documentations about the business so that NJEDA can complete its review. The applicant will have 5 days to provide this information from the date/time the NJEDA requests it.

### 2. Will language assistance be available?

- The NJEDA is providing the online pre-registration and application forms in English.
  - o NJEDA will offer applicants access to interpretation services to support speakers of ten additional languages –Arabic, Chinese (Mandarin and Cantonese), Gujarati, Hindi, Italian, Korean, Polish, Portuguese, and Tagalog.
  - o Applicants can contact [languagehelp@njeda.com](mailto:languagehelp@njeda.com) to receive a call within one business day from a representative who can communicate with them in their primary language.

- o Loan documents will have to be read and signed in English. Applicants should have their own interpreter for this process.

### 3. What are the eligibility requirements for the Program?

- To be eligible for Phase 2 of the Small Business Emergency Assistance Loan Program, the applying entity must:
  - a. Have been in existence **and** operational on February 24, 2020
  - b. Have \$5 million or less in annual revenue (as determined by most recent financial statements). Financial statements provided should be CPA prepared or filed copies of business tax returns.
  - c. Be fully and properly registered to do business with New Jersey Department of Treasury, Division of Revenue and Enterprise Services. All nonprofits organized under 501(c) of the Internal Revenue Code are also eligible for the program.
  - d. Have a physical commercial location in the State of New Jersey (e.g., an office, a physical point of sales, a warehouse, manufacturing facility, etc.). Home-based businesses and Mobile Businesses that don't use a physical commercial location for storage or prepping are not eligible for this funding.
  - e. Be in good standing with the Department of Labor and Workforce Development (NJLWD), with all decisions of good standing at the discretion of the Commissioner of the Department of Labor.
  - f. Provide certification from the CEO/equivalent officer that the entity:
    - i. Has been negatively impacted by the COVID-19 declared state of emergency on March 9, 2020 (e.g., has been temporarily shut down, has been required to reduce hours, has had at least a 20% drop in revenue, has been materially impacted by employees who cannot work due to the outbreak, or has a supply chain that has materially been disrupted and therefore slowed firm-level production).
    - ii. Has a financial need due to being negatively impacted by the COVID-19 declared state of emergency (e.g., does not have significant cash reserves that can support the entity during this period of economic disruption; to support economic resiliency.)
  - g. Not be actively excluded or debarred by the State of New Jersey or the Federal Government
  - h. Satisfy Taxation's requirement to ensure that the entity does not have tax debts due to the State. This could be accomplished, as determined by Taxation, through a certification from the applicant that it doesn't owe any taxes and will be subject to immediate repayment if the certification is not correct. NJEDA will also verify with Taxation that the applicant has no outstanding tax obligations to the State.
  - i. Comply with duplication of benefits provisions within the Stafford Act. As such, all applicants will be required to fill out an affidavit identifying all funding sources related to

COVID-19, including Small Business Administration loans and grants, forgivable portions of Payroll Protection loans, and Economic Injury Disaster grants. Applicants will certify that funds through Phase 2 of the Small Business Emergency Assistance Loan Program are not used for the same purpose in the same time period, i.e., creating a duplication of benefit.

#### 4. Are there organizations that are not eligible to apply?

- To be eligible you must meet all the criteria listed above. Additionally, certain types of businesses are **not** eligible, including (but not limited to): home-based businesses; mobile businesses that don't use a physical commercial location for storage or prepping, real estate holding companies; businesses that engage gambling or gaming activities; the conduct or purveyance of "adult" (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or "lost-our-lease" or "going-out-of-business" or similar sale; sales by transient merchants, Christmas tree sales or other outdoor storage; any activity constituting a nuisance; or any illegal purposes.

#### 5. What loan amounts are available

- An applicant can request a loan of up to \$100,000

#### 6. If I received a loan under NJEDA's Phase 1 Emergency Loan program, can I still apply for Phase 2?

- Yes, you can apply, but please note that entities which were approved for financing under Phase 1 will be eligible only for an amount that will not exceed \$100,000 in the aggregate when the amounts from the two phases are added.

#### 7. What are the eligible uses of this funding?

- Financing can only be used for operating expenses incurred on or after the declared state of emergency on March 9, 2020 (all invoices/expenses incurred prior to this date would not be eligible). This includes the following eligible expenses:
  - a. Inventory
  - b. Rent/Mortgage
  - c. Payroll
  - d. Utilities
  - e. Personal protective equipment
  - f. Furniture, fixtures or equipment needed as a result of COVID-19, provided it does not require professional installation costs in excess of \$1,999.

#### 8. Are there uses on funding that are not eligible?

- Yes. The following uses are not eligible uses of the Small Business Emergency Assistance Loan Program (Phase 2):

- a. Operating expenses incurred prior to the declaration of emergency (March 9, 2020)
- b. Refinancing of existing debt
- c. Personal, non-business, obligations or costs incurred by related entities
- d. Construction-related expenses or contracts
- e. Furniture, fixtures or equipment requiring professional installation costs in excess of \$1,999.

**9. Is there an end date for a recurring expense that I could apply for?**

- For recurring expenses, applicant should not include projected expenses beyond 2/24/2022, but will need to provide documentation (i.e. statements, invoices, or receipts) that support the projections. The total loan request can not exceed \$100,000.

**10. My business is located in an Opportunity Zone. Does that make a difference?**

- Yes, there is a \$3.5 million of total funding reserved for businesses with a primary business location in of New Jersey's 715 eligible Opportunity Zone census tracts. To determine if your business is located in an eligible Opportunity Zone census tract, please use the [mapping widget](#).

**11. Are there other priority applicants?**

- Yes, priority will be given to applicants that have received no greater than \$10,000 of government assistance related to the COVID-19 pandemic, defined as any federal loan, grant or loan guarantee that may have been provided by or issued through any federal and/or governmental entity after March 9, 2020, including but not limited to the U. S. Small Business Administration's COVID-19 relief programs. This would also include state or local assistance that entities may have received, after March 9, 2020, related to COVID-19, of which the funding source is federal funding (i.e. programs administered by the state or county that are funded through CARES Act).

**12. My business has multiple locations under one FEIN. What is considered my business's primary location?**

- For purposes of this Program, your primary business location is the address where most of your employees are working. If no one location has the most employees because multiple locations have the same number, then the primary location from among those locations is the one that generates the most revenue. If there are still multiple locations that meet the criteria, the primary location is the location that opened first.

**13. Does my business need to have filed its 2020 tax return?**

- An applicant is not required to have filed its 2020 federal or state tax return.

**14. Does my business need to have filed its 2019 tax return?**

- An applicant which was in existence in 2019 should have filed its 2019 federal and state tax return.

## 15. What financial information will I need to have in order to pre-register and apply?

- An applicant should have the following information for pre-registration:
  - a. Contact information for someone who is authorized to speak on behalf of your company, for example: an owner or an executive such as a CEO or Executive Director
  - b. Full name of your registered legal entity
  - c. Ownership structure (sole proprietorship, LLC, Non-Profit Organization, etc.)
  - d. 9-digit Employer Identification Number (EIN; Federal Tax ID Number)
  - e. Date your business/entity was legally formed AND date your business/entity began operating (these dates may be different)
  - f. Annual revenue based on most recent business tax filing
  - g. Have you received other Federal, State, or county/municipal funding for COVID-19? If so, know the total amount you have received.
  - h. Loan amount you're requesting from the NJEDA under the Phase 2 program. (cannot exceed \$100,000 in aggregate between NJEDA COVID Loan Phase 1 & 2)
  
- An applicant should have the following information for application:
  - a. Names, personal addresses, date of birth, and social security numbers of any individual or entity with ownership of the business, including individual owners of a business, firm or trust that may have ownership in the applying entity.
  - b. Information on how you intend to use the loan.
  - c. If you are using the loan for furniture/fixtures/equipment or personal protective equipment, you will need to know whether those items require professional installation and the estimated cost to professionally install them, if applicable.
  - d. Information on other Federal, State, or county/municipal assistance the entity has applied for and/or received. This may include but is not limited to, i.e. PPP, SBA EIDL, NJRA grants, NJEDA grant/loan. For each one that you identify, you will need to know:
    - e. Were you approved, declined or still under review?
    - f. What was the amount you applied for and/or received?
    - g. If approved, what is the funding being used for?
  - h. Be able to answer the State's basic debarment question. This includes being able to affirmatively answer and/or certify that:
    - o You are not a home-based business
    - o You are not a prohibited business
    - o You have been impacted by the COVID-19 pandemic
    - o You will make a best effort not to lay off any additional employees and to re-hire any whom you have already laid off
    - o Information you are providing is correct
    - o You will allow the NJEDA to check your entries against other State sources of data

- You will authorize NJEDA to obtain a credit report on all guarantors
- You are current on all state obligations.

#### 16. Will I have to pay an application fee?

- Due to the financial hardship imposed by the COVID-19 pandemic, there is no fee for this application.

#### 17. My business is a not-for-profit organization; is my organization eligible?

- If your organization is registered with the IRS as a 501(c) non-profit, your organization may be eligible, provided your organization meets all other program eligibility requirements.

#### 18. What are the Loan rates and terms?

- Term/Amortization: Up to 10 years
- Interest Rate: 0% fixed for first 5 years, NJEDA prevailing floor rate (capped at 3.00%) at the time of the rate reset for remaining five years.
- Deferred principal payments for 12 months, with a delegated approval for an additional 6 months, if needed.

#### 19. Are there specific underwriting criteria?

- Yes, underwriting criteria includes:
  - Minimum Credit Score: 600 FICO for at least one guarantor.
  - Minimum Global Debt Service Coverage Ratio (GDSCR) of 1.00x based on financial statements in the year prior to the declaration of emergency related to the COVID-19 outbreak (March 9, 2020).

#### 20. How is Global Debt Service Coverage Ratio (GDSCR) calculated for this loan program?

- Global Debt Service Coverage Ratio ("GDSCR") is generally defined as the business' net income plus noncash expenses (i.e., depreciation and amortization), plus interest expense, plus personal excess cash flow of the personal guarantors, plus any non-recurring expenses, minus owner distributions. The result of that calculation is divided by the annual principal and interest payments on all existing and proposed debt obligations of the business.

#### 21. Are there any liens/collaterals/security information requirements?

- EDA will place lien on business assets only. EDA lien will subordinate in lien position to all existing and future senior lenders.
- Guarantors: Unlimited personal guarantees for all adult individuals or entities with ownership in for-profit applicants and related entities, regardless of ownership percentage, will be required. This requirement does not apply for not-for-profit organizations.

## 22. Are there any fees associated?

- Due to the financial hardship experienced by the entities that are eligible for this program, there will be no fees associated with the Small Business Emergency Loan Program for the first five years of a loan, including application fees, and then the NJEDA's standard modification fees will be charged, if applicable.

## 23. How can I best prepare for the pre-registration and application process?

- Any business pre-registering for the program will need a username and password in NJEDA's [application portal](#).
- If you have never applied for NJEDA financing before, visit the [application portal](#) now to create a new username and password. Store this information so that you can easily locate it for when the pre-registration period opens.
- If you go to create a new profile and your email address is already known to NJEDA, you will get instructions on sending yourself an invitation code to set up a username and password in this application portal. Once you setup your username and password in this portal, store this information so that you can easily locate it for when the pre-registration period opens.
- If you have used this application portal before to apply for the NJEDA Phase 3 Grants or a Micro Business Loan through the NJEDA application portal, you should already have a username/password. If you know that information, store this information so that you can easily locate it for when the pre-registration period opens.
- If you have used this application portal before but have forgotten or cannot locate your username and password, go to the [application portal](#) now to email yourself an invitation code to reset your username and password. Once you reset your username and password, store this information so that you can easily locate it for when the pre-registration period opens.
- Do not wait to visit <https://njeda.powerappsportals.us/en-US/SignIn?returnUrl=%2F> to see if you have a username and password, especially if you need to reset your username and password. Once pre-registration opens there may be delays (10-20 min) with receiving email codes due to high volume.
- If you experience any issues, please contact the NJEDA call center at 844-965-1125 for assistance.

## 24. After I complete pre-registration, what can I expect?

- After pre-registration, you will receive an email outlining the next steps to complete the application form once the application period opens on February 24, 2021, 9:00 am EST . The email will come from [crmnoreply@njeda.com](mailto:crmnoreply@njeda.com). Please be sure to add this email address to your contacts and take any steps necessary to ensure the email is available in your inbox. Please be sure to check your spam/junk email.
- Once a business has submitted its application form, NJEDA will conduct a preliminary review to see if the business is eligible. Because of the anticipated high volume of applicants, the preliminary review may take some time and will not be completed immediately after the

application is submitted, so applicants should not expect to be contacted right away. If the business appears to be eligible, the applicant will be contacted by email to provide additional financial information and documentation about the business so that NJEDA can complete its review. The applicant will have 5 days to provide this information from the date/time the NJEDA requests it. A list of potential documents is available through the NJ State [COVID portal](#).

**25. My business has multiple different locations; can I submit a separate application for each location?**

- There is an application limit of 1 application per FEIN. If your business has 5 separate FEINs, then you would be eligible to apply 5 times under each individual FEIN, but would have to apply separately for each business (with its own FEIN). Please note that you would need to pre-register and apply separately for each FEIN.
- If your business has 1 FEIN and 5 locations, your business is only eligible for 1 loan and can only apply once under the sole FEIN.

**26. My business applied for and/or received COVID-19 disaster assistances from the Small Business Administration, other Local CARES Funding and/or insurance proceeds. Is the same business eligible for a Loan?**

- Your business may still be eligible for a loan. However, the NJEDA will need to know information about all assistance you applied for/received to comply with Federal duplication of benefits provisions. Therefore, prior to applying for this grant, it is recommended that you become familiar with the details of the other assistance that you applied for or received, as you will be asked to provide details on any COVID-19 Disaster assistance received by your business to determine eligibility.
- The NJEDA cannot provide disaster assistance for the same purpose, during the same time period, that you have already received other assistance, as this is considered a Duplication of Benefits under Federal law, and because your business would no longer have a need for the loan funding for that purpose.

**27. What is a Duplication of Benefit (DOB)?**

- A DOB occurs when an entity receives assistance from multiple sources for the same need. One way this happens is if the cumulative amount of assistance exceeds the business's needs. To avoid a DOB, the NJEDA will reduce the loan amount by the amount of other assistance for the same need. However, if the need is greater than the assistance, there is no DOB.

**28. Online applications are sometimes difficult for me. What can I expect from this one?**

- We have posted screenshots depicting what you can expect from the pre-registration and application forms and a walkthrough video, which can be accessed through the NJ State [COVID portal](#). Please note that these forms are dynamic based on your responses, and may not include



every piece of information, but are being made available in an effort to give you a general overview.