



NJEDA Micro Business Loan Program

Frequently Asked Questions

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Q1: If I am a non-profit can I apply?

A1: Yes, non-profit businesses in existence 2 years prior to August 5, 2020 are able to apply, assuming they meet all other eligibility requirements.

Q2: If I run my business from my home am I eligible?

A2: Yes, home based businesses in existence 2 years prior to August 5, 2020 are able to apply, assuming they meet all other eligibility requirements.

Q3: I received PPP or EIDL can I apply?

A3: Yes, but we will ask for information on your application about other State or Federal assistance you may have received, so please have basic information about this assistance (how much you applied for/received, what the funding is being used for) ready when you apply.

Q4: I have 12 full time employees am I eligible?

A4: No - only businesses with 10 or fewer full-time employees, at the time of application, are eligible.

Q5: I am a sole proprietor am I eligible?

A5: Yes - all for-profit, non home-based entities are eligible to apply but must be in existence and in operation for at least 6 months prior to August 5, 2020. Home-based businesses may be eligible as well, but must be in existence and in operation for two years prior to application release date.

Q6: Where can I find the application?

A6: The application can be found on the program webpage - www.njeda.com/MicroBusinessLoan

Q7: What items do I need to apply?

A7: The application is a two-step process where you will first fill out an application form. Once the NJEDA reviews that form and determines you may be eligible, you will then be contacted to provide additional financial information about your business. On the program webpage there is an application checklist that will guide you on both the information you need to fill out the application form, and the financial information you may be asked for at a later date. The application checklist can be accessed directly at: https://www.njeda.com/pdfs/MBL_Applicant-Checklist.aspx

Q8: Once I submit my application form, how will NJEDA contact me?

A8: Once your application form is submitted, NJEDA will review the application to make sure your entity meets basic eligibility – including being in good standing with Department of Labor and Division of Taxation, and that the business owners meet the minimum 600 FICO score requirement. Based on how much you are applying for and what the funding is being used for, it is also possible that someone from NJEDA may reach out to you to discuss collateral or prevailing wage requirements if those things impact your application. Once that review is complete, the NJEDA will contact you via the email provided on your application with a request to upload financial information based on your type of business. Applicants have 15 business days to upload this information, we recommended you refer to the application checklist and begin to gather this information now if you expect to apply.

Q9: Who do I reach out to if I have questions before I apply?

A9: Please feel free to email smallbusinessservices@njeda.com.

Q10: I have still been able to operate my business with minimal impact despite COVID-19 - can I apply for this loan?

A10: Yes, all businesses that meet the eligibility requirements are eligible to apply for this NJEDA product.

Q11: What is the interest rate and term of the loan?

A11: Everyone receives a flat 2% interest rate, however the term of the loan may vary from 10 years, up to a maximum of 15 years.

Q12: My loan request is for \$50,000. Do I need collateral?

A12: Yes, any loan request over \$25,000 will require collateral to secure the loan. Any request up to \$25,000 will not require collateral. Equipment and a residence can be used as collateral.

Q13: Can I use this for renovations?

A13: No - eligible uses include: equipment, inventory, and working capital only. Working capital is payroll, marketing, rent, utilities, and normal operating expenses. You will be asked to supply estimates, invoices, or statements to support any intended uses of this loan. Home-based businesses are not permitted to use the loan for residential costs (i.e. rent/mortgage, utilities).

Q14: Can I use this loan to refinance my credit cards?

A14: No - eligible uses include equipment, inventory, and working capital only. Working capital is payroll, marketing, rent, utilities, and normal operating expenses. You will be asked to supply estimates, invoices, or statements to support any intended uses of this loan. Home-based businesses are not permitted to use the loan for residential costs (i.e. rent/mortgage, utilities)

Q15: I want to buy equipment that requires a major (professional) installation can I use this loan?

A15: Yes, however state prevailing wage requirements may apply which you should be fully aware of before proceeding with an application to use the loan for this purpose. A NJEDA representative will contact you to explain these requirements if your application indicates that prevailing wage may apply, as there are requirements that the business and contractor are both responsible for meeting. It is recommended that you get an estimate for any potential installation prior to application, and make the contractor aware that prevailing wage must be used in their estimate.

Q16: Is there a minimum credit score to apply?

A16: Yes, at least one of the owners will need a FICO score of at least 600 at time of application. Any application that does not meet this requirement cannot proceed.

Q17: When do I start making payments to the NJEDA?

A17: There are no payments (principal or interest) for the first 3 years of your loan term. No interest will accrue during this three-year period.

Q18: Are there any fees for this loan?

A18: The first 3 months there will be no application, commitment, or closing fee associated to this NJEDA product. There may be fees associated with the NJEDA having to perform title or lien searches as part of the closing process. However effective November 5, 2020 there will be fees. The application fee will be \$300 (which can be paid by credit card), commitment fee is .5% of your loan amount (so on a \$50,000 loan the maximum fee is \$250), closing fee is .5% of your loan amount (again on a \$50,000 loan the maximum fee is another \$250). These fees must be paid prior to any loan disbursement and cannot be deducted from the loan amount prior to closing.

Q19: Is there any forgiveness of the loan?

A19: If your business is still in existence and operational 12 months after the closing date of the loan, 10% of the loan amount will be forgiven by the NJEDA.

Q20: Is there a limit to how many times I can apply for the Micro Business Loan Program?

A19: Yes, there is a limit of one application per Employee Identification Number (EIN). Applicants with multiple EINs can submit one application per EIN. Applicants that may have multiple locations but operate under a single EIN will be limited to one application under the sole EIN.