

Bruno Associates, Inc.
1373 Broad Street, Suite 203B
Clifton, NJ 07013
Tel: 973-249-6225 Fax: 973-249-6301
www.BrunoAssociatesInc.com



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NJEDA Small Business Assistance Grant

Applications are open now and will close April 10, 2020, at 9 AM. Completed applications will be considered on a first come, first serve rolling basis.

The Program will provide up to \$5,000 to NJ-based businesses that have between 1–10 full time equivalent employees (“FTE”). The grant funding is targeted as unrestricted payroll and working capital support, and cannot be used for any capital expenses, including construction. Grant values are calculated at \$1,000 per FTEs reported on business’ WR-30 filed with the New Jersey Department of Labor and Workforce Development.

Businesses can now access the full [Notice of Funding Availability](#). To see whether you might qualify for this program, use the [NJ COVID-19 Business Support Eligibility Wizard](#). The focus of this round of funding is on the smallest enterprises in industries that are among the most adversely impacted by the COVID-19 containment measures.

Apply now to the Small Business Emergency Assistance Grant at: <https://forms.business.nj.gov/grant/>

<https://faq.business.nj.gov/en/articles/3835237-how-do-i-apply-to-the-njeda-small-business-emergency-assistance-grant-application-now-open-here>

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NJEDA Small Business Emergency Assistance Loan

This \$10 million program will make direct low-cost financing available to allow New Jersey small businesses and non-profits to cover operating expenses and ensure continuity of operations during the outbreak. To see whether you might qualify for this program, use the [NJ COVID-19 Business Support Eligibility Wizard](#).

Application Opens April 13, 2020 at 9 AM

The program is designed to provide **a direct loan of up to \$100,000 to NJ-based small businesses and non-profits organizations** that have been in existence for at least one-year and has less than \$5 million in annual revenue. Businesses must have been negatively impacted by the COVID-19 outbreak (including, but not limited to: reduction of business hours, complete closure of business, at least a 20% decline in revenue, employees unable to work, required to close by government, or disruption of supply chain).

This program is structured specifically for entities facing economic challenges due to COVID-19 and provides low-cost and flexible terms, such as:

- 10-year term and amortization
- 0% interest rate (years 1-5), NJEDA's prevailing interest rate floor (capped at 3.0% years 6-10)
- Deferred repayments for 12 months

There are no fees associated with the Small Business Emergency Loan Program for the first five years of the loan, including application fees, and then standard modification fees will apply.

<https://faq.business.nj.gov/en/articles/3835238-how-do-i-apply-to-the-njeda-small-business-emergency-assistance-loan-application-open-april-13-2020-at-9-00-a-m>

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NJ Entrepreneurship Guarantee Program

This is a \$5 million program that encourages investment by encouraging private sector investors to provide additional working capital loans to NJ-based entrepreneurial businesses in which the investor is already an equity holder. The program provides a guarantee of an investor loan advanced for working capital to an entrepreneurial company that has been impacted by COVID-19. The investment must have been made after the date of emergency (March 9, 2020, as per the Governor's Executive Order 103). This program will be retroactive to that date.

Applications will be accepted in the coming weeks. To see whether you might qualify for this program, use the [NJ COVID-19 Business Support Eligibility Wizard](#).

NJEDA will guarantee up to 80% of the total investment amount, not to exceed \$200,000 per NJ entrepreneurial company.

The eligibility requirements for the startup and the investor are as follows:

The entrepreneurial business must:

- Have a minimum of 50% of employees in NJ
- Have less than 25 total employees at the time of application
- Have under \$5 million in revenues
- Have corporate headquarters in New Jersey (including at least one C suite member with a principal office in New Jersey)
- Fall under one of the eight sectors outlined in Governor Murphy's economic plan (advanced manufacturing, information/technology, life sciences, finance and insurance, clean energy, food and beverage, advanced transportation, food and beverage, film and digital media)

Eligibility:

- Investors can include, but are not limited to, individuals, trusts, and corporations
- Investors must already have equity interest and equity position in the company
- Qualified investors are not required to be New Jersey residents

Applications will be accepted in the coming weeks. Completed applications will be considered on a first come, first serve rolling basis.

<https://faq.business.nj.gov/en/articles/3835239-what-assistance-is-available-for-startup-investors-or-entrepreneurs-via-the-njeda-entrepreneur-guarantee-program>

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Small Business Emergency Assistance Guarantee Program

This is a \$10 million pilot program that makes available one-year first loss guarantees of permanent working capital loans and lines of credit originated by Premier Lender banks. These loans must be made to cover operating expenses for New Jersey small businesses and non-profit organizations that have been impacted by the COVID-19 outbreak. To see whether you might qualify for this program, use the [NJ COVID-19 Business Support Eligibility Wizard](#).

The program provides a 50% guarantee, not to exceed a total NJEDA exposure of \$100,000 to Premier Lenders that will issue working capital loans or lines of credit to support business continuity for a range of COVID-19 related impacts to businesses (reduced revenue, employee shortage, supply chain impact, etc.) There are no NJEDA fees associated with applying for this program.

List of Premier Lenders

BB&T · Bank of America · Columbia Bank · ConnectOne Bank · Cross River Bank · Fulton Bank of New Jersey · Investors Bank · JPMorgan Chase · Lakeland Bank · M&T Bank · Newfield National Bank · OceanFirst Bank · Peapack-Gladstone Bank · PNC · Republic Bank · Santander Bank · Sterling National Bank · TD Bank · The Bank of Princeton · Provident Bank · TriState Capital Bank · Valley National Bank · Wells Fargo

Your organization is eligible for the Program if you...

- Have a physical commercial location in the State of New Jersey
- Home-based businesses are not eligible for this round of grant funding.
- Have been in existence for at least one full year
- Have \$5 million or less in annual revenue
- Can demonstrate a negative impact on your business due to the COVID-19 outbreak
- Can provide CEO certification that you are making a best-effort to not lay off employees or will re-hire employees as soon as possible

To access this program, please work through one of the Premier Lenders listed above.

<https://faq.business.nj.gov/en/articles/3835236-how-is-the-state-backing-small-business-loans-via-the-njeda-small-business-emergency-assistance-guarantee-program>

The nitty gritty on loans

Federal loans for small businesses impacted by the COVID-19 crisis are NOW available. The recently passed stimulus bill provides \$349 billion in economic aid for America's small businesses, providing low-cost and forgivable loans to help restaurants, retailers, and other local businesses make payroll, pay rent, protect jobs and ultimately drive our recovery. Find loans here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>.

There are three loans. The first is called the Paycheck Protection Program (PPP). This loan incentivizes business owners to retain their staff in full. It's completely forgivable, which means you don't have to pay it back so long as you are re-hiring employees.

Paycheck Protection Program (PPP)

On March 31, Treasury Secretary Steve Mnuchin announced the implementation of The Paycheck Protection Program, established by the CARES Act. These new loans are designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Small Business Administration (SBA) will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

- The Paycheck Protection Program will be available through June 30, 2020.
- Businesses can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.
- Lenders may begin processing loan applications as soon as April 3, 2020.
- The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll).
- Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.
- Forgiveness is based on employer maintaining or quickly rehiring and maintaining salaries. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
- This loan has a maturity of 2 years and an interest rate of 1.0%.

Who makes PPP Loans?

- PPP loans will be made by banks, credit unions, and other regulated lenders – not SBA. PPP loans are backed by 100% SBA loan guarantees. SBA may approve additional lenders.
- Check with your local business banker to see if they are in the process of getting on board to deliver PPP loans. But realize that banks are still learning about their important role in delivering this program. Remember, the Federal Register Notice announcing the PPP details only just became public this morning.

More information and sample applications are available at: <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

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The second kind of loan is known as the Economic Injury Disaster Loan or “EIDL.” This covers things like rent, utilities and other costs of doing business.

Economic Injury Disaster Loan Emergency Program

The Economic Injury Disaster Loan (EIDL) program is SBA’s existing disaster loan program, and it continues to be available to provide a low-interest, long-term working capital loan to businesses and nonprofits whose cash flow has been disrupted by the coronavirus pandemic. SBA has streamlined and is using greater latitude to approve EIDL loans. There’s no cost to apply and no obligation to take the loan if offered. SBA encourages all small businesses who need this kind of help to apply and see what SBA can do for them.

The EIDL program added a new feature as of 3/30, for businesses to apply for a loan advance of up to \$10,000 of economic relief.

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000. This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available following a successful application. This loan advance will not have to be repaid.

Eligibility

The SBA’s Economic Injury Disaster Loan provides vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing as a result of the COVID-19 pandemic. This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19.

Businesses in certain industries may have more than 500 employees if they meet the [SBA’s size standards](#) for those industries. The Economic Injury Disaster Loan advance funds will be made available within days of a successful application, and this loan advance will not have to be repaid.

[Frequently Asked Questions for Faith-Based Organizations Participating in the Paycheck Protection Program and the Economic Injury Disaster Loan Program](#)

To apply for a COVID-19 Economic Injury Disaster Loan and loan advance, [click here](#).

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

How do EIDL and PPP interrelate?

Businesses can apply for both programs. There is no prohibition or penalty for doing so. Each program has a particular function that can complement the other.

The EIDL is designed to replace working capital from foregone gross profits during the suspension/disruption of business operations. So, say you can show that your business normally makes \$200,000 per month of gross profit, and SBA determines COVID-19 disrupts 2 months of your operations (it's not yet clear how many months SBA will use in its calculation) – you'd likely get a \$400,000 EIDL loan offer (\$200,000 x 2). That covers the cash flow interruption, and hopefully it lets your business survive until normal business operations resume. (Note: If it turns out to not be enough, you are allowed to go back and request an EIDL increase.) You can use the EIDL loan proceeds for whatever working capital and accounts payable needs you have to keep your business going. (It's not to be used for refinancing debt, fixed assets, or payouts.) After a 12-month deferral you'll have to start paying it back at 3.75% interest amortized over up to 30 year term (the actual term would be set based on what SBA underwriting decides is realistically possible for your company).

The PPP is primarily designed to help you keep your workforce on the payroll or allow you to rehire them to keep your team intact; any other uses are very restricted. PPP provides a loan of 2.5x your typical monthly payroll. So, say your average monthly payroll was \$100,000 – you'd likely get a \$250,000 PPP loan offer (\$100,000 x 2.5). The loan would be conditioned on you using the PPP loan only to pay payroll, business rent, business loan interest, and business utilities. No other uses are allowed. The beauty of the PPP loan is that it is potentially 100% forgivable. To get full debt forgiveness, 75% of the loan must be used for payroll. If over the course of the 8 weeks after getting the PPP loan you used at least 75% of the \$250,000 (i.e. \$187,500) to pay payroll, that much would be forgivable.

Every \$ you use for payroll is forgivable. If you used only 60% for payroll, only that 60% instead of 75% would be forgivable. On the other hand, you could even use more than 75% and all of that would be forgivable. You may use up to 25% of the \$250,000 (\$62,500) for rent, interest and utilities, and that much would be forgivable too. If you used more than 25% (\$62,500) for rent, interest, and utilities, you'd not be able to get debt forgiveness on the amount in excess of the 25% level. The debt forgiveness would happen after the 8th week that you've had the loan when you provide documentation to your lender of how you used the PPP loan funds. If there was some of the PPP loan that didn't qualify to be forgiven, after an initial 6-month deferral you'd have to pay the unforgiven balance back at 1% amortized over the remaining 18 months of the loan's 2-year term.

So, you can see that both EIDL and PPP have very specific purposes and the two complement each other. The only time that EIDL and PPP conflict a bit is if you were fortunate enough to have received an EIDL loan or an EIDL loan with an EIDL advance prior to 4/3/2020. If you were among the few who got helped that early on and if you used any of the EIDL for payroll, then your PPP loan would be increased above the usual level by an amount sufficient to refinance your entire EIDL loan. Then that increased PPP amount would be eligible for debt forgiveness. The entire EIDL refinance amount would count toward the 75% mark needed to get maximum PPP loan forgiveness.

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SBA Express Bridge Loans

Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

[Express Bridge Loan Pilot Program](#) allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. It allows participating SBA Express lenders to extend up to \$25,000 loans to their existing bank customers as a stop-gap solution to get funds in the hands of businesses while they await a decision on a [SBA Economic Injury Disaster loan](#) and/or PPP applications. The idea is that the Express Bridge loan gets an interim amount of money to the small businesses quickly from their banker and that loan is then to be repaid later with proceeds from the EIDL or PPP loan.

Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the EIDL loan

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans>