

City of Trenton

W. Reed, Gusciora, Mayor

Department of Housing & Economic Development
Benjamin Delisle, Director



NEW JERSEY
COMMUNITY
CAPITAL

JOB CREATION LOAN PROGRAM

In response to the rise in unemployment brought on by the COVID-19 crisis, the City of Trenton seeks to provide low-interest loans from our revolving loan fund to existing and prospective Trenton businesses to help them hire more employees. While providing some benefit to businesses in the form of the possibility of forgiveness a portion of the loan, the intent is to have loan dollars recycled to assist future businesses.

This revolving loan fund is a 50% matching loan at 3% interest, with a maximum loan amount up to \$250,000.

Requirements

1. Businesses must be qualified Trenton Urban Enterprise Zone participants for the full term of the loan. To do this, businesses must join the UEZ and be up to date with State taxes.
2. The business must have a minimum equity investment 10%.
3. Prospective businesses (start-ups; purchases of existing business or businesses relocating to Trenton) are eligible for financing but must provide a business plan and a three-year projection at the time of application. If you need help with a plan or a projection, assistance is available from the Small Business Development Center.
4. Applicants must exhibit a minimum of 3 years' experience in the field.
5. Business must have a current City Business License or applicable New Jersey Business Registration.
6. Businesses must provide an executed deed (if property owner) or a signed lease agreement (if renting).
7. Non-profits are not eligible. Franchise businesses are not eligible.
8. If the applicant is also the property owner, property taxes and water must be current.
9. All owners with at least 20% ownership in the business must submit their most recent business and personal tax return, provide a personal guarantee, complete Personal Financial Statement SBA Form 413 and consent to a credit check and other searches (judgments, legal, etc.). The primary owner's score must be at least 625.
10. Eligible uses include payroll, rent, business property mortgage, utilities, or improvements, business purchase, inventory or equipment. Use of the loan for city, state or federal taxes, permits, fees or personal expenses is not allowed. Construction will trigger state prevailing wage requirements.
11. Businesses must demonstrate an ability to repay the loan.

Debt Service Coverage limits increase with the size of loan.

- \$5,000 - \$75,000 = minimum debt service coverage of 1.0x.
- \$75,000 - \$150,000 = minimum debt service coverage of 1.1x.
- Over \$150,000 = minimum debt service coverage of 1.2x

The Mayor, department directors, City Council and staff of the Department of Economic Development, as well as their immediate families, are not eligible.

The City of Trenton may change or clarify elements of these requirements and this loan program as necessary without notice.

Term of Loan

The maximum loan is \$250,000. The minimum loan is \$5,000. The actual loan amount approved will be based on need and available funding. Loan proceeds will be disbursed as eligible expenses are incurred.

The maximum loan term will be 10 years. The actual loan term will be determined based on the intended use of loan proceeds.

Interest will accrue and be charged at a rate of three (3.00) percent per annum, based on the amount of principal outstanding. Monthly payment of Principal and Interest will be made in a sufficient amount to repay the full amount of the loan over the loan term. Start-ups, relocations and building improvements might be eligible for a limited interest only period.

There are loan processing fees dependent on the size of the loan.

Full repayment is expected at the end of the loan term. No prepayment penalty.

Collateral: UCC-1s will be filed. Other collateral may be required based on intended uses of loan proceeds.

Part of the loan may be forgivable.

- Amount forgiven
 - 10% of the principal will be forgiven if the business is open and operating 60 months after the closing date, and if at least 5 additional full time positions have been created.
 - 5% of the principal will be forgiven for every additional full time employee who resides in Trenton at a predetermined date about halfway through the loan period. To qualify, the employee must have been employed by the loan recipient for a minimum of 1 year.
 - For example, if your business has 5 full time employees at the start of the loan, if at the predetermined halfway date they have 7 full time employees and the two additional full time employees reside in Trenton, they qualify for a 10% loan forgiveness. If the business started with five full time employees, they lost two full time employees and replaced them, they would qualify for 0% loan forgiveness since they have a net gain of zero additional full time positions.

- Maximum forgiveness
 - If the company creates a minimum of 25 new total jobs, the maximum principal forgiveness will be 50%.
 - If the business creates fewer than 25 new total jobs, the maximum principal forgiveness will be 25%
- Interest on the loan is not forgivable.

If accepted to the program, the business must submit annual reports detailing

- the number of full time and part time employees
- the number of employees who are Trenton residents,
- classification of positions held (i.e. staff, manager, full time, part time, benefits, etc)
- an annual payroll report.

Check with your tax professional implication of forgivable loan. The IRS may count forgiven loans as income.



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Organization/Business Name _____

Address _____

City _____ County _____

State & ZIP Code _____ Date Business Established _____

Date Business Began in Trenton _____

Date Business was purchased, if you are not the original owner? _____

Phone _____

Fax _____ E-mail Address _____ Tax ID _____

Legal Structure: () Sole Proprietorship () Partnership () Corporation () LLC/LLP () Non-Profit

Is your business currently in the Urban Enterprise Zone? Yes () No () I Don't Know ()

Is your business currently a registered Urban Enterprise Zone business? Yes () No ()

Are City of Trenton property taxes current? Yes () No () Am not the property owner ()

Are federal/state employee withholding tax payments current? Yes () No ()

Are sale and other business tax payments current? Yes () No ()

List any affiliated organizations owned or controlled by the Business or the Owners listed below:

Project Information

Project Name _____

Project Address _____

Property Site Control: () Owned by Applicant () Leased by Applicant () Under Purchase Agreement

Value of the Property \$ _____

Is there a mortgage against the property? If so, what is the amount and who is the lender? Yes () No ()

Loan Information

Type of Loan Requested: () Construction/Rehabilitation () Acquisition
 () Tenant Improvements () Furniture, Fixtures and Equipment
 () Working capital () Minipermanent/ Refinance
 () Payroll () Other

Amount of Loan Requested \$ _____ Anticipated Repayment Term _____

Company Ownership (If ownership > 20%)

Name	Title	% of Ownership	Social Security Number

Person(s) authorized to negotiate loan, loan security terms, and conditions.

Name	Position	E-Mail	Phone

Company Management

Name:	Address:	City:
State and ZIP:	Phone:	
DOB:	SSN:	Position:
Picture ID Type:	Picture ID #:	E-Mail:

Have you ever been convicted of a criminal offense? If yes, please attach explanation Yes () No ()

Name:	Address:	City:
State and ZIP:	Phone:	
DOB:	SSN:	Position:
Picture ID Type:	Picture ID #:	E-Mail:

Have you ever been convicted of a criminal offense? If yes, please attach explanation Yes () No ()

Please attach information on other members of the company's management, if relevant to the loan request.

BUSINESS DESCRIPTION

Describe products and services your business provides:
Describe the business's facilities, including ownership/rental, lease term, square footage, etc.:
Number of full time employees _____
Number of part time employees _____

JOB CREATION

This loan program has job targets that must be met. In addition to those targets, please give us some details on your commitment to creating jobs in Trenton.

How many new jobs do you plan to create? _____

How many are full time? _____

How many Trentonians do you plan to hire? _____

How many are full time? _____

What are the titles and projected hourly wage for newly created positions?

What groups will you work with to identify qualified Trenton residents for positions created?

Describe your businesses commitment to hiring Trenton residents

Describe your businesses commitment to diverse hiring

Describe any other community benefits that will be derived from your project

BORROWER DIVERSITY

The following information is not required to process this application, nor will it be used to determine eligibility for a loan, but it does help to describe our borrowers to the citizens of Trenton.

Borrow Race: _____

Borrower Ethnicity: _____

Is this business owned (50% or more) by

Women? Yes () No ()

LGBTQ+ person(s)? Yes () No ()

Disabled Person(s)? Yes () No ()

Veteran(s) Yes () No ()

Low-moderate Income Person(s)? Yes () No ()

Financial Information

Bank Name _____

Branch Address _____

Phone Number _____

Account Officer Name _____ Type of Account(s) _____

BUSINESS DEBT SCHEDULE

Lender	Original Amount	Balance	Interest Rate	Maturity	Monthly Payment	Collateral (a)	Status (b)
TOTAL							

(a) Use abbreviations including "A/R": accounts receivable; "INV": Inventory; "EQU": Furniture, Equipment; "RE": Real Estate; "OTHER": all other collateral

(b) Status: Use "C" for current and "D" for delinquent

Has the Business or a listed owner been involved in a bankruptcy or insolvency proceeding within the last 24 months?
Yes () No ()

Does the Business or a listed owner have any outstanding judgments, tax liens, or lawsuits against them? **Yes () No ()**

Is the Business or a listed owner delinquent on Federal taxes, loans, contracts, grants or child support payments? **Yes () No ()**

If you answered "Yes" to any of the above questions, please attach information with additional detail.

Credit References

If your organization has not worked with New Jersey Community Capital in the past, please provide names and phone numbers of other companies/ groups or agencies with which your organization has worked and who can provide a credit reference

	<u>Organization</u>	<u>Address</u>	<u>Contact Person</u>	<u>Phone</u>
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____

CERTIFICATION AND AUTHORIZATION

Please note that the application is not complete without all of the attachments (see page 4). For timely processing, it is important that you submit as much of the requested information as possible. If you do not have all of the attachments at this time, please explain why and when you expect to submit them in the comments section of the attachment checklist.

I hereby certify on behalf of _____, the applicant, that the information contained on this form and any attachments submitted in conjunction with this form are complete, true, and accurate to the best of my knowledge. No relevant information has been deleted, modified in any way, or withheld, and the applicant understands that it has a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts represented herein change prior to closing.

The undersigned authorizes New Jersey Community Capital, its successors, assigns, agents, and/or participants to obtain information related to this loan request, including but not limited to, relevant financial information, credit reference and/or credit reports, and historical information about the applicant, its principals or affiliates. The undersigned also authorizes New Jersey Community Capital, its successors, assigns, agents, and/or participants to release any information obtained about the applicant and/or project in the application review or underwriting process to program partners.

All proposals are subject to credit or investment approval. New Jersey Community Capital reserves all rights to publicly announce the approval, commitment or closing of any financing.

I certify that no owner with at least 20% ownership is mayor, a City of Trenton Department Director, City Council member or staff of the Department of Economic Development, or a member of their immediate families.

_____ (Signature)	_____ (Printed Name)	_____ (Date)
_____ (Title)	_____ (Organization)	_____

A LOAN APPLICATION THAT IS NOT SIGNED WILL NOT BE CONSIDERED FOR APPROVAL

ATTACHMENTS

Please include the following items with your application. If you do not have all of the attachments at this time, please explain why and when you expect to submit them in the comments section.

Required Attachments	Attached?		Comments
	Yes	No	
Executive summary of business and business history			
Summary of proposed project			
Project development budget listing all sources of funds and project expenses			
Detailed operating projections			
Three most recent business tax returns			
Recent interim financial statements for the business, including balance sheet and statement of income and expenses			
Three most recent personal tax returns for anyone who owns 20% or more of the business			
Copy of three recent monthly business checking account statements			
Copy of picture ID for all owners who own 20% or more of the business (Driver's license, passport, government photo ID)			
Evidence that the organization is licensed to do business (for instance City of Trenton business license State of New Jersey business registration)			
If business facilities are rented, please provide a copy of your lease agreement			
Personal Financial Statement Form SBA 413: Please complete this form for any owner (and spouse, if applicable) who owns 20% or more of the business			
Please provide three most recent paystubs of owners			
If business is a start-up, a business plan and three years financial projections			

DISCLOSURE OF RIGHT TO REQUEST SPECIFIC REASONS FOR CREDIT DENIAL AT TIME OF APPLICATION

If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact New Jersey Community Capital (108 Church Street, New Brunswick, NJ 08901; 732.640.2061) within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580.