



## **Main Street Acquisition Support Grant Frequently Asked Questions Updated 5.31.24**

Please see full eligibility criteria outlined on [njeda.gov/main-street-acquisition-support-grant](https://njeda.gov/main-street-acquisition-support-grant), NJEDA approved [Main Street Acquisition Support Grant Board Memo](#), and [Main Street Acquisition Support Grant Program Specifications](#)

If any of your questions are not answered below, please email [businessbanking@NJEDA.gov](mailto:businessbanking@NJEDA.gov) to receive a response from NJEDA staff.

### **What is the Main Street Acquisition Support Grant?**

The Main Street Acquisition Support Grant is a pilot product under the Main Street Recovery Fund that will offer a grant of up to \$50,000 to reimburse an eligible NJ small business for closing costs related to a New Jersey commercial property that the business purchased and will operate from. This product helps support small businesses that have made a substantial investment and recently purchased a commercial building. The closing must occur after the grant application for this product is made available to the public, and the application for the grant must be made after but no later than one year from the closing to be eligible. NJEDA will require that the property remains occupied by the grantee for a minimum of five years; this will be enforced through a deed restriction.

### **When will the application become available?**

While there is not a specific launch date for the application at this time, NJEDA expects to launch the application in the second quarter of 2024. The date that the application becomes available to the public and the informational session date will be updated to the [njeda.gov/main-street-acquisition-support-grant](https://njeda.gov/main-street-acquisition-support-grant) prior to launch.

### **Will I qualify for the grant even though I have not closed on the property yet?**

No, businesses that apply in advance of a scheduled closing are ineligible. The closing must have occurred prior to the date of the grant application but after the application becomes available to the public.

### **What is the deadline to apply?**

When the application becomes available to the public, the grant application must be submitted within one year after the closing date of the property purchased. This product will be available for three years or until the total funding is exhausted, whichever occurs earlier, unless NJEDA closes the application period earlier in order to modify or amend this product prior to launching a new phase.

### **After I apply, when will I hear from NJEDA about the status of my application?**

NJEDA staff will review applications in the order they are received and follow up with you via email. Your processor will communicate with you throughout the process. Documentation needed to review your file must be submitted within 10 business days to prevent the withdrawal of your application.

### **Who is eligible to apply for this program?**

For-profit and non-profit entities are eligible to apply for this grant, provided the entity meets the following requirements outlined in NJEDA approved [Main Street Acquisition Support Grant Board Memo](#) and [Main Street Acquisition Support Grant Program Specifications: Eligibility requirements](#) include but are not limited to:

- Applicant's small business must operate from at least 1,000 square feet of total usable square footage of the building devoted to commercial use.
- Applicant must meet the [SBA definition of a small business, based on their NAICS code](#).
- The applicant and co-applicant (if any) must provide a current Tax Clearance Certificate from the NJ Division of Taxation prior to receiving NJEDA approval.
- Applicant must have purchased the property in an arm's length transaction with a conventional lender (SBA, CDFI, MDI, bank, credit union, or any State of New Jersey, New Jersey County, New Jersey City administered loan with underwriting standards accepted). Properties purchased using seller financing or hard money financing are not eligible.
- Applicant must certify that for five years it will operate its commercial business from the NJ project location/building that was purchased.
- Applicant and co-applicant (if any) must be in substantial good standing prior to approval with NJEDA with the NJ Department of Labor and NJ Department of Environmental Protection. All decisions of substantial good standing are at the discretion of those entities.

### **What if the property, intended for my business operations, was purchased by my business real estate holding company?**

- If a real estate holding company purchases the property, the small business that will be occupying the location must be the grant applicant, and the real estate holding company will be a co-applicant at time of application.
- The small business must either wholly own the real estate holding company, or the ownership of both entities, and percentage of ownership, must be the same.
- If the co-applicant holding company that purchased the property does not have the same owners and ownership percentage as the small business applicant, or is not wholly owned by the applicant, then the applicant will be ineligible for this product.
- The real estate holding company will be required to certify that it will provide a five-year deed restriction on the property, restricting a property transfer.

### **What types of projects are eligible for this grant?**

Only a new purchase of a commercial property is eligible; the closing of the property cannot be a refinance of an existing loan. The property purchased can't be for residential use only, and vacant land is not eligible.

### **I purchased a secondary location for my business. Will the secondary location I purchased be eligible since it's not our primary headquarters?**

The secondary location does not need to serve as the business primary headquarters. However, the purchased property must be in New Jersey.

### **If my business intends to purchase and close on multiple properties within the next year, am I eligible to apply for a grant after I've closed on each property?**

Eligible applicants with a distinct EIN can receive one grant of up to \$50,000 for closing on a single eligible location. Applicants are not eligible for multiple grants under the same EIN.

**How much can I be reimbursed for closing costs?**

Eligible applicants with a distinct EIN can receive up to \$50,000 for closing on a single eligible location. Only closing costs paid by the applicant or co-applicant are eligible to be reimbursed.

**How will the amount of the grant be determined?**

The grant amount will be determined by utilizing a HUD-1 statement (reference line 1400) or other satisfactory closing statements such as Closing Disclosures or Settlement statements that identify all the closing costs associated to the loan. The grant will be based off the closing costs paid by the applicant or co-applicant after deducting the purchase price of the building, business, or any payoffs. Eligible applicants can receive up to \$50,000 for a single eligible location. Only closing costs paid by the applicant or co-applicant are eligible to be reimbursed.

**Are properties financed by seller financing or hard money financing allowed with a non-conventional lender?**

No, properties purchased using cash, seller financing, and hard money financing are not eligible for the grant. The loan must result from an arm's length commercial transaction with a conventional lender, including a Community Development Financial Institution (CDFI), Minority Depository Institution (MDI), SBA lender, credit union or any State of NJ loan program, State of NJ County, or State of NJ Municipality administered commercial loan program with standard underwriting criteria.

**Are there any fees to apply?**

There are no fees due at time of application. However, a non-refundable \$500 approval fee is required at time of approval and must be paid by credit card in order to close on the grant application.

**When will I receive the grant disbursement?**

If approved, funds will be disbursed after you have paid the nonrefundable \$500 approval fee and executed your grant agreement.

**What disqualifies my entity from this program?**

Conditions that will disqualify an applicant from the program include but are not limited to:

- If a real estate holding company (co-applicant) that purchased the property is not wholly owned by the applicant or does not have the same owners and ownership percentage as the small business, then the applicant will be ineligible for this product.
- The small business applicant is a real estate holding company
- The applicant or co-applicant is not registered to do business in New Jersey.
- Applicant or co-applicant is not in good standing with the NJ Department of Labor or NJ Department of Environmental Protection or has a product that was approved and not in good standing with NJEDA.
- Applicant or real estate holding company(co-applicant) cannot provide a current tax clearance certificate printed in NJEDA's name.
- Applicant submits more than one application under the same EIN (Each applicant must have its own EIN)
- Applicant or co-applicant, or any person who controls the applicant or co-applicant entity, or owns or controls more than 1% of the stock of the applicant, is an officer or employee of any agency, authority, or instrumentality of the State of New Jersey.
- Applicant or co-applicant is a cannabis or cannabis licensed business.
- Applicant or co-applicant did not meet eligibility requirements as outlined in [Main Street Acquisition Support Grant Board Memo](#), or [Main Street Acquisition Support Grant Program Specifications](#)

## **What makes my project not eligible for this grant?**

Conditions that will disqualify an applicant's closing from the program include but are not limited to:

- The purchased property is not located in NJ.
- The closing occurred after the date of the grant application submission.
- The closing took place prior to grant application being open to the public.
- The grant application was submitted more than one year from the date of closing.
- The applicant's loan to purchase the property was not an arm's length transaction or did not close on the loan with a SBA lender, CDFI, MDI, bank, credit union, or any State of New Jersey, New Jersey county, New Jersey city administered loan.
- The property is 100% residential use.
- The property is vacant land.
- The small business applicant does not occupy at least 1,000 of the total usable square footage of the purchased property.
- The applicant, or real estate holding company (co-applicant) if applicable, will ***not*** agree to the five-year deed restriction required by the Main Street Acquisition Support Grant Program.
- The property is without a commercial building.
- The property will not be operated by the small business during the five-year compliance term period that begins upon execution of the grant agreement.
- The small business applicant will be deemed ineligible if, at the time of application, they acknowledge that major construction or major renovation prevents their small business from operating from the purchased property, and that it will take more than 12 months for the small business to begin operating from the purchased property.
- Applicant(s) and/or property did not meet eligibility requirements as outlined in [Main Street Acquisition Support Grant Board Memo](#) or [Main Street Acquisition Support Grant Program Specifications](#)

## **If approved, will my business be required to operate from the purchased property?**

Yes, the small business applicant will be required to operate from the purchased property to be eligible for the grant and to occupy a minimum of 1000 sq ft of the total usable square footage. The applicant must certify that they will operate from the purchased property during a five-year compliance term period that begins after execution of the grant agreement with NJEDA.

- If after the property was purchased and major construction or major renovations have prevented the small business applicant from operating from the purchased property, the small business applicant must begin operating from the purchased property no later than 12 months from the date of executing the grant agreement. During the first annual compliance period, the small business applicant will be required to certify that they operate from the purchased property. NJEDA will collect a Certificate of Occupancy to confirm the construction and/or renovations have been completed. If at time of the initial annual compliance period and for the term of grant agreement, the small business applicant has not demonstrated and/or certified to operating from the purchased property, the repayment of all or a portion of the grant will be required.

## **Is property ownership required?**

Yes, the applicant must own and operate from the purchased property. To demonstrate ownership, the applicant must provide the purchased property deed and affidavit of title at time of application. The applicant will be asked to provide formation documents and or other supporting documentation as requested by NJEDA to support proof of ownership.

**Can I lease the property to a third party?**

Applicants are permitted to lease a portion of the purchased property to a third-party. However, the applicant's small business must occupy at least 1,000 square feet of total usable square footage of the building.

**How long do I need to remain involved with the project?**

The grantee/applicant entity must retain ownership and operate from the property for five years. This five-year compliance term period begins after execution of the grant agreement. NJEDA will be placing a 5-year deed restriction on the property to restrict property transfer. The grantee may request that the deed restriction be released after five years if the grantee is in compliance with the grant.

**What happens if I sell or no longer operate from the purchased property?**

If the property is sold or fully leased out, or if the small business (applicant) no longer occupies the minimum of 1,000 square feet prior to satisfaction of the 5-year compliance period, repayment of all or a portion of the grant will be necessary. Repayment of the grant will be prorated based on the years of the compliance, with 20% reductions for each full year of compliance.

**Can I refinance my mortgage after the execution of the grant agreement and during the 5-year compliance period?**

NJEDA can't speak on behalf of what other lending institutions may or may not require. The 5-year deed restriction will only restrict property transfer. If your lending institution needs anything from NJEDA they can reach out to [businessbanking@njeda.gov](mailto:businessbanking@njeda.gov) for guidance.

**Is the purchase of a mixed-use property eligible?**

Yes, a mixed-use property is eligible as long as the applicant will occupy at least 1,000 square feet of the total usable square footage devoted to commercial use and all other program eligibility requirements are met.

**If the commercial property was purchased through a real estate holding company, is the grant awarded to my small business that occupies the property or is the grant awarded to my real estate holding company?**

The grant must be awarded to the eligible small business applicant that will operate from the purchased property. The grant will not be awarded to the real estate holding company. The real estate holding company would need to be the co-applicant. IF the applicant is the real estate holding company they will be declined.

**If I obtained a loan with the NJEDA or with an enrolled NJEDA Premier Lender am I still eligible to apply for this grant?**

Yes, you would still be eligible to apply for the grant if you financed the purchased property through NJEDA or one of NJEDA's enrolled Premier Lenders with or without NJEDA's participation. For a list of NJEDA enrolled Premier Lenders please visit [www.njeda.gov/premierlender](http://www.njeda.gov/premierlender).

**What is an arm's length transaction?**

An arm's length sale is a transaction between unrelated parties, where each party acts independently and in their own best interests. Both parties involved in an arm's length sale usually have no business or personal relationships with each other. These types of deals in real estate help ensure that properties are priced at their fair market value.

**I purchased a commercial property that requires major construction before I can operate my business from the building, am I still eligible?**

The small business applicant conducting major construction or major renovations on their purchased property must begin operating from the purchased property no later than 12 months from the date of executing the grant agreement. During the first annual compliance period, the small business applicant will be required to certify that they operate from the property

and NJEDA will collect a Certificate of Occupancy to confirm the construction and/or renovations have been completed. If at time of the initial annual compliance period and for the term of grant agreement, the small business applicant has not demonstrated and/or certified to operating from the purchased property, the repayment of all or a portion of the grant will be required.

**Is there a minimum square footage requirement for the purchased property?**

There is no minimum square footage that the commercial building must be to be eligible however, the small business (applicant) must occupy at least 1,000 square feet of total usable square footage devoted to commercial use.

**What is the minimum wage requirement for grantees?**

Due to state statute, grantees must enforce minimum wage requirements for their employees and/or co-applicant employees occupying the purchased property. This means that each full-time or part-time employee employed by the small business be paid not less than \$15.00 per hour or 120 percent of the minimum wage fixed under subsection (a) of section 5 of P.L. 1966, c. 113 (N.J.S.A. 34:11-56a4), whichever is higher, except that the small business shall pay not less than 120 percent of the minimum wage to an employee who customarily and regularly receives gratuities or tips for the entire compliance period.

- Grantees will certify annually that they are operating out of the property and meeting the wage requirements per section 5 of P.L. 1966, c. 113 (N.J.S.A. 34:11-56a4) if they have employees.

**How do I get my tax clearance certificate?**

A current tax clearance certificate from the NJ Division of Taxation is required for the applicant to be approved for this grant. The applicants identified on the application should be the entity named on the certificate. To print your tax clearance certificate, please visit: [https://www16.state.nj.us/NJ PREMIER EBIZ/jsp/home.jsp](https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp)

- Additional instructions can be found using this link [Securing Your NJ Tax Clearance Certificate](#)
- For any questions related to your tax clearance certificates email [businessassistancetc.taxation@treas.nj.gov](mailto:businessassistancetc.taxation@treas.nj.gov)

