

CHAPTER 62
WOMEN'S MICRO-BUSINESS PROGRAM

Authority

N.J.S.A. 52:27D-451.

Source and Effective Date

R.2011 d.045, effective January 6, 2011.
See: 42 N.J.R. 1946(a), 43 N.J.R. 281(c).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 62, Women's Micro-Business Program, expires on January 6, 2018. See: 43 N.J.R. 1203(a).

Chapter Historical Note

Unless otherwise expressly noted, all provisions of this chapter were adopted pursuant to authority of N.J.S.A. 52:27D-170 et seq. and were filed and became effective on May 5, 1978, as R.1978 d.143. See: 10 N.J.R. 224(a). Amendments which deleted this chapter and transferred amended rules on this subject to N.J.A.C. 5:36-1.1 et seq. were filed and became effective on October 16, 1978, as R.1978 d.365. See: 10 N.J.R. 470(b).

Chapter 62, Women's Micro-Business Program, was adopted as new rules by R.2006 d.76, effective February 21, 2006. See: 37 N.J.R. 1701(a), 38 N.J.R. 1184(a).

Subchapter 4, Program Operational Requirements, was adopted as new rules by R.2007 d.207, effective July 2, 2007. See: 39 N.J.R. 820(a), 39 N.J.R. 2530(b).

Chapter 62, Women's Micro-Business Program, was readopted as R.2011 d.045, effective January 6, 2011. See: Source and Effective Date.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

- 5:62-1.1 Purpose and scope
5:62-1.2 Definitions

SUBCHAPTER 2. ELIGIBILITY REQUIREMENTS

- 5:62-2.1 Requirements for participation in the New Jersey Women's Micro-Business Assistance Program

SUBCHAPTER 3. PROCEDURAL REQUIREMENTS

- 5:62-3.1 Implementation
5:62-3.2 Procedures for funding

SUBCHAPTER 4. PROGRAM OPERATIONAL REQUIREMENTS

- 5:62-4.1 Participant eligibility
5:62-4.2 Loan requirements
5:62-4.3 Funding
5:62-4.4 Reporting, documentation and audit requirements
5:62-4.5 Additional program requirements

SUBCHAPTER 1. GENERAL PROVISIONS

5:62-1.1 Purpose and scope

(a) The purpose of this program is to establish a micro-business credit program to provide assistance to unemployed

and underemployed women in New Jersey so that they may reenter the workforce.

(b) The program will provide a funding source to support programs for certified development corporations or to a State-wide organization for:

1. Issuing loans, loan guarantees, or both, to qualified recipients;
2. Providing extensive training and technical assistance to qualified recipients; and
3. Payment of reasonable administrative expenses as approved by the Commissioner, except that such expenses shall not amount to greater than 20 percent of the grant.

5:62-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Act" means the New Jersey Women's Micro-Business Credit Act, N.J.S.A. 52:27D-443 et seq.

"Certified nonprofit community development corporation" or "certified corporation" means a nonprofit community development corporation established pursuant to Title 15 of the Revised Statutes, Title 15A of the New Jersey Statutes, or other law of this State, and certified by the Department pursuant to N.J.S.A. 52:27D-448 to receive grants for the purpose of issuing loans, loan guarantees or both, and providing training and technical assistance to qualified recipients.

"Commissioner" means the Commissioner of the Department of Community Affairs.

"Department" means the Department of Community Affairs.

"Division" means the Division on Women, Department of Community Affairs.

"Director" means Director of the Division on Women.

"Program Manager" means the Division employee(s) designated by the Commissioner with responsibilities for developing and administering the New Jersey Women's Micro-Business Credit Act.

"Grant" means money given to a certified nonprofit community development corporation or a Statewide organization by the Department for the purpose of issuing loans, loan guarantees, or both pursuant to N.J.S.A. 52:27D-446.

"Loan" means a loan made or guaranteed to a qualified recipient under the terms and conditions set forth by a certified nonprofit community development corporation or Statewide organization.

“Micro-business loan” means a loan granted to a business that has five or fewer employees that requires an initial capital outlay of less than \$35,000 to start and utilizes loans in amounts less than \$15,000 with most loans being paid back on time.

“Program” means the New Jersey Women’s Micro-Business Credit Program established pursuant to Section 4 of P.L. 1999, c.239 (N.J.S.A. 52:27D-446).

“Qualified recipient” means one or more women who intend to establish a business enterprise which is to be independently owned and operated solely by the woman or women, as appropriate, who have little or no prior business experience and each having a gross annual personal income of an amount less than 350 percent of the official poverty line, as determined by the Director of the Federal Office of Management and Budget. A qualified recipient may conduct a business enterprise on a part-time basis, from a residence, or both.

“Statewide organization” means an organization whose primary objective is to support and encourage business ownership by women and which maintains a visible Statewide presence.

SUBCHAPTER 2. ELIGIBILITY REQUIREMENTS

5:62-2.1 Requirements for participation in the New Jersey Women’s Micro-Business Assistance Program

(a) There is hereby created in the Department a “New Jersey Women’s Micro-Business Credit Program.”

(b) The Division on Women shall initially prepare a Request for Qualifications (RFQ) and a Request for Proposals (RFP) and distribute them to nonprofit certified community development corporations or certain Statewide women’s business organizations.

1. Applicants may submit the RFQ and the RFP simultaneously.
2. A committee appointed by the Commissioner shall review all proposals.
3. The Commissioner shall review the committee’s recommendations and give final approval.
4. For the purpose of allocating grants, proposals will be considered from the following geographic areas:
 - i. North: Sussex, Warren, Morris, Passaic, Bergen, Essex, and Hudson counties;
 - ii. Central: Hunterdon, Somerset, Union, Middlesex, and Mercer counties;

iii. Shore: Monmouth, Ocean, Atlantic, and Cape May counties; and

iv. South: Burlington, Camden, Gloucester, Salem, and Cumberland counties.

(c) In selecting the areas for the certified corporation, the Commissioner shall strive to allocate the areas in an equitable manner to achieve representation from all regions of the State.

(d) The Commissioner may reassign geographic areas based on the applications received.

(e) The following concern the Request for Qualifications and qualifications for certification:

1. Applicants who wish to be considered for this program as a certified corporation or organization must respond to the RFQ and fulfill the following requirements:

i. The Department may certify a nonprofit community development corporation or a Statewide organization when it determines that the development corporation or the Statewide organization:

(1) Has developed a viable plan for provision of extensive training, access to financing, and technical assistance for qualified recipients;

(2) Has demonstrated an ability to successfully provide extensive training and technical assistance to qualified recipients;

(3) Has broad-based community support within a region and has demonstrated support from other regional entities to provide assistance with service delivery and financial aspects; and

(4) Has an adequate source of operating capital.

(f) The following concern Requests for Proposals (RFP):

1. The applicant shall provide the following:

i. A plan and description for business training and technical assistance and other services to be provided to qualified recipients;

ii. The geographic area among the regions chosen;

iii. A plan to monitor and provide financial oversight of the loan recipients, to administer a revolving loan fund, and to investigate and qualify financing proposals and to service credit accounts;

iv. The sources and sufficiency of the operating fund for the certified corporations or the Statewide organization; and

v. The intent of the certified corporation or Statewide organization as set forth in its plan and local institutional support to provide services to qualified recipients in the region where it is located.

2. Loan funds created by a certified corporation or Statewide organization shall not be:

i. Loaned for relending or investment in stocks, bonds or other securities or for property not intended for use in production by the recipient of the loan; or

ii. Used to refinance a nonperforming loan held by a financial institution or to pay the operating costs of a certified corporation.

3. The certified corporation or Statewide organization is required to contribute cash from other sources to leverage and secure loans from the program. Such contributions must be in a ratio of at least \$1.00 from other sources for each \$3.00 in loans from the programs and at least \$1.00 from other sources for each \$4.00 for training, technical assistance and administrative expenses put toward the program.

5. The total amount of loans issued; and

6. An assessment of the effectiveness of the program.

5:62-3.2 Procedures for funding

(a) The Department shall provide grants to certified corporations or a Statewide organization from such moneys that the Department determines necessary to effectively implement the program. Consideration in determining the amount of money shall include demand for this program and other assistance programs that may be available.

1. Loan funds may be used by a certified development corporation or the Statewide organization to:

i. Enhance the certified corporation or Statewide organization's ability to provide and administer loans, technical assistance or business training to qualified recipients;

ii. Establish a revolving loan fund from which the certified corporation or the Statewide organization may issue additional loans to qualified recipients which have completed payments on an earlier loan or issue loans to qualified recipients, provided that a single loan amount as part of a loan agreement does not exceed \$5,000; or

iii. Carry out the purposes of the provisions in (a)i and ii above.

2. Unless subject to Federal law, each certified corporation that receives a grant under P.L. 1999, c.239 (N.J.S.A. 52:27D-443 et seq.) shall undergo an audit at its own expense at least every two years. The certified corporation shall submit a copy of the audit to the Division.

i. If an audit is performed under a Federal law, the Department shall waive the above audit.

ii. The Department may use up to five percent of the funds received from the General Fund for the purposes of implementing the program, as pursuant to P.L. 1999, c.239 (N.J.S.A. 52:27D-443 et seq.), for administrative costs.

SUBCHAPTER 3. PROCEDURAL REQUIREMENTS

5:62-3.1 Implementation

(a) The Department shall to the greatest extent feasible coordinate its efforts to implement the program with other State or Federal agencies or authorities including the New Jersey Development Authority for Small Businesses, Minorities and Women's Enterprises established pursuant to P.L. 1985, c.386 (N.J.S.A. 34:1B-47 et seq.), the New Jersey Economic Development Authority established pursuant to P.L. 1974, c.80 (N.J.S.A. 34:1B-1 et seq.) and the Department of Human Services.

(b) The Department shall advertise the program to community development organizations in all regions of the State.

(c) In order to advertise and promote the program, the Department may organize or participate in the organization of a nonprofit corporation, expenses to be paid from funds raised by the nonprofit corporation, and no liability or obligation in tort or contract shall be incurred by the Department for the operation of the nonprofit corporation.

(d) The Department shall prepare a report within two years following the effective date of P.L. 1999, c.239 (N.J.S.A. 52:27D-443 et seq.) and not later than September 15 of each third year thereafter. This report shall include, but not be limited to:

1. A description of the demand for the program;
2. The number of qualified recipients that the program has helped;
3. The efforts to promote the program;
4. The efforts to establish a pool of funds from other private or public sources;

SUBCHAPTER 4. PROGRAM OPERATIONAL REQUIREMENTS

5:62-4.1 Participant eligibility

(a) Women participating in New Jersey Women's Micro-Business Credit Program must have a personal income that is less than 350 percent of the official poverty line, as determined by the Director of the Federal Office of Management and Budget.

(b) Women participating in the New Jersey Women's Micro-Business Credit Program must have little or no prior

entrepreneurial experience as determined by the grantee agency.

(c) The business resulting from the use of grant proceeds from the New Jersey Women's Micro Business Credit Program must be independently owned and operated in the State of New Jersey by a woman or women whose principle residence is within the State of New Jersey.

5:62-4.2 Loan requirements

(a) Funds may be used for working capital, inventory, supplies, furniture, machinery, equipment and/or fixtures.

(b) The maximum loan amount is \$5,000. Of this loan amount, 25 percent of the matching funds shall come from funds of the grantee agency. Loans may be bundled into a larger loan as long as the grantee agency adheres to the requirements of the Act (rate, target audience, etc.) as it pertains to the Department's portion of the loan.

(c) The interest rate shall not exceed three percent.

(d) The grantee agency may allow the borrower up to five years for loan repayment.

(e) Loan repayment may be structured with combined principal and interest payments or on an interest-only basis. The grantee agency may waive repayment under extenuating circumstances, with the approval from both New Jersey Redevelopment Authority and the Division. If client defaults on loans, grantees are not responsible for repayment of the loan back to the Division.

(f) Each applicant shall pay an application fee of \$50.00.

(g) Each applicant shall be required to provide a personal financial statement, current and prior year tax returns and, if required, a personal or corporate guarantee. The grantee agency may obtain and file a security interest in a lien any equipment purchased with the proceeds of the loan.

5:62-4.3 Funding

(a) Grantee agencies shall be required to support loans with \$1.00 for each \$3.00 in grant proceeds used for loans and \$1.00 for each \$4.00 of grant proceeds used for training. In-kind contributions shall be acceptable as a match for the purpose of determining funding for training.

(b) The grantee agency match for the loan shall be documented at loan closing. The grantee agency match for training shall be documented in the quarterly reports.

(c) The grantee agency shall have two years from the execution of the grant contract to complete its use of Program funds.

(d) The grantee agency shall receive 50 percent of the training, administrative and personnel funds when the contract documents are executed. The remaining funds in these

categories shall be disbursed on a quarterly basis upon receipt of requested quarterly reports.

(e) Loan proceeds shall be disbursed by New Jersey Redevelopment Authority at loan closing to the grantee, to the borrower or to a vendor that is included in the borrower's business plan.

5:62-4.4 Reporting, documentation and audit requirements

(a) Grantees agencies shall be required to submit quarterly reports outlining their progress with training and the revolving loan program. The quarterly report shall include, but not be limited to, the following information:

1. An individual determination of need of each qualified recipient to whom the grantee agency provided program funds;
2. The number of clients trained;
3. The demographics of clients trained;
4. An overview of the training;
5. Training outcomes;
6. The number of clients mentored and the type and amount of mentoring;
7. The number of applications received, loans approved, loans closed, and the amounts of funds disbursed and payments received;
8. The type of businesses started; and
9. A monthly aging schedule.

(b) Grantees agencies shall use either the standard loan documents provided by the Division/New Jersey Redevelopment Authority or such other documents that are reviewed by the Division/New Jersey Redevelopment Authority and determined to be in compliance with the requirements of the Act and this chapter.

(c) Each grantee agency shall provide to the Division an annual audit of the funds it received from the New Jersey Women's Micro-Business Credit Program. Funding provided by the Department shall not be used to cover the cost of the program audit.

5:62-4.5 Additional program requirements

(a) The grantee agency shall follow the procedures outlined in the loan agreement and the note, should an event of loan default occur.

(b) Any unspent funds (funds not disbursed for loan closing and/or drawn down for training/administrative expenses) that remain at the conclusion of the grant period shall be returned to the Department.

(c) Grantee agencies may retain the interest generated on each loan to help offset administrative and personnel costs.

(d) Funding from a borrower's Individual Development Accounts account, and other Department funding for programs that are designated to be used as loans or grants to an individual for business startup, may be used as a match for the loans approved through the New Jersey Women's Micro-Business Credit Program. Matching funds used in the Individ-

ual Development Accounts category do not need to be repaid to the grantee agency.

(e) As loans approved through the New Jersey Women's Micro-Business Credit Program are repaid, the grantee agency shall collect the monthly principal and interest payments. On a quarterly basis, the grantee agency shall return to the Division/New Jersey Redevelopment Authority 75 percent of the total monthly principal payment received for each loan.