

## CHAPTER 31 AUTHORITY ASSISTANCE PROGRAMS

**Authority**  
N.J.S.A. 34:1B-1 et seq.

**Source and Effective Date**  
R.1995 d. 435, effective July 20, 1995.  
See: 27 N.J.R. 2377(a), 27 N.J.R. 3216(a).

**Executive Order No. 66(1978) Expiration Date**  
Chapter 31, Authority Assistance Programs, expires on July 20, 2000.

### Chapter Historical Note

Chapter 31, Authority Assistance Programs, Subchapters 1 through 6, was adopted as R.1990 d.410, effective August 20, 1990. See: 22 N.J.R. 1545(a), 22 N.J.R. 2536(a). Subchapter 7, Local Development Financing Fund, was adopted as R.1992 d.421, effective October 19, 1992. See: 24 N.J.R. 2534(a), 24 N.J.R. 3735(a). Subchapter 8, Hazardous Discharge Site Remediation Fund, was adopted as R.1994 d.192, effective April 18, 1994. See: 25 N.J.R. 4468(a), 26 N.J.R. 1706(c). Subchapter 9, New Jersey Boat Industry Loan Guarantee Fund, was adopted as R.1994 d.376, effective July 18, 1994. See: 26 N.J.R. 1613(a), 26 N.J.R. 2919(a).

Pursuant to Executive Order No. 66 (1978), Chapter 31 was readopted as R.1995 d.435. See: Source and Effective Date. See, also, section annotations.

### CHAPTER TABLE OF CONTENTS

#### SUBCHAPTER 1. BOND FINANCING PROGRAM

- 19:31-1.1 Program description
- 19:31-1.2 Bond purchaser
- 19:31-1.3 Bond financing
- 19:31-1.4 Eligibility standards
- 19:31-1.5 Application procedures
- 19:31-1.6 Bond counsel review and fees
- 19:31-1.7 Approval process
- 19:31-1.8 Attorney General review
- 19:31-1.9 Post-closing review

#### SUBCHAPTER 2. LOAN GUARANTEE PROGRAM

- 19:31-2.1 Program description
- 19:31-2.2 Eligibility standards
- 19:31-2.3 Application procedures
- 19:31-2.4 Evaluation process
- 19:31-2.5 Approval process
- 19:31-2.6 Attorney General review

#### SUBCHAPTER 3. DIRECT LOAN PROGRAM

- 19:31-3.1 Program description
- 19:31-3.2 Eligibility standards
- 19:31-3.3 Application procedures
- 19:31-3.4 Evaluation process
- 19:31-3.5 Approval process
- 19:31-3.6 Attorney General review

#### SUBCHAPTER 4. URBAN CENTERS SMALL LOAN PROGRAM

- 19:31-4.1 Program description
- 19:31-4.2 Eligibility standards
- 19:31-4.3 Application procedures
- 19:31-4.4 Evaluation process
- 19:31-4.5 Approval process
- 19:31-4.6 Attorney General review

#### SUBCHAPTER 5. EXPORT REVOLVING LINE OF CREDIT

- 19:31-5.1 Program description
- 19:31-5.2 Eligibility standards
- 19:31-5.3 Application procedures

- 19:31-5.4 Evaluation process
- 19:31-5.5 Approval process
- 19:31-5.6 Attorney General review

#### SUBCHAPTER 6. NEW JERSEY TRADE ADJUSTMENT ASSISTANCE CENTER

- 19:31-6.1 Definitions
- 19:31-6.2 Program description
- 19:31-6.3 Eligibility standards
- 19:31-6.4 Application and approval process
- 19:31-6.5 Cost

#### SUBCHAPTER 7. LOCAL DEVELOPMENT FINANCING FUND

- 19:31-7.1 Applicability and scope
- 19:31-7.2 Definitions
- 19:31-7.3 Application for financial assistance
- 19:31-7.4 Financial assistance
- 19:31-7.5 Terms of financial assistance
- 19:31-7.6 Evaluation of applications
- 19:31-7.7 Minority and women business set-aside plans and requirements
- 19:31-7.8 Rescission of financial assistance from the Fund

#### SUBCHAPTER 8. HAZARDOUS DISCHARGE SITE REMEDIATION FUND

- 19:31-8.1 Applicability and scope
- 19:31-8.2 Definitions
- 19:31-8.3 Eligibility
- 19:31-8.4 Terms of financial assistance
- 19:31-8.5 Amount of financial assistance and grants
- 19:31-8.6 Priority system for financial assistance and grants
- 19:31-8.7 Application for financial assistance
- 19:31-8.8 Evaluation process for financial assistance
- 19:31-8.9 Approval process for financial assistance
- 19:31-8.10 Disbursement of financial assistance and grants
- 19:31-8.11 Attorney General review
- 19:31-8.12 Fees
- 19:31-8.13 Public record

#### SUBCHAPTER 9. NEW JERSEY BOAT INDUSTRY LOAN GUARANTEE FUND

- 19:31-9.1 Applicability and scope
- 19:31-9.2 Definitions
- 19:31-9.3 Eligibility
- 19:31-9.4 Terms of guarantees
- 19:31-9.5 Amount of guarantees
- 19:31-9.6 Application procedures
- 19:31-9.7 Evaluation process
- 19:31-9.8 Approval process
- 19:31-9.9 Attorney General review
- 19:31-9.10 Fees

#### SUBCHAPTER 1. BOND FINANCING PROGRAM

##### 19:31-1.1 Program description

(a) The Authority is empowered to issue tax-exempt and taxable bonds, the proceeds of which can be used to provide low-interest loans to businesses and certain nonprofit organizations to finance projects which provide or maintain employment and/or tax ratables.

(b) Most bond financings are not guaranteed by the Authority or the State, and are payable solely from revenues generated by the project being financed.

(c) The general credit of neither the Authority nor the State is pledged to secure the bonds.

### 19:31-1.2 Bond purchaser

(a) The applicant shall secure a written commitment from a bond purchaser.

(b) A bond purchaser shall be:

1. A commercial bank or other institutional lender;
2. An underwriter or placement agent;
3. A privately owned entity; or
4. An individual.

(c) A bond purchaser cannot be a substantial user or owner of the project (as defined by the Internal Revenue Code) or be related to the project owner.

(d) A bond purchaser other than a commercial bank or institutional lender must submit an Application to Purchase Bonds, which will be reviewed by the Authority to determine acceptability to purchase a bond. This application includes requests for identification of, or information about:

1. The officers, directors, partners, owners and stockholders of the applicant;
2. Litigation involving the applicant;
3. Applicant's counsel, principal banks of account, and accountant; and
4. Financial statements of applicant.

(e) The bond purchaser establishes the amount, term, interest rate, collateral, etc., for the bond in negotiation with the applicant.

### 19:31-1.3 Bond financing

(a) Typically, the bonds are secured by a loan agreement and a mortgage on project assets.

(b) The funds raised by the bond issue are loaned by the Authority to pay for eligible project costs. The borrower signs an agreement with the Authority pledging to make payments sufficient to cover principal and interest on the bond. This agreement is then assigned to the bond purchaser.

(c) The borrower makes payments directly to the bond purchaser or trustee.

### 19:31-1.4 Eligibility standards

(a) Generally, to be eligible for bond financing:

1. A project must serve a public purpose; that is, maintain or expand employment in New Jersey, assist in the economic development or redevelopment of a municipality, maintain or increase the tax base of the municipality, and maintain or diversify business and industry in the State; and

2. Applicants must represent to the Authority that they would not proceed with their project in the present time, place, or scope without the Authority's assistance.

(b) The Authority generally will not approve financial assistance to a project involving relocation within New Jersey if the relocation will result in a job loss and/or hardship for the existing employees or if the relocation endangers the maintenance of tax ratables in a particular community.

(c) There is no minimum size for borrowings under the program, but loan requests of less than \$750,000 should be carefully reviewed by the applicant to assure that participation in the program is cost effective.

(d) Tax-exempt bonds are subject to the terms and conditions of the Internal Revenue Code (IRC); therefore, it is advisable to consult with financial and legal advisors to determine the eligibility of the project. The interest income earned is exempt from most Federal and New Jersey State taxes.

(e) Taxable bonds issued through the Authority are not subject to the IRC. Loans may be made to borrowers for various projects and purposes including, but not limited to:

1. Office buildings;
2. Healthcare financings;
3. Warehouses and distribution facilities;
4. Manufacturing projects;
5. Commercial and retail projects;
6. Debt refinancing; and
7. Working capital needs.

Amended by R.1995 d.435, effective August 21, 1995.  
See: 27 N.J.R. 2377(a), 27 N.J.R. 3216(a).

### 19:31-1.5 Application procedures

(a) A prospective applicant should consult with the Authority to determine if the project is eligible.

(b) To apply, a completed Application for Financial Assistance (Application) concerning the project shall be submitted to the Authority for review, together with the Application fee.

(c) The Application includes requests for information about:

7. An analysis of collateral available to secure the requested financing as to adequacy of amount, quality, condition and marketability; and

8. Independent credit investigations of the applicant and its principals, which may include real estate searches, financing statement searches, and judgment and lien searches.

(b) After completing (a) above, a determination is made as to the merits of the request, the likelihood of repayment, the adequacy of the collateral available to secure the requested financing and the number of jobs to be created.

(c) If a positive determination is made, the requested financing is presented to the Members for approval.

#### **19:31-9.8 Approval process**

(a) Only the Members can approve a loan guarantee.

(b) When the Members approve a request, the minutes of the meeting at which such approval occurs are submitted to the Governor.

(c) The Members' approval is effective 10 working days after the Governor's receipt of the minutes, provided no gubernatorial veto of this action has occurred.

(d) If there has been no veto, a formal commitment letter is issued to the applicant and the bank which will be providing the loan.

1. The commitment letter incorporates the bank's commitment, and contains all terms, conditions and collateral required by the Authority.

2. Usually, life insurance on the applicant's principal officer(s) is required in an amount equal to the Authority's guarantee. The life insurance must name the Authority as collateral assignee.

3. Personal guarantees of owners of 10 percent or more of the applicant are usually required, and there may be a requirement for collateral apart from the applicant's collateral to secure the personal guarantees.

(e) When the commitment letter has been accepted by the applicant and the bank, and returned to the Authority, a list of closing instructions is mailed to the attorneys for the applicant and bank.

(f) When all required documentation is prepared, in form and content satisfactory to the Authority, a loan closing is scheduled and the guarantee becomes effective.

Amended by R.1995 d.435, effective August 21, 1995.  
See: 27 N.J.R. 2377(a), 27 N.J.R. 3216(a).

#### **19:31-9.9 Attorney General review**

All financing documents, including the Application, are subject to review by the Attorney General's Office.

Amended by R.1995 d.435, effective August 21, 1995.  
See: 27 N.J.R. 2377(a), 27 N.J.R. 3216(a).

#### **19:31-9.10 Fees**

Fees for loan guarantees will be charged in accordance with the Authority's fee rules (see N.J.A.C. 19:30-6).