



NEW JERSEY

Financing, Loan & Guarantee Programs

Edison Innovation Commercialization Fund

If You Are:

A New Jersey life sciences or technology company that has not yet achieved “proof of concept”.

You Can Apply For:

Affordable financing to take the next critical steps, such as beta testing, on the path towards commercialization through the Edison Innovation Commercialization Fund.

In The Amount Of:

Up to \$200,000.

To Be Used For:

The funding of beta testing and other steps necessary for commercialization.

Benefits:

The Edison Innovation Commercialization Fund makes financing a business more economical and helps improve the probability of commercialization, and provides less dilutive financing than straight equity.

Financing Instruments:

Hybrid instrument in the form of subordinated convertible debt with warrants.

- **Subordination** – The New Jersey Economic Development Authority (EDA) will subordinate its lien position to any current senior bank debt, file a UCC 1 filing statement on the assets of the Company, and require a negative pledge and a “springing lien” on the Intellectual Property. In addition, the EDA will allow future automatic subordination of 25% of the commitment amount for new senior debt. Any amounts above this 25% require the prior written consent of the EDA.
- **Convertible** – the EDA will have the right to convert its debt to equity, in a future financing round under the same terms as any other investor in the round.
- **Warrants** – the EDA will receive warrants in consideration for the financing. The warrants will have a 10-year life and be on the EDA’s standard warrant form. The amount of warrant coverage is based upon the risk profile of the company and determined at the time of commitment.

Note – there are no personal guarantees required as part of this financing.



THE STATE OF NEW JERSEY

www.NewJerseyBusiness.gov • 866-534-7789

continued

Edison Innovation Commercialization Fund

Interest Rate:

Fixed interest rate for a five-year term, based on risk profile and location of the company, ranging from 4-10%.

Repayment:

Customized, based upon the stage of the company and the proforma financials, with the ability to defer principal and/or interest with a back ended full payout of principal plus interest by maturity in year five.

Requirements:

- Company must be organized as a C Corp or an LLC with unit structure.
- Must be a developer/owner of protected proprietary technology.
- Must employ 75% of its W-2 employees in New Jersey, or commit to growing 10 high-paying jobs over two years (minimum salary of \$75k).
- Willing and able to create high-skill, high-paying jobs in New Jersey.
- Have a management team that works full-time only at that company and has applicable industry experience.
- A management team or working founders with a financial investment in the company.
- Must have a third party independent investor.

Program Details:

- This program is designed for start-up companies that have been in business for less than three years.
- Once approved, financing is staged in over the first 12 months and is based upon business and technology-based milestones that are specific to each company.
- Financing includes a negative pledge on the intellectual property, with a “springing lien” in the event of a default.
- There is no 1:1 matching requirement for the Commercialization Fund; however, third party funding is required to cover business expenses beyond the Edison Innovation Commercialization Fund.
- There is no application deadline as applications are reviewed as received. All potential applicants should speak with an EDA representative prior to applying for funding to determine eligibility. Applications for the Edison Innovation Commercialization Fund go through a rigorous review process to ensure that only the MOST promising companies qualify for its benefits.
- Edison Innovation Commercialization Fund is subject to available resources.

Fees:*

- Application fee: \$1,000
- Commitment fee: 0.5% of loan amount
- Closing fee: 0.5% of loan amount

Division of Taxation Tax Clearance Certificate Application Processing Fee: \$75 for standard processing; \$200 for expedited processing (response within three business days)

For more information on the Edison Innovation Commercialization Fund, visit www.njeda.com.

*All fees are non-refundable.



THE STATE OF NEW JERSEY
www.NewJerseyBusiness.gov • 866-534-7789

The company we keep,
keeps getting better.