



NEW JERSEY

Financing, Loan & Guarantee Programs

Edison Innovation Growth Fund

If You Are:

A New Jersey life sciences or technology company that has already achieved “proof of concept,” and has achieved successful, independent beta results.

You Can Apply For:

Affordable funding and growth capital to support revenue generation for your technology.

In The Amount Of:

\$200,000 to \$1 million.

To Be Used For:

The funding of key hires, marketing costs, the roll out of product, and other steps necessary for the growth of your business.

Benefits:

The Edison Innovation Growth Fund makes financing of a project more economical, helps improve the probability of a successful business, 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.

Interest Rate:

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



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continued

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Repayment:

Customized, based upon the stage of the Company and the Proforma financials, with the ability to defer principal and/or interest up to two years, 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 will 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.
- Company must have an independent third party who can serve as a positive beta reference.
- A management team or working founders with a financial investment in the company.
- 1:1 fresh matching funds invested in the company within 90 days of applying to the EDA for funding. The matching funds must be in the form of equity or deeply subordinated debt.

Program Details:

- 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 also includes a negative pledge on the intellectual property, with a “springing lien” in the event of a default.
- Outside funding is required to cover business expenses beyond the Edison Innovation Growth Fund.
- There is no application deadline as applications are reviewed as received. All potential applicants should be speaking with an EDA representative prior to applying for funding to determine eligibility.
- Edison Innovation Growth Fund is subject to available resources.

Applications for the Edison Innovation Growth Fund go through a rigorous review process to ensure that only the MOST promising companies qualify for its benefits.

Fees:*

- Application fee: 0.25% of loan amount, up to \$2,500
- Commitment fee: 0.75% of loan amount, with \$1,500 of application fee applied towards commitment if loan closes
- Closing fee: 0.75% 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 Growth Fund, visit www.njeda.com.

*All fees are non-refundable.



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The company we keep,
keeps getting better.