

PRACTICAL NEWS
COVID-19 News Source

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New York Forward Loan Fund (NYFLF)

New York State has developed a new economic recovery loan program known as “The New York Forward Loan Fund” (“NYFLF”), which is aimed at supporting New York State small businesses, nonprofits and small landlords as they reopen after the COVID-19 outbreak and New York’s lockdown restrictions. The NYFLF targets the state’s small businesses with 20 or fewer full-time equivalent (FTE) employees, nonprofits and small landlords that have seen a loss of rental income. There is an initial funding of \$100 million, with 5% reserved for nonprofit organizations, 30% reserved for small landlords and 65% reserved for small businesses.

The geographic proportionality goals for the New York Forward Loan Fund for small businesses are:

- Capital Region 4%
- Central NY Region 4%
- Finger Lakes Region 4%
- **Hudson Valley Region 12%**
- **Long Island Region 18%**
- Mohawk Valley Region 4%
- **NYC Region 30%**
- North Country Region 4%
- Southern Tier Region 4%
- Western NY Region 8%

Pre-applications for the New York Forward Loan Fund are now open. Priority will be given to industries and regions that have been reopened. This is not a first-come, first-served loan program. Five Community Development Financial Institutions (CDFIs) will be processing pre-applications on June 1, 2020: Accion East, Community Preservation Corporation, National Development Council, Pursuit and TruFund Financial Services.

Applicants should not apply to the participating CDFI lender directly. To fill out a pre-application and match with a participating CDFI lender, Applicants should go to nyloanfund.com.

After an Applicant has completed and submitted the online pre-application and is deemed eligible, the Applicant will be matched with a participating CDFI lender that will review the request and contact the Applicant to start the full loan application.

The loan terms are as follows:

Loan Amount

- **Small Businesses:** Small businesses can apply for a loan in the amount of the lesser of (a) \$100,000 or (b) up to 100% of average monthly revenues in any 3-month period from 2019 or first quarter of 2020.
- **Nonprofits:** Nonprofits can apply for a loan in the amount of the lesser of (a) \$100,000 or (b) up to 100% of average monthly expenses in any 3-month from 2019 or first quarter of 2020.
- **Small Landlords:** Small Landlords can apply for a loan in the amount the lesser of (a) \$100,000 or (b) projected reduction in 3-months' net operating income based on actual reductions in net operating income for the month of April or May 2020.

Interest Rate

- **Small businesses and landlords:** The fixed annual interest rate on the loan will be 3%.
- **Nonprofits:** The fixed annual interest rate on the loan will be 2%.

Repayment

- For months 1 – 12: Interest only payments, paid monthly.
- For months 13 - 60: interest and principal payments, paid monthly.

Term

- 5 years (60 months).

Proceeds

- Proceeds are required to be used for working capital, inventory, marketing, refitting for new social distancing guidelines, operating and emergency maintenance, property taxes, utilities, rent, supplies, etc.
- Refinancing of an existing loan is not permitted.
- The loan applicant will be required to detail anticipated use of funds when they apply.

Borrower Fees

- No application fees. Late fee will be assessed for missed payments.

Recourse

- No collateral is required.

Prepayment

- Borrower may prepay the loan without penalty.

Small Businesses: To be eligible for a New York Forward Loan Fund working capital loan, a small business must meet the requirements detailed below. [The pre-application should be completed and submitted by the owner of the business with the largest ownership interest, and all owners with more than 20% ownership will be required to attest to the information therein.]

- Employs 20 or fewer full-time equivalent (FTE) employees;
- Has gross revenues of less than \$3 million per year;
- Has not received a loan from either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) for COVID-19 in 2020;
- Has suffered a direct economic hardship as a result of COVID-19 related social distancing policies and stay-at-home order that have materially impacted its operations;
- Has been in business for at least 1 year as of the date of loan application; and
- Is located in the State of New York.

Non-Profits: To be eligible for a New York Forward Loan Fund working capital loan, a nonprofit must meet the requirements detailed below. [The pre-application should be completed and submitted by a member of the nonprofit's executive team who will be required to attest to the information therein.]

- Organized as 501(c)(3) or faith-based organization (cannot be for support of religious worship or activities);
- Employs 20 or fewer full-time equivalent (FTE) employees;
- Provides direct services to New Yorkers for example daycare services, legal aid, food banks, soup kitchens, after school programs, senior services, educational programs, clothing banks;
- Has an annual operating budget of less than \$3 million per year;
- Has not received a loan from either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) for COVID-19 in 2020;
- Has suffered a direct economic hardship as a result of COVID-19 related social distancing policies and stay-at-home order that have materially impacted their operations;
- Has been in operation for at least 1 year as of the date of loan application; and
- Is located in the State of New York.

Landlords: To be eligible for a New York Forward Loan Fund working capital loan, a small landlord must meet the requirements detailed below. [The pre-application should be completed and submitted by the owner of the business with the largest ownership interest, and all owners with more than 20% ownership will be required to attest to the information therein].

- Has no more than 200 units under ownership, and no single property greater than 50 units;
- Properties must either be located in a low or moderate income (LMI) census tract or meet a rent test where property rents are affordable to tenants of low and moderate income;
- Properties must have positive cash flow for a 12-month period prior to NY Forward loan request;
- Properties must have an active forbearance agreement for their mortgage, or proof that they have not missed a monthly debt service payment in the last 12 months, and/or no active mortgage;
- Properties must be current on their property taxes through March 2020;
- Property owners must attest that they will not evict COVID-impacted non-paying tenants;
- Properties must be in good repair, with no major life and safety violations;

- Has not received a loan from either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) for COVID-19 in 2020;
- Has suffered a direct economic hardship as a result of COVID-19 related social distancing policies and stay-at-home order that have materially impacted their operations;
- Has been in business for at least 1 year as of the date of loan application; and
- Properties must be located in the State of New York.

Additional program details can be found at the following website: <https://esd.ny.gov/nyforwardloans-info>

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