

CLIENT ALERT: New NY Loan Program – NY Forward

FEATURED ATTORNEY



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Partner

Dear Clients and Friends:

Today, Governor Andrew Cuomo announced that the state is launching ‘NY Forward,’ a \$100 million loan fund to provide flexible and affordable loans to help small businesses, eligible only to those small businesses who did not receive federal COVID-19 funding assistance under the SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL). Pre-applications will open on May 26, 2020 at Noon Eastern Daylight Time and will be on a rolling basis thereafter as regions and industries reopen. Pre-application will become available at nyloanfund.com, and the loan terms are as follows:

- Eligibility:
 - New York Small Businesses
 - Employ 20 or fewer full-time equivalent (FTE) employees for both small businesses;
 - Have gross revenues of less than \$3 million per year;
 - Have not received a loan from either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) for COVID-19 in 2020;
 - Have 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;
 - Been in business for at least 1 year as of the date of loan application; and
 - Located in the State of New York.
 - Nonprofits
 - Organized as 501(c)(3) or faith-based organization (cannot be for support of religious worship or activities);

- Employ 20 or fewer full-time equivalent (FTE) employees for nonprofit;
- Provide direct services to New Yorkers for example daycare services, legal aid, food banks, soup kitchens, after school programs, senior services, educational programs, clothing banks;
- Have an annual operating budget of less than \$3 million per year;
- Have not received a loan from either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) for COVID-19 in 2020;
- Have 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;
- Been in operation for at least 1 year as of the date of loan application; and
- Located in the State of New York

○ “Small Landlords”

- Have 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;
- Have not received a loan from either SBA Paycheck Protection Program (PPP) or SBA Economic Injury Disaster Loan (EIDL) for COVID-19 in 2020;
- Have 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;
- 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.

○ 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.

If you have any questions regarding the NY Forward program or need assistance, please contact [Melanie I. Wiener, Esq.](#) at MWiener@abramslaw.com or Melody Schor, Esq. at MSchor@abramslaw.com to schedule a consultation with one of our attorneys who is ready to assist you through this difficult time.

[New York Forward Loan Fund FAQs Document](#)