

NEW YORK STATE LAUNCHES FORWARD LOAN FUND PROGRAM – WHAT DO I NEED TO KNOW?

Hodgson Russ Banking & Finance Alert
May 26, 2020

As New York State moves forward with re-opening plans and as the federal government debates further COVID-19 relief packages, the state is launching its own COVID-19 economic relief fund. On Friday May 22, 2020, Governor Andrew Cuomo announced the New York Forward Loan Fund (FLF). The \$100 million program will provide working capital loans to assist small businesses, small nonprofits and small landlords with upfront costs related to reopening. Pre-applications open on Tuesday May 26, 2020 at 12:00 noon (EDT).

How does it work? The FLF program will match eligible borrowers with eligible lenders, including national banks, regional banks and charitable foundations.

Who can apply? Certain small businesses, small nonprofits and small landlords can apply if they (i) 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”, (ii) have not received a SBA Paycheck Protection Program Loan or SBA Economic Disaster Injury Loan, (iii) are located in the State of New York and (iv) have been in business for at least one-year.

What is an eligible small business, small nonprofit or small landlord? Below is a brief overview of what constitutes an eligible small business, small nonprofit and small landlord. Full details on eligibility are available [here](#).

- *Eligible small businesses* must employ no more than 20 full-time equivalent employees and have gross revenues of less than \$3-million per year.
- *Eligible small nonprofits* must be organized as a 501(c)(3) or faith-based organization. They must employ no more than 20 full-time equivalent employees, provide direct services and have an annual operating budget of less than \$3-million per year.
- *Eligible small landlords* must own no more than 200 units and no single property with more than 50 units. They must have a positive cash flow for a twelve-month period to the loan application, be in good standing with any mortgages (including by virtue of having an active forbearance agreement), current on property taxes and have properties in good repair with no health and safety violations. Eligible

Attorneys

Jessica Chue
Krystal Daniels
Christofer Fattey
Amy Fitch
Andrea Gervais
Valerie Stevens
Brianna Szopinski
James Thoman
Sujata Yalamanchili

Practices & Industries

Banking & Finance

NEW YORK STATE LAUNCHES FORWARD LOAN FUND PROGRAM – WHAT DO I NEED TO KNOW?

landlords must also attest to not evict any COVID-impacted non-paying tenants. Properties must also be located in low and moderate census tracts or serve low to moderate income tenants.

- The FLF website specifically states that the following businesses are ineligible: corporate-owned franchises, not-for-profit social clubs, branch banks, pay day loan stores, pawn shops, astrology, palm reading, liquor stores, night clubs, adult bookstores, massage parlors, strip clubs, track waging facilities, trailer-storage yards and marijuana dispensaries.

How can I use the FLF loan proceeds? FLF loan proceeds are required to be used for expenses for complying with reopening guidelines, such as refitting for social distancing guidelines and emergency maintenance, and also for working capital, inventory, marketing, rent, utilities and property taxes. The loan applicant will be required to detail anticipated use of funds when they apply.

What are the loan terms? Small businesses can apply for a loan of \$100,000 or up to 100% of average monthly revenues in any 3-month period during 2019 or the first quarter of 2020. Nonprofits can apply for the lesser of \$100,000 or up to 100% of the average monthly expenses during the same three-month period. Small landlords can apply for the lesser of \$100,000 or the projected reduction in 3-months' net operating rent, based on losses from April or May 2020. There are no application fees for the loans and collateral is not required.

Is the loan forgivable? No. Recipients must pay back the loan over a five-year term. Interest will be fixed at an annual rate of 2% for nonprofits and 3% for all other borrowers. Payments for the first year will be interest only.

How to apply? Information on how to fill out a pre-application can be found [here](#). Pre-applications open on Tuesday May 26, 2020 at 12:00 noon (EST). Applications will be reviewed on a rolling basis as industries and regions reopen. New York has advised that the FLF program is not a “first-come, first-served” program, but priority will be given to industries and regions that have reopened.

If you are considering applying for a FLF loan or would like to better understand the FLF program, please contact Lindsay Munschauer (716.848.1584) or Chris Fattey (716.848.1757).

Please check our Coronavirus Resource Center and our CARES Act page to access information related to both of these rapidly evolving topics.

If you received this alert from a third party or from visiting our website, and would like to be added to any of our mailing lists, please visit us [HERE](#).