

## New York Forward Loan Fund (NYFLF): Things to Know

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Most small businesses in New York State have required loans to recover in this pandemic. As the Small Business Administration (SBA) Paycheck Protection Program is drawing closer to its termination date of June 30, 2020, a New York State economic recovery loan program will still be available to “save the day” – or, let’s say – “save the business.” Governor Cuomo recently announced the initiation of the New York Forward Loan Fund (NYFLF).

This \$100 million program – which is similar to the PPP and the Economic Injury Disaster Relief Loan (EIDL) – was created specifically for small New York businesses to assist them as our economy begins to open.

### Prospective Applicants

The NYFLF was designed to provide assistance to small businesses, nonprofits and landlords with 20 or fewer full-time equivalent (FTE) employees (making up 90% of all businesses). According to program guidelines, priority will be given to industries and regions that have reopened.

### For-Profit Small Business Eligibility Criteria

General eligibility qualifiers for commercial small businesses include:

- Employ 20 or fewer full-time equivalent employees for small businesses;
- Generate gross revenues of less than \$3 million per year;
- Have not received a loan from either SBA PPP or SBA EIDL for COVID-19 in 2020;
- Is/Have suffered a direct economic hardship as a result of COVID-19 related to social distancing policies and stay-at-home order;
- Been in business for at least one year as of the date of the loan application; and
- Be located in the State of New York.

### Not-for-Profit Business Eligibility Criteria

A nonprofit business must meet the following criteria:

- 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 employees for the nonprofit;
- Provide direct services to New Yorkers (daycare services, legal aid, food banks, soup kitchens, after school programs, senior services, educational programs, clothing banks, etc.);
- Have an annual operating budget of less than \$3 million per year;
- Have not received a loan from either SBA PPP or SBA EIDL for COVID-19 in 2020;
- Is/Have suffered a direct economic hardship as a result of COVID-19 related to social distancing policies and stay-at-home order;
- Been in operation for at least one year as of the date of the loan application; and
- Be located in the State of New York.

### Landlord Eligibility Criteria

A landlord must meet the following qualifications:

- 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 NYFLF 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 PPP or SBA EIDL for COVID-19 in 2020;
- Is/Have suffered a direct economic hardship as a result of COVID-19 related to social distancing policies and stay-at-home order;
- Been in business for at least one year as of the date of the loan application; and
- Properties must be located in the State of New York.

### Loan Amount Available

Small businesses and nonprofits can apply for a loan of the lesser of **\$100,000** or up to 100% of average monthly revenues in any 3-month period from 2019 or first quarter of 2020. Small landlords can apply for a loan in the amount of the lesser of **\$100,000** or the projected reduction in 3-months' net operating income based on actual reductions in net operating income for the month of April or May 2020. Keep in mind, **\$100,000** is the maximum amount an entity can qualify for but this is not necessarily the exact amount the applicant will receive.

### Loan Terms

The loans are **not forgivable** and must be paid back **over a 5-year term with interest**. For the first year after receiving a NYFLF, only interest is required to be paid monthly. Following that first year, for the remaining 4 years, interest and principal payments are to be paid on a monthly basis. There are no borrower fees, no collateral required, and borrowers have the ability to prepay their loans without penalty.

### Interest Rates

The following interest rates apply:

- Small businesses and landlords: Fixed annual interest rate of 3%.
- Nonprofits: Fixed annual interest rate of 2%

### Appropriate Use of Loan Proceeds

The NYFLF was created to aid small businesses across many areas of their business. The loan is intended to help them retrofit their establishments to fit the social distancing guidelines which now are required in their everyday business activities. Examples such as glass screens at registers, social distancing markers, hand sanitizer dispensaries, are a few areas where the loan proceeds can be used. Furthermore, loan proceeds can also be used for working capital, inventory, marketing, operating and emergency maintenance, property taxes, utilities, rent, supplies, etc. Applicants will be required to detail foreseeable uses of funds when they apply.

### Application Process for the NYFLF

Pre-Applications can be found [here](#). Five Community Development Financial Institutions (CDFIs) will be processing pre-applications starting June 1, 2020. There are **no associated application fees**. The pre-application consists of 16 questions all of which are intended to learn more about the applicant's business and determine if a business qualifies.

The required information includes:

- 2018 and 2019 completed tax returns
- 2019 internal financials
- YTD financial statements (January - April 2020)

- Bylaws
- Operating agreement
- Bank statements

Interested borrowers can visit the official New York State Government website for a complete list of application requirements. Similar to the PPP application process, pre-applications for the NYFLF should be completed and submitted by the owner of the business with the largest ownership interest, and all owners with 20% or more of equity must provide forms of identification.

### Participating Lenders

Upon the completion of the pre-application, entities will be matched with at least one of the participating lenders. Currently, there are a number of lenders offering the NYFLF. Participating lenders include the following:

Apple Bank,	Ford Foundation
BNB Bank,	M&T Bank
BlackRock Charitable Fund	Morgan Stanley
Citi Foundation	Ralph C. Wilson, Jr. Foundation
Evans Bank	Wells Fargo

### Conclusion

Ultimately, small businesses in New York still have a shot at a relief program to help save their business. Although the EIDL and PPP programs are swiftly coming to an end on June 30, 2020, options are still available. There are many volunteer groups of professionals willing and able to help with the pre-application process for the NYFLF. For a list of organizations willing to provide free services for assistance with the NYFLF pre-application, please visit [here](#).

### Contact Us

For further information and/or inquiries regarding the NYFLF, please contact the partner in charge of your client account or Steve Eller, CPA, Partner at [seller@pkfod.com](mailto:seller@pkfod.com) or Sandy Weinberg, JD, Principal at [sweinberg@pkfod.com](mailto:sweinberg@pkfod.com).

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