



New York Forward Loan Fund 2 Frequently Asked Questions

How do I know if my business or nonprofit is eligible?

To be eligible for a working capital loan, a small business or nonprofit must meet the requirements detailed below. Please note that the pre-application should be completed and submitted by the owner of the business with the largest ownership interest, the executive director or equivalent senior officer of the nonprofit, and that all owners with more than 20% ownership will be required to attest to the information therein.

In order to meet pre-eligibility criteria, your business must have:

- Existing operations in **New York State**
- **100 or fewer** full-time employees
- **Less than \$5 million** in gross annual revenue
- Been in business for **at least 1 year** prior to application
- Demonstrated **ability to repay the loan** through previous and projected cash flow

Does my business need to be in New York State to apply?

Yes, a business must have operations in New York in order to be eligible. The New York Forward Loan Fund 2 is the only small business loan program of its kind that is accessible from anywhere in the state through a virtual platform.

Can I apply for another New York Forward Loan Fund 2 loan if I have previously received a loan through this program?

Yes. A business can apply for a loan through New York Forward Loan Fund 2 even if they have received a prior loan through New York Forward Loan Fund.

What are the loan terms?

Loans of up to \$150,000 are available and repayment periods are between 36 and 72 months. Borrowers may prepay their loans at any time without penalty or fees.

Interest rates are competitive and fixed for the life of the loan.

Interest rates are based on the WSJ Prime rate, plus an additional 1% for 36-month terms, 2% for 48-month terms, 3% for 60-month terms and 4% for 72-month terms.

Applicants will be able to lock in their rate at the time of application

and if the rate decreases between when they apply and when the loan closes, applicants will receive the benefit of the rate decrease.



LOANS OF UP TO
\$150,000

Will I be penalized if I make prepayments?

No. Borrowers may prepay the loan at any time without penalty or fees.

Are these loans forgivable?

No. The New York Forward Loan Fund 2 does not provide grants or offer forgivable loans.

What happens after I submit my pre-application?

If you meet the initial eligibility requirements, you will be matched with one or more nonprofit community lenders after completing the pre-application. Lenders will then request additional documentation to determine if your business is ready for a loan.

If you do not match with a community lender, you will have the opportunity to reach out to one of the Entrepreneurship Assistance Centers (EAC) from the [EAC Directory](#) that appears under the “Additional Resources” list after you complete the pre-application.

What is an EAC?

New York’s network of Entrepreneurship Assistance Centers (EAC) are available to provide free support before, during, and after the loan application process. EACs provide free services and can work with you to answer questions, identify reasons why you may not have matched with a lender, and provide business guidance to move you closer to being loan-ready in the future. To find your local EAC, visit esd.ny.gov/eac-directory.

What can I use my loan for?

The loan proceeds must be used solely for a specified business purpose, which may include:

- Start-up costs
- Working capital
- Franchise fees
- Acquisition of equipment, inventory, or services used in production, manufacturing or delivery
- The purchase, construction, renovation or improvements of an eligible place of business that is not for passive real estate investment purposes

Loans can also be used for:

- Payroll
- Utilities and rent
- Supplies
- Marketing and advertising
- Other expenses

What information will be required to apply?

As part of your full loan application, you will need to provide the following documentation to the community lender:

- Most recently filed tax returns, if available and required by the lender; if not available, internally generated financial statements or other documentation used to determine cash flows
- Schedule of ownership (name, address, Social Security Number or Tax Identification Number, phone number, email, percentage ownership for any owners with more than 20% ownership)
- Personal guarantee from each owner of at least 20% of the small business
- Executed Borrower Attestation Form and SEDI-Owned Business Certification (to be provided by lender)
- Evidence of legal formation of business entity (Articles of Incorporations and/or Bylaws)
- Personal credit report (if applicable)
- Other documentation required by the community lender at or after the time of application

A participating community lender will reach out to you to collect the required documentation, conduct any credit checks, and finalize the application review process.



Am I guaranteed loan approval if I am eligible to apply?

No. Please note that being matched with a prospective lender does not constitute an offer or a commitment to lend. Depending on the number of applications, it is possible that not all applicants will receive a loan. Applications will be reviewed on a rolling basis. In addition, all loans are subject to underwriting review and approval by participating community lenders, who are responsible for their own credit decisions.

Who are the nonprofit lenders?

The lenders in this program are **Accion Opportunity Fund, Ascendus, National Development Council's Community Impact Loan Fund, Pursuit, and TruFund Financial Services.**

Each of our nonprofit lenders has decades of experience working directly with small businesses across the state. Applicants who match with multiple lenders can choose their preferred lender. Once matched, the lender begins a standard intake application and underwriting process.

Do I need collateral?

No specific collateral is required for a loan through New York Forward Loan Fund 2. However, the lender will take a lien against a borrower's business assets, as well as additional collateral if the lender believes it is commercially reasonable to do so. The personal guarantee of each owner of 20% or more of the small business is required at the close of each loan. No personal guarantees will be required for nonprofits.



What if I need help with my loan application?

Our community lenders are available to assist you with every step of the application and can connect you with additional support services through one of the Entrepreneurship Assistance Centers (EAC), if needed.

Can I apply for a loan more than once?

Applicants should only submit one pre-application.

Borrowers will not be prohibited from receiving multiple loans from the New York Forward Loan Fund 2 program, but it is up to the originating lenders to approve additional loans. A borrower must have only one application for a loan open at any given time. Each loan must have a separate, defined use of proceeds, and such loans shall be subject to any applicable maximum or minimum sizes or other terms and conditions.

What happens if I miss a payment?

If you do not make a loan payment on time, you will be assessed a late fee. A failure to pay may result in the loan being declared in default. During the loan application process, your community lender will discuss the full terms of your loan agreement to ensure you understand the details regarding late payment and default.

What types of businesses are NOT eligible for a loan?

- Passive real estate investments or the purchase of securities
- Firms engaged in lobbying activities or pyramid sales schemes
- Facilities primarily used for gambling or to facilitate gambling
- Businesses engaged in activities prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted
- Businesses engaged in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as commodity futures trading or passive real estate investing
- Businesses that earn more than half of their annual net revenue from lending activities, except for Community Development Financial Institutions and Tribal enterprises that are not depository institutions or bank holding companies
- Businesses seeking to repay delinquent federal or state income taxes, unless the small business borrower has a payment plan in place with the relevant taxing authority

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DISCLAIMER: Due to a limited amount of funding availability and the high volume of applications expected, it is anticipated that not all applicants will be able to receive a loan. Applications will be reviewed on a rolling basis and will be managed to support the program's goals. The time it takes to process an application will depend on the volume of applications received by the matched community lender. Please note that submitting an application is not an indication of eligibility and does not mean that a loan will be approved or funded. Additional information will be requested in your application that will determine your eligibility for a loan. We recommend applying as soon as possible. All rates and loan terms may be subject to change. Loans available via this program are business loans only and not loans for personal, family or household purposes.