

Start Spreading the News: New York City Small Businesses May Be Eligible for NYC-Specific COVID-19 Relief Funds

Legal Alert
April 6, 2020

In addition to the relief funds provided under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act by the Small Business Administration (the “SBA”) for small business loans, the City of New York has provided its own relief response for New York City-based businesses. The New York City Small Business Continuity Loan Fund functions to aid eligible businesses that have been negatively, financially impacted by the COVID-19 pandemic. NYC Small Business Services (the “NYC SBS”) will determine eligibility, but loans will be issued by private lender partners.

Basic Guidance: New York City Small Business Continuity Loan Fund

- **Benefits?** Eligible businesses can apply for an interest-free loan for up to \$75,000.00.
- **Who is eligible?** Businesses in operation for at least two years with fewer than 100 employees located within the five boroughs of New York City are eligible for loans from the New York City Small Business Continuity Loan Fund. Those businesses must be able to demonstrate that COVID-19 has caused at least a 25 percent decrease in revenue and will need to show the ability they can repay the loan. Additionally, businesses cannot have outstanding tax liens or legal judgements. However, if a business is the subject of a tax lien, but the business has established a tax payment plan with the applicable taxing authority, it is still eligible to apply.
- **How is revenue loss calculated?** Average monthly revenue from the two months in 2020 demonstrating impacts of COVID-19 will be compared to both (i) the same two-month

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period in 2019 and (ii) the average monthly revenue based on total 2019 revenue. Both calculations will be done to determine if at least a 25 percent decrease in revenue can be demonstrated, and it appears that satisfaction of either one of them will support eligibility.

- **Necessary supporting documents?** To document a loss in revenue, businesses need to produce the following: financial documents for the two months in 2020 demonstrating revenue decreases resulting from COVID-19, financial documents showing revenue for the same two months in 2019 and financial documents showing the monthly average revenue for the full 2019 calendar year. Financial documents can include point-of-sales reports, sales reports showing fees collected or earned income, bank statements, transaction level data from banks, quarterly sales tax filings, tax returns, or profit and loss statements.
- **How to apply?** First, businesses need to gather the necessary financial documents and visit the NYC SBS page to begin the [Preliminary Application](#). Next, businesses must sign and submit a [Participation Affidavit](#) to the NYC SBS verifying they are eligible for the program through the online Preliminary Application. After the Preliminary Application is complete, the NYC SBS will send the applicant a link to the application on their partner lender's page.
- **Important Note:** If your business applied for and received loan proceeds from the NYC Small Business Continuity Loan Fund under its separate Employee Retention Grant Program and used it to pay for payroll costs, it may compromise your ability to receive loan forgiveness from the SBA's Payroll Protection Program. Businesses should check with their local bank or SBA resource partner for guidance.

A number of terms of the NYC SBS Continuity Fund program are unclear or undefined. As soon as additional information or guidance is released, we will update this legal alert.

For additional resources on how to navigate the business disruptions caused by COVID-19, please visit our [COVID-19 Resource Center](#) or reach out to the Foster Garvey team with any questions.

This legal alert was prepared with the assistance of Foster Garvey's legal intern, Erika Johnson, based in the New York office.