

EMERGENCY SMALL BUSINESS GRANTS AND LOAN ASSISTANCE

In an effort to reduce the financial impacts of COVID-19 on small businesses in Illinois, the State and the City of Chicago have enacted small business relief programs to provide companies with loans and grants to be used for working capital and to prevent employee layoffs. However, time is of the essence, as some programs have very short application windows that conclude within the next few days, or have first come, first serve policies.

Chicago Small Business Resiliency Fund

The \$100 million Chicago Small Business Resiliency Fund will help provide small businesses in the City of Chicago that have been impacted by COVID-19 with an emergency cash flow in the form of loans up to \$50,000. The loan may be used for working capital, but at least 50% of the proceeds must be applied toward payroll and efforts to retain the workforce of at least 50% of pre-COVID-19 levels.

To be eligible to apply for a loan, the business applicant must have suffered more than a 25% decrease in revenue due to COVID-19, employ fewer than 50 employees – 50% of which must reside in Chicago – and have gross revenues of less than \$3 million in 2019. The business applicant is also required to provide a City business address or City business license, be in operation for at least one year, and have no pre-existing tax liens or legal judgments. The loan applicant may also be subject to a debt check for the City of Chicago. When applying for a loan through the Chicago Small Business Resiliency Fund, the loan applicant should be prepared to provide the following documentation:

- 1) Valid business address within the City of Chicago
- 2) Valid business license, if applicable
- 3) Bank statements dating back to October 2019
- 4) The business' most recent tax return, and
- 5) A photo identification, or city key of the loan applicant business owner

Eligible Chicago businesses will have the opportunity to apply for a loan up to the limit of \$50,000, however not all businesses will receive the full amount. Rather, the loan will be sized based on three months average monthly revenue before the COVID-19 outbreak, with the maximum of \$50,000. The fixed annual interest rate on the loan will be 1% for the first 18 months. After 18 months, the rate will increase to 5.75% for the duration of the loan. For the first six months, interest accrues but is not payable, for months 7-12, only interest must be paid, and after 13 months, all monthly principals and interest payments must be paid.

Although the Chicago Small Business Resiliency Fund currently has \$100 million, the loan application process is first come, first serve. Chicago Small Business Resiliency Fund Application can be found here:

<https://www.connect2capital.com/partners/chicago-small-business-resiliency-fund/>

Illinois Small Business Emergency Loan Fund

For all other businesses that are not located within the City of Chicago, but have been impacted by COVID-19, the Illinois Small Business Emergency Loan Fund offers small businesses low interest loans of up to \$50,000. To be eligible, the business applicant must have experienced at least a 25% decrease in revenue as a result of COVID-19, received less than \$3 million in gross revenue in 2019, been in business for at least one year, and employ less than 50 employees. Employee threshold will be based on average employment over the period of October 2019 to December 2019. The loan must be used for working capital, but at least 50% of the proceeds must be applied toward payroll or other eligible compensation, with a commitment to hire or retain the workforce of at least 50% of pre-COVID-19 levels for six months. Eligible compensation includes salaries, paid leave, wages, tips and group healthcare benefits.

When applying for a loan through the Illinois Small Business Emergency Loan Fund, the loan applicant should be prepared to provide the following documentation:

- 1) Proof of Illinois business address
- 2) Business license from an Illinois jurisdiction
- 3) Bank statements dating back to October 2019
- 4) Most recent tax returns

Like the Chicago Small Business Resiliency Fund, eligible businesses will have the opportunity to apply for a loan up to the limit of \$50,000, however not all businesses will receive the full amount. Rather, the loan will be sized based on revenues of the business applicant before the COVID-19 outbreak. The emergency loan will be offered at a five-year term at 3% annual interest, simple. Payments will be deferred for six months, and fixed principal and interest payments will be due after the initial deferral, however the loan may be repaid early without penalty.

Beginning today, Wednesday, April 1st, 2020, lenders will start accepting official applications, and will contact eligible businesses that have expressed interest. To be contacted by a lender please fill out the interest form here:

<https://app.smartsheet.com/b/form/c75a9b0557564704a73a0afc1eba81b2>

The attorneys at Rock Fusco & Connelly are here to help you navigate how to best utilize these programs to benefit your business and support your employees at this uncertain time. Please contact us so that we may assist you in taking advantage of all that the state and local programs have to offer. We can be reached via email at info@rfclaw.com, or phone at (312) 494-1000.