

Tax and Finance

Financial Relief in Response to COVID-19, SBA Disaster Relief and Chicago Small Business Resiliency Fund



By: [Geoffrey M. Davis](#), [Christian E. Kimball](#), [Gail H. Morse](#), [Anna Meresidis](#) and [Brian S. Hart](#)

Jenner & Block is monitoring the guidance being adopted and/or issued from a variety of federal, state and local agencies. As part of a series of updates, this alert summarizes the Small Business Administration's (SBA) expansion of Economic Injury Disaster Relief Loans, authorized under the [Coronavirus Preparedness and Response Supplemental Appropriations Act](#), to small businesses and private non-profit organizations in certain affected areas of the US and Chicago's Small Business Resiliency Fund (**Chicago Small Business Resiliency Fund**), also designed to provide loans to small and medium-sized businesses experiencing a temporary loss of revenue due to the COVID-19 crisis.

I. SBA Disaster Relief Loans

The SBA has extended its **Disaster Relief Loan** program to businesses and private non-profit organizations suffering purely economic (as opposed to physical) harm due to the COVID-19 crisis ([Economic Injury Disaster Relief Loans or EIDRL](#)). Currently, thirty-three [States and certain contiguous counties](#) surrounding certain of these States, are areas eligible for the loans. EIDRL's are designed to provide working capital to small businesses suffering substantial economic injury as a result of the COVID-19 crisis.

The EIDRLs can be applied for online or over the phone, and generally disburse \$25,000 immediately upon approval with additional funds up to \$2 million available under the program. The EIDRLs may be used to pay fixed debts, make payroll, cover accounts payable and pay other bills that can't be paid because of the disaster's impact. EIDRLs are engineered to be affordable, with long repayment terms (determined on a case-by-case basis, up to 30 years) and modest interest rates (3.75% for small businesses/2.75% for private nonprofits).

The SBA's size criterion for small businesses varies by industry and is dependent upon two maximum variables—annual receipts and number of employees. Applicants can use their 6-digit NAICS code to check whether they fit within the SBA's criteria for "small businesses" using an [online tool](#).

II. Chicago Small Business Resiliency Fund Loans

During her [March 19 address](#) concerning the COVID-19 crisis, Chicago Mayor Lori Lightfoot announced the creation of the [Chicago Small Business Resiliency Fund](#), established with an initial \$100 million of committed capital, to make low-interest loans to small and mid-sized businesses needing emergency cash flow during the COVID-19 health crisis.

Community Development Financial Institution (CDFI) partners involved in the program (to be identified) will begin accepting applications on March 31, 2020. Even before this date, however, the City has an [indication of interest](#) form available online so that borrowers will more quickly receive responses from a representative. Chicago loans will provide for a term of up to five years, in amounts up to \$50,000,

sized based on revenues pre-COVID-19. Unlike the SBA's EIDRLs described above, loan proceeds are required to be used for working capital, with at least 50% of proceeds applied toward payroll and a commitment to retain workforce at 50% of pre-COVID-19 levels.

To be eligible, businesses must have suffered more than 25% revenue decrease due to COVID-19; employ fewer than 50 employees and have gross revenues of less than \$3 million in 2019. Applicants will need to have a valid Chicago business address or City business license and have no pre-existing tax liens or legal judgments. To prepare for application, businesses should obtain and be ready to provide bank statements dating back to October 2019, the most recent tax return and a photo ID. The City indicates it will continue to update its [website](#) with information relevant to this Fund, and includes additional information on other financial resources and loans for Chicago businesses and unemployment resources as well.

The following professionals are available to discuss these fast emerging and changing actions:

Tax

[Gail H. Morse](#), [Geoffrey M. Davis](#), [Christian E. Kimball](#)

Finance

[Anna Meresidis](#), [Brian S. Hart](#)

Conscious of the human, operational and financial strain that coronavirus is placing on businesses and organizations worldwide, Jenner & Block has assembled a multi-disciplinary Task Force to support clients as they navigate the legal and strategic challenges of the COVID-19 / Coronavirus situation.

For additional information and materials, please visit our [COVID-19 / Coronavirus Resource Center](#).

[Click here to visit our COVID-19 / Coronavirus Resource Center](#)

Contact Us



Geoffrey M. Davis

gdavis@jenner.com | [Download V-Card](#)



Christian E. Kimball

ckimball@jenner.com | [Download V-Card](#)



Gail H. Morse

gmorse@jenner.com | [Download V-Card](#)



Anna Meresidis

ameresidis@jenner.com | [Download V-Card](#)



Brian S. Hart

bhart@jenner.com | [Download V-Card](#)

© 2020 Jenner & Block LLP. **Attorney Advertising.** Jenner & Block is an Illinois Limited Liability Partnership including professional corporations. This publication is not intended to provide legal advice but to provide information on legal matters and firm news of interest to our clients and colleagues. Readers should seek specific legal advice before taking any action with respect to matters mentioned in this publication. The attorney responsible for this publication is Brent E. Kidwell, Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654-3456. Prior results do not guarantee a similar outcome.