

## **SBA Loan Types**

### 7(a) SBA Loans

- [The 7\(a\) loan program](#) is the SBA's primary program for providing financial assistance to small businesses under the Payment Protection Plan. The terms and conditions, like the guaranty percentage and loan amount, may vary by the type of loan.
- Under the Payroll Protection Program (PPP) in the CARES Act, restaurants with less than 500 employees may apply for 7(a) loans to help them cover business costs during the COVID-19 crisis. If restaurants use those funds to cover payroll and meet [specific requirements](#) a portion of their loan can be forgiven by the SBA. It is important to speak with your lender to ensure you have clear understanding how you can qualify for the loan forgiveness. The loan amount is tied to payroll costs incurred by the business to determine the size of the loan.

## **Economic Injury Disaster Loans (EIDL) and Emergency Grants**

<https://www.sba.gov/funding-programs/disaster-assistance>

- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay. SBA is allowed to approve and offer these loans based solely on an applicant's credit score, or use an alternative appropriate alternative method for determining applicant's ability to repay.
- The CARES Act also establishes an emergency grant to allow an eligible entity who has applied for an EIDL loan due to COVID-19 to request an advance on that loan, of not more than \$10,000, which the SBA must distribute within 3 days. It also states that applicants shall not be required to repay advance payments, even if subsequently denied for an EIDL loan.
- In advance of disbursing the advance payment, the SBA must verify that the entity is an eligible applicant for an EIDL loan. This approval shall take the form of a certification under penalty of perjury by the applicant that they are eligible.
- Outlines that advance payment may be used for providing paid sick leave to employees, maintaining payroll, meeting increased costs to obtain materials, making rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses.

\*The CARES Act provides a limitation on a borrower from receiving this assistance and an economic injury disaster loan through SBA for the same purpose. It does allow a borrower who has a disaster loan unrelated to COVID-19 to apply for a PPP loan, with an option to refinance that loan into the PPP loan. The emergency EIDL grant award of up to \$10,000 would be subtracted from the amount forgiven under the Paycheck Protection Program.

## **Illinois Small Business Emergency Loan Fund**

<https://www2.illinois.gov/dceo/SmallBizAssistance/Pages/IllinoisSmallBusinessEmergencyLoanFund.aspx>

Under the leadership of Governor JB Pritzker, DCEO and the Illinois Department of Financial and Professional Regulation (IDFPR) are establishing the Illinois Small Business Emergency Loan Fund to offer small businesses low interest loans of up to \$50,000.

Businesses located outside of the City of Chicago with fewer than 50 workers and less than \$3 million in revenue in 2019 will be eligible to apply. Successful applicants will pay nothing for six months and will

As published by Brewers Association

<https://www.brewersassociation.org/brewing-industry-updates/covid-19-sba-loan-q&a/>

then begin making fixed payments at a below market interest rate for the remainder of a five-year loan term.

#### Loan Guidelines

- Term and Interest Rate: Emergency Loan offered as five-year term loan at 3% annual interest, simple. Payments are deferred for six months, and fixed principal and interest payments will be due after initial deferral. Loan may be repaid early without penalty.
- Loan Amount: Borrowers may receive up to \$50,000, with borrower loan amounts determined by average monthly revenues prior to COVID-19.
- Loan Uses: Loan funds must be used for working capital, and at least 50% of loan proceeds must be applied toward payroll or other eligible compensation, with a commitment to hire or retain at least 50% of a business workforce for six months.

#### Borrower Eligibility

- Businesses must have received less than \$3 million in gross revenue in 2019 and employ fewer than 50 employees. Employee threshold will be based on average employment over the period of October 2019 to December 2019. Seasonal businesses may base employment on average from January 2019 to December 2019.
- Business has experienced at least a 25% decrease in revenues as a result of COVID-19.
- Business must be located in Illinois and provide proof of an Illinois business address and valid business license from an Illinois jurisdiction. Business have been in operations for at least one year.
- Please ensure ability to provide bank statements dating back to October 2019 and most recent tax returns.
- At this time, non-profits and farm business that would traditionally qualify under the USDA's farm loan program are not eligible.

#### **Chicago Small Business Resiliency Fund**

<https://www.surveymonkey.com/r/COVID19Chicago>

The City of Chicago recognizes that coronavirus disease (COVID-19) has put a difficult burden on our small business community. As a response to this challenge, the City is establishing a \$100 million Chicago Small Business Resiliency Fund, which will help to provide small businesses with emergency cash flow during this immediate health crisis. Funds will be provided to eligible businesses as low-interest loans.

The Fund is seeded through \$25 million from the City of Chicago, \$50 million from the Chicago Community Catalyst Fund, \$10 million through Goldman Sachs Urban Investment Group, \$1 million from Fifth Third, \$250,000 from Clayco and \$15 million from other sources. If you are a philanthropic institution or corporation interested in contributing to this fund, please submit your information to [resiliency.fund@cityofchicago.org](mailto:resiliency.fund@cityofchicago.org).

Loan applications will be administered through our Community Development Financial Institution (CDFI) partners. Applications for the Chicago Small Business Resiliency Fund will begin to be accepted on March 31, 2020. More information about the partners who will be administering these loans will be provided before that date.

The loan terms will follow the guidelines below:

- 1) Repayment Term: Low-interest loans for a term of up to five years.
- 2) Loan Amount: Up to \$50,000 but sized based on revenues before the COVID-19 outbreak.

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3) Loan Proceeds: Proceeds are required to be used for working capital. At least 50% of proceeds should be applied toward payroll and commitment to retain the workforce at 50% of pre-COVID-19 levels.

To be eligible, businesses must meet the following requirements:

- 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
- Provide a City business address or City business license
- No pre-existing tax liens or legal judgments

In addition, please be prepared to provide the following information:

- Bank statements dating back to October 2019
- Your most recent tax return
- Photo ID (CityKey will be accepted)