

City of Chicago Has Established \$100 Million “Chicago Small Business Resiliency Fund” To Offer Assistance Loans to Eligible Local Businesses Affected by Coronavirus (COVID-19)

by Anthony J. Zeoli

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The outbreak of the coronavirus (COVID-19) has forced many local Chicago businesses to close their doors for an indeterminate amount of time, leaving owners wondering how they are going to deal with the loss of revenue and, in some cases, even how to survive. To help alleviate the adverse financial effects of this forced closure, the City of Chicago has established a new fund, under the name “Chicago Small Business Resiliency Fund,” which will offer low, and we believe in some cases no, interest loans for working capital to eligible Chicago businesses.



To be eligible, a business must be able to evidence that it:

- has suffered more than a 25% revenue decrease due to COVID-19;
- employs fewer than 50 employees;
- had gross revenues of less than \$3 million in 2019;
- has an active City of Chicago business address or business license; and
- has no pre-existing tax liens or legal judgments

An applying business should also be prepared to provide a copy of its most recent tax returns as well as copies of its bank statements dating back to October of 2019 and photo I.D. of its owners.

Assuming your business meets the above qualifications, you will be able to apply for a loan of up to \$50,000 under this fund (provided that the loan amount will be determined based on your actual economic injury and financial need). The rate of interest will be determined on a case-by-case basis and it appears that some businesses may be eligible for interest-free loans. Similarly, the terms of these loans will also be determined on a case-by-case basis, but can be as long as 5 years. The proceeds of the loans are required to be used for working capital purposes only. More specifically, at least 50% of loan proceeds are to be applied toward payroll and the business’ commitment to retain the workforce at at least 50% of pre-COVID-19 levels.

It is expected that the City will begin taking applications for loans by March 31, 2020 though the application form has not yet been released. In the interim the City is encouraging interested applicants to complete an [“interest form”](#) and a city representative will contact them.

This fund has been initially seeded with \$100 Million from multiple sources (including the City of Chicago itself, the Chicago Community Catalyst Fund, Goldman Sachs Urban Investment Group, Fifth Third Bank and Clayco Inc., among others). The City has also opened the fund to additional donations so the fund amount may increase even further. That said, funds will be distributed on a first-come basis so those seeking loans are highly encouraged to apply early.

We will continue to follow this important program and offer updates as developments arise. If you have any questions, please contact Anthony Zeoli or another member of the Freeborn & Peters LLP Corporate Practice Group, and stay tuned for more developments on [Freeborn’s COVID-19 webpage](#).

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Tony concentrates his practice in the areas of banking and commercial finance, securities, real estate, and general corporate law. Anthony is also an industry leader in the areas of crowdfunding, blockchain, securities based cryptocurrency/token offerings, peer-to-peer (P2P) lending, and Regulation A+ offerings. He also personally drafted the Illinois intrastate crowdfunding exemption, which was unanimously passed into law by the Illinois House of Representatives.

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