

SOURCES OF MONEY FOR BUSINESSES IMPACTED BY THE COVID-19 PANDEMIC

Purpose: This document is intended to provide businesses in the greater San Jose area with a quick summary of sources of working capital funding during the pandemic.

Update: This copy was last updated on 4/3/20; When available, updates will be made at [English](#), [Español](#), [Tiếng Việt](#).

Many companies, organizations, and non-profits in Santa Clara County are suffering while they cannot open or their businesses are slowed due to actions put in place to reduce the spread of the COVID-19 pandemic. Except for limited conditions, companies may not allow their employees to come to their job sites (Please see the [Santa Clara County Public Health](#) page for updates, more detail, and translations).

There is, however, money from many sources to help these businesses.

FEDERAL AND STATE DISASTER LOANS

Small Business Administration Economic Injury Loans

As part of the federal help in the pandemic, the Small Business Administration (SBA) has money for companies and non-profits which cannot open, have had slower business, or otherwise had an economic injury. Some highlights of the [Small Business Administration Economic Injury loan program](#) are:

- **Approved businesses can receive an injury advance of \$10,000 which for some uses will not have to be paid back (new).**
- Loan interest rates of 3.75%.
- Loans can be for as long as 30 years.
- Loans under \$25,000 require no collateral and the maximum loan is up to \$2 million.
- Help in many languages is available through the SBA, and
- Local Businessownerspace.com (BOS) partners [SBDC](#), [AnewAmerica](#), [MBDA](#), and [SCORE](#) can help prepare loan paperwork.
- One of the local SBDC branches has put together an [overview video on the application](#).

However, not every company can get these SBA loans including:

- Those using Individual Taxpayer Identification Numbers (ITIN) rather than Social Security Numbers,
- Companies which cannot show an injury, and
- Businesses in the cannabis and other federally restricted industries.

Paycheck Protection Program (PPP) Loans

While details are being finalized, as part of the recently passed CARES Act most businesses including non-profits, independent contractors, and self-employed individuals will be able cover their payroll costs by borrowing as much as \$10 million at 1% interest from participating lenders, banks, and credit unions.

Organizations which retain their employees will be able to apply through their lender for up to 8 weeks of payroll forgiveness and be in a much better position to spring back as the nation recovers from the pandemic. The program will be retroactive to February 15, 2020 so that borrowers are not penalized for having a reduced payroll at the beginning of the period and loans are fully or partially forgiven if businesses show that the money was used to retain or rehire employees and pay some overhead expenses through June 30, 2020. Payments will be deferred for 6 months

The [SBA guaranteed Paycheck Protection Program loans](#) may launch as early as April 3, 2020. The SBA website includes additional details as well as a sample application form and encourages potential applicants to inquire with their local lender about their participation. The BOS advising partners identified above may also be able to provide advice and guidance on this additional funding source.

State of California Infrastructure and Economic Development Bank (IBank)

- Governor Gavin Newsom announced on April 2, 2020 that the state is allocating \$50 million to the California Infrastructure and Economic Development Bank for loan guarantees to small businesses to help eliminate barriers to capital for individuals who do not qualify for federal funds, including low wealth and undocumented immigrant communities.
- IBank's [Small Business Finance Center](#) offers loan guarantee programs for businesses impacted by disasters for up to \$1 million for 7 years and also for low-wealth entrepreneurs in declared disaster and emergency areas for up to \$10,000 for as many as 5 years. Applications and additional information are available through Financial Development Corporations partners.

California Small Business Taxes

- Governor Gavin Newsom also announced on April 2, 2020 that the state is allowing small businesses to defer payment of sales and use taxes of up to \$50,000, for up to 12 months.

GRANT SOURCES

- [Silicon Valley Strong](#) – Later this month eligible small businesses will be able to apply for grants with preference given to those retaining employees, supporting sick leave payment obligation and other community-supporting activities. Keep checking www.siliconvalleystrong.org for details as they become available.
- [LISC/ Verizon](#) - LISC will use Verizon funding for grants up to \$10,000 to businesses financially struggling because of COVID-19—especially entrepreneurs who don't have access to flexible, affordable capital. Applications are due April 4, 2020 and can be used for rent and utilities, payroll, outstanding debt to vendors or other immediate operational costs.
- Here are also some compilations of grant resources. Browsing the Internet will reveal more:
 - [List of Arts Resources During the COVID-19 Outbreak](#) from Creative Capital Foundation
 - [Small Business Relief Tracker](#) from Forbes

BUSINESSOWNERSPACE.COM (BOS) SMALL BUSINESS FUNDERS AND ADVISORS

BusinessOwnerSpace.com is a City of San Jose-led collaboration of more than 30 small business assistance organizations which offer free or low-cost services with a common mission of helping small companies succeed. BOS partners offer many services including loan and other funding. Others offer counseling on what money to request and how best to do so.

BOS Funders

- [Kiva](#) – Small loans (now up to \$15,000) at 0% interest are now available through this non-profit lending group for existing and startup companies. Borrowers with strong connections with their clients (e.g., social media followers) are most likely to qualify. Open to non-profits as well. Collateral is not required and there is a 6-month grace period on repayment.
- [Pacific Community Ventures](#) – Companies and non-profits who have been in business for at least a year, have employees, and were profitable before the pandemic may qualify for loans of as much as \$200,000 for 1 to 5 years with an interest rate between 7 and 13%. Ongoing advising assistance is provided. Applicants may provide ITIN rather than social security numbers. Collateral and fees are required but PCV stresses their flexibility.
- [Opportunity Fund](#) – Up to \$250,000 can be borrowed by established businesses including non-profits for 1 to 5 years at competitive interest rates with no fees. The Opportunity Fund is also part of the Silicon Valley Strong campaign. Applicants may provide ITIN rather than social security numbers. Assistance is available in English and Spanish. Spanish Link: (<https://www.opportunityfund.org/es/get-a-loan/>)
- [Working Solutions](#) – Loans are available through Working Solutions for up to \$50,000 for 3 to 5 years at between 9 and 11% interest rates. Additional fees do apply but collateral is not required and applicants do not need a social security number. The organization is focused on establishing on-going relationships with their borrowers and providing them with business advising.

BOS Loan and Technical Assistance Partners

- [AnewAmerica – San Jose](#)
- [Filipino American Chamber of Commerce of Silicon Valley](#)
- [Hispanic Chamber of Commerce of Silicon Valley](#)
- [Northern California Minority Business Development Agency \(MBDA\)](#)
- [renaissance entrepreneurship center](#)
- [Silicon Valley Black Chamber of Commerce](#)
- [Silicon Valley SCORE](#)
- [Silicon Valley Small Business Development Center \(SBDC\)](#)

BOS Traditional Lenders

These long-standing BOS partner lenders offer commercial loans and are also likely to participate in the Paycheck Protection Program loan discussed above.

- [Bank of America](#)
- [Meriwest Credit Union](#)
- [Wells Fargo](#)

Non-BOS Partner Funding Resources from the SBA

[California Statewide CDC](#) – Working capital loans up to \$250k are available for 5 to 10 years at prime + 6.25 – 9.25%. SBA loan fees apply.

[CDC Small Business Finance](#) – Loans of up to \$500,000 at between 7.25 and 14.5% are available for up to 10 years. Fees are not required until the loan is approved. Assistance is available in English and Spanish.

[Southeast Asian Community Center](#) – Microloans are available for up to \$50,000 for up to 4 years. Interest rates are competitive and only notary fees are required. Staff speak English, Cantonese, Mandarin, Vietnamese, and Tagalog.

[MEDA](#) – Through the Fondo Adelante program businesses can get loans of up to \$100,000 for as long as 5 years at interest rates between 7 and 9% and there is no cost to apply. Loan assistance is available in English and Spanish

In the [SBA one-page summary of local resources](#) available in the San Francisco District, there is a list of other Community Development Finance Institutions and others which offer other types of loans including 504 loans to allow the purchase of property.

OTHER INFORMATION SOURCES

Here are other pandemic-related resources:

- [Santa Clara County Public Health](#)
- [SBA economic injury loans](#)
- City of San Jose's [COVID-19 Business webpage](#)
- City of San Jose's [emergency notifications webpage](#)

If you would like to receive notices, you can subscribe to one or more of the following distributions:

- [BusinessOwnerSpace.com Notices](#) – Small businesses can keep informed about workshops and other services offered by over 30 small business assistance organization programs through this subscription.
- [SJ Economy Notices](#) – The City of San Jose Office of Economic Development sends out a regular notice about issues of interest to San Jose businesses
- [City of San Jose COVID-19 Flash Reports](#) – Updates and announcements from the City of San Jose about COVID-19 are distributed on weekdays in the morning and late afternoon to subscribers.

You can also ask questions of the City of San Jose Office of Economic Development at covid19sjbusiness@sanjoseca.gov.