

Loan funds for small businesses, nonprofits and individuals

During the Covid-19 pandemic and the disruptions it is causing to daily life, many residents are likely to experience disruptions in their economic security. Upstate workers will see earnings decline as their hours and tips are cut or gig jobs are unavailable. Small businesses that have to close or see fewer patrons may have trouble making ends meet. Nonprofits may have funding gaps as grant payments from philanthropy or government are delayed.

Unfortunately, there are [high interest-rate lenders eager to help](#) during such a crisis. They may provide very temporary relief, but they can also put the individuals and businesses in an even worse position when the crisis is over.

CommunityWorks Carolina, a Community Development Financial Institution in South Carolina, is looking at how it can help and how philanthropy can support. It is exploring:

- Using its existing **small business and community disaster relief fund to provide gap coverage for small businesses and nonprofits**. Currently federal funding or relief for small business is undetermined and uncertain from sources such as FEMA, the [Small Business Administration](#), and Insurance for repayments. If such payments are approved, they would be a repayments source for these loans.

In the interim of that, philanthropy and private investors can be the back stop as loan loss reserve in the event these businesses **do not** receive help from the feds or in the event they are not able to make a repayment due to continued economic challenges.

CW is currently looking at offering 2 products to meet immediate cash flow needs: COVID-19 Small Business Line of Credit and COVID-19 Community (Nonprofit) Line of Credit.

- **In addition CW will provide emergency loans for individuals as an alternative to predatory loans (e.g. title and payday loans)**. This is already offered to existing clients, but they are exploring expanding this with the help of a collective loan pool supplied by churches, philanthropy, and others to serve as a backstop for CWC in case of no repayment. Loans will likely be up to the \$1,000 - \$1,500 range and would be made in partnership with Self-Help Credit Union, which offers retail services to consumers.

*More details on these potential products will be available by Tuesday March 17th.

The need from philanthropy

Funders can help by making an investment in CommunityWorks Carolina with an up to ten-year horizon and zero interest with the potential for forgiveness. For foundations, this can be in the form of a [Program Related Investment](#). This will provide a backstop for CommunityWorks Carolina to make these loans to small businesses, nonprofits, and individuals with low interest rates to help them through this uncertain crisis. This is a way for churches, philanthropic funders, larger businesses, and others to lend support to their fellow community members in a way that has the strong potential of them being repaid and in the context of a strong community financial institution that will provide wider support to the borrower. This can also be provided as a flat-out donation rather than an investment which will help reduce the cost of the loans.

Interested in participating or just learning more? Contact [Katy Smith](#) with GPP at 864.313.4993 or [Tammie Hoy Hawkins](#) with CWC at 843.864.9800.