

# FAQS

***Have questions?***  
**We can help.**

## **WHAT TYPES OF BUSINESSES ARE ELIGIBLE FOR A FLEX FUND LOAN?**

To be eligible for a Flex Fund loan, a small business must meet the requirements detailed below. Please note that the pre-application should be completed and submitted by the owner of the business with the largest ownership interest, and that all owners with more than 20% ownership will be required to attest to the information provided. The following criteria is the minimum required for a business or non-profit to be considered eligible for a loan under this program:

The business or non-profit must employ 50 or fewer full-time equivalent (FTE) employees

The business or non-profit must have suffered a direct economic disruption as a result of COVID-19 in a way that has materially impacted operations

The business must have been in operation for at least one year prior to the date of application or the non-profit must have been in operation since at least January 2019

A limited amount of start-up financing is available for for-profit businesses

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## **HOW IS THIS DIFFERENT FROM PPP AND OTHER COVID-19 RECOVERY PROGRAMS?**

The Small Business Flex Fund is NOT a forgivable loan. This program is not associated with the federal Paycheck Protection Program (PPP) or any other SBA program. The borrower will need to pay back the full amount of the loan with interest over a 5 or 6-year term.



## **CAN I STILL APPLY IF I HAVE RECEIVED COVID-19 RELIEF FUNDS FOR MY SMALL BUSINESS?**

Yes. While the fund was conceived to help Washington's smallest businesses and nonprofits rebuild after the unprecedented public health and economic crisis caused by COVID-19, any COVID-19 relief funds you have received for your small business are separate and do not impact your ability to apply for and receive a loan through the Small Business Flex Fund.

## **WHAT CAN I USE THE LOAN FOR?**

Small Business Flex Fund loans can be used for a full range of business needs including payroll, rent and utilities, building improvements, marketing, supplies and other business expenses. You will be required to detail the proposed use of loan proceeds when you apply to the community lender.

## **WHO ARE THE LOCAL, COMMUNITY-BASED LENDERS?**

What makes the Small Business Flex Fund truly unique is the network of nonprofit, community-based lenders. For more than 40 years, these Community Development Financial Institutions (CDFIs) have been dedicated to helping local small businesses and nonprofits thrive. CDFIs exist to meet the unique needs of historically underbanked communities and have years of experience lending to borrowers in these communities.

## **WHAT IF I NEED HELP WITH THE LOAN APPLICATION?**

When you visit [SmallBusinessFlexFund.org](http://SmallBusinessFlexFund.org), you will be connected to a local, community-based lender who can assist with every step of the application and direct you to additional support services, as well.

## **WHAT ARE THE LOAN TERMS?**

### **60-MONTH TERMS**

For-profit businesses: 4.00% fixed interest

Nonprofits: 3.00% fixed interest

### **72-MONTH TERMS** (for first 6 months of the program)

For-profit businesses: 4.50% fixed interest

Nonprofits: 3.50% fixed interest

## **DOES MY BUSINESS NEED TO BE BASED IN WASHINGTON TO APPLY?**

Yes, the main office or headquarters must be located in Washington.

## **DO I NEED COLLATERAL?**

No specific collateral is required to be eligible— you do not need to have access to any specific real estate or equipment. However, a blanket first or second lien may be filed on business assets, at the discretion of the originating lender. Personal guarantees will be required for individuals who own 20% or more of a business.

## **AM I GUARANTEED APPROVAL FOR A LOAN IF I AM ELIGIBLE TO APPLY?**

Depending on the number of applications, it is possible that not all applicants will be able to receive a loan. Applications will be reviewed on a rolling basis. In addition, all loans are subject to underwriting review and approval by participating community lenders, who are responsible for their own credit decisions. Please note that this is not an offer or a commitment to lend. All rates and loan terms may be subject to change.

## **IS A SMALL BUSINESS FLEX FUND LOAN FORGIVABLE?**

This is not a forgivable loan. The Small Business Flex Fund is not associated with the federal Paycheck Protection Program (PPP) or any other SBA lending programs. Small Business Flex Fund borrowers will pay back the full amount of the loan, at their approved interest rate—between 3% and 4.5%—over a 60-month or a 72-month term. The 72-month loan term is only available until 12/31/21.

## **WHAT TYPES OF BUSINESSES ARE NOT ELIGIBLE FOR A LOAN?**

Businesses that are NOT eligible include, but are not limited to:

Corporate-owned franchises

Branch banks

Pay day loan stores

Pawn shops

Astrology, palm reading

Adult bookstores, strip clubs

Track waging facilities

Cannabis businesses or firms engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located;

Any business in bankruptcy or receivership



**WHAT CAN I DO TO GET STARTED?**

Visit [SmallBusinessFlexFund.org](http://SmallBusinessFlexFund.org)

## WHAT HAPPENS IS I MISS A PAYMENT?

If you do not make a loan payment on time, you may be assessed a late fee at the discretion of the community-based lender. A failure to pay may result in the loan being declared in default. During the loan application process, your community-based lender will discuss the full terms of your loan agreement to ensure you understand the details regarding late payment and default.

## WHAT INFORMATION WILL BE REQUIRED TO APPLY?

As part of your full loan application, you will need to provide the following documentation to the community lender:

Most recently filed tax returns, if available and required by the lender

Bank statements and/or internally generated financial statements

Information regarding business owner(s) with more than 20% ownership, including name, address, SSN, EIN or ITIN, phone number, email, percentage ownership, and photo ID

Executed Attestation Form (to be provided by the community lender)

Brief description of COVID-19 impacts on your business or organization

Evidence of legal formation of business or nonprofit entity (e.g., articles of incorporation and bylaws)

Personal guarantee (for businesses only)

Other documentation required by the community lender at or after the time of the application

A participating community lender will reach out to you to collect the required documentation, conduct any credit checks, and finalize the application review process.

CONNECT WITH YOUR LOCAL, COMMUNITY-BASED LENDER, TODAY!