

FAQS

Have questions?
We can help.

WHAT TYPES OF BUSINESSES ARE ELIGIBLE FOR A WASHINGTON SMALL BUSINESS FLEX FUND 2 LOAN?

To be eligible for a Flex Fund loan, a small business or nonprofit must employ 50 or fewer employees, have been in operation for at least one year prior to the date of application, have less than \$5 million in gross annual revenue, demonstrate the ability to repay the loan through previous and projected cash flow, and have existing operations in Washington state.

HOW IS THIS PROGRAM DIFFERENT FROM OTHER LOAN FUNDS?

The Washington Small Business Flex Fund 2 has a network of community-based lenders with decades of experience helping Washington's small businesses and nonprofits from underserved and underbanked communities. These community lenders can assist you through every step of the loan process. The Small Business Flex Fund 2 also aims to reduce barriers to financial resources by removing credit score or specific collateral requirements and origination fees charged outside of closing costs. Funds can be spent flexibly based on your business's needs and goals.

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 will be filed on business assets, and your lender may request additional, specific collateral. Personal guarantees will be required for individuals who own 20% or more of a business.

WHAT CAN I USE THE LOAN FOR?

Washington Small Business Flex Fund 2 loans can be used for a full range of business needs, including payroll, rent and utilities, building improvements, marketing and advertising, supplies, and other business expenses. Loans may not be used for passive real estate investments, lobby activities, engaging in securities trading, activities that are prohibited by Federal or Washington state law, or certain other prohibited activities.

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 Washington Small Business Flex Fund 2 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, 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.

WHAT ARE THE LOAN TERMS?

36- TO 72-MONTH TERMS

Borrow up to \$250,000

Rates at 1-4% above WSI Prime rate

Fixed interest rate for the life of the loan

No prepayment penalties

DOES COMPLETING A PRE-APPLICATION GUARANTEE THAT I'LL MATCH WITH A PROGRAM LENDER?

No. While the program has adopted minimum eligibility criteria that are required to apply (for example, at least one year of operations, fewer than 50 employees, less than \$5 million in annual revenues), the participating community lenders also apply their own lending criteria. An applicant that fails to meet the criteria set by the lenders will not receive and match and will be encouraged to consult with the state's network of business support organizations. The program seeks a diverse group of participating lenders who offer the broadest possible coverage across geographies, industries, and other factors to achieve the highest possible match rate with program applicants.

IF I MATCH WITH A PROGRAM LENDER, WILL I RECEIVE A LOAN?

Due to a limited amount of funding availability and the high volume of applications expected, it is anticipated that not all applicants will be able to receive a loan. Further, please note that submitting an application is not an indication of eligibility and does not mean that a loan will be approved or funded. Additional information will be requested in your application with your lender that will determine your eligibility for a loan. The time it takes to process an application will depend on the volume of applications received by the matched community lender.

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

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

IS A WASHINGTON SMALL BUSINESS FLEX FUND 2 LOAN FORGIVABLE?

The Flex Fund is NOT a forgivable loan or grant program. The borrower will need to pay back the full amount of the loan with interest over 3-6 years, depending on the loan.

WHAT HAPPENS IF 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 TYPES OF BUSINESSES ARE NOT ELIGIBLE FOR A LOAN?

Ineligible businesses are:

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

Passive real estate investments or the purchase of securities

Firms engaged in lobbying activities or pyramid sales

Facilities primarily used for gambling or to facilitate gambling

Businesses engaged in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as commodity futures trading or passive real estate investing

Businesses that earn more than half of their annual net revenue from lending activities, except for Community Development Financial Institutions and Tribal enterprises that are not depository institutions or bank holding companies

Businesses seeking to repay delinquent Federal or state income taxes, unless the small business borrower has a payment plan in place with the relevant taxing authority



WHAT CAN I DO TO GET STARTED?

Visit SmallBusinessFlexFund.org



WHAT INFORMATION WILL BE REQUIRED TO APPLY FOR A LOAN FROM THE WASHINGTON SMALL BUSINESS FLEX FUND 2?

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

- Two 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);
- Evidence of legal formation of business or nonprofit entity (e.g., articles of incorporation and bylaws);
- Personal guarantee (for businesses only); and
- 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!

The Washington State Small Business Credit Initiative (SSBCI) provides much-needed capital to small businesses and nonprofits throughout Washington, particularly those in historically underserved and under-banked communities. SSBCI is administered by the Washington State Department of Commerce in partnership with the U.S. Department of Treasury and financial institutions statewide. For more information, visit <https://bit.ly/wa-small-biz-loans>.

[SMALLBUSINESSFLEXFUND.ORG](https://smallbusinessflexfund.org)

