

FAQ: CARES Act and Small Business Administration Economic Injury Disaster Loans



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Small businesses in Seattle are now eligible to apply for several different types of federal loans, including Paycheck Protection Program (PPP) loans and Small Business Administration (SBA) Economic Injury Disaster Loans (EIDL). These loans can offset reduced revenues and other economic losses caused by the COVID-19 pandemic. The City's Office of Economic Development (OED) is offering technical assistance to help small businesses apply for PPP and SBA loans. Visit our website with detailed directions about applying for these loans [here](#). For more information and general resources, please visit <http://www.seattle.gov/office-of-economic-development/covid-19> or call (206) 684-8090. You can also access language assistance by calling (206) 684-8090. All callers can leave a message, and bilingual staff will call back with in-language support.

Paycheck Protection Program Loans

The CARES Act [Paycheck Protection Program](#) (PPP) provides small businesses with 500 employees or fewer up to \$10 million in forgivable loans to pay their employees during the COVID-19 crisis. All loan terms will be the same for everyone and are provided through financial institutions/lenders. Find more information on [this SBA webpage](#) or in this [Treasury Department Information Sheet for Borrowers](#).

Who can apply for these loans?

All businesses – including tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Nonprofits and veterans' organizations are also eligible to apply.

What can the loan be used for?

The loans can be used for payroll costs, interest on mortgages, rent, and utilities. The loan will be fully forgiven if at least 75% of the loan amount is used for payroll. The other 25% can be used for qualified and documented business expenses such as rent and utilities. Expenses must be documented.

What are the general loan terms?

No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees. Loan payments will be deferred for six months. Loan forgiveness is based on using 75 percent of the loan amount for payroll in the eight weeks after receipt of loan funds, and on bringing payroll back to pre-COVID-19 levels prior to June 30, 2020. If these conditions are not met, any amount that is not forgiven remains a loan with a one percent interest rate and two year term.

How can I apply?

Organizations apply for PPP loans through a bank, not through the SBA. Find out what information you'll need to provide to the bank [here](#). You can apply through any institution that is participating in the program. We recommend that you start by contacting the bank that handles your business account. Please consult with your local lender as to whether it is participating in the program. Each bank will have its own application process. The deadline to apply is June 30, 2020.

When can I apply?

The SBA resumed accepting Paycheck Protection Program applications from participating lenders on Monday, April 27, 2020 at 10:30 a.m. EDT and will continue to do so until funds run out, at which point a third round of funding may be made available. If you determine this loan is a good option for your business, please apply as soon as possible.

SBA Economic Injury Disaster Loans (EIDL) and Disaster Loan Advance

What is happening with EIDL applications already submitted to the SBA?

On April 27, additional funding was provided by the new congressional COVID-19 relief package and the SBA resumed processing EIDL Loan and Advance applications that had already been submitted. If you have a loan number beginning with "3" or higher and haven't received funding, you are in the queue on a first-come, first-served basis.

Is this loan currently available for new applicants?

As of May 4, the SBA Economic Injury Disaster Loan (EIDL) portal **reopened** for agribusinesses which were excluded in the first round. Agribusinesses are those small businesses engaged in the production of food and fiber, ranching, and raising livestock, aquaculture, and all other farming and agricultural-related industries. Eligible businesses can apply [here](#).

What if I applied for an EIDL loan early and have a loan number beginning with "2"?

On May 4, SBA released important information for those who applied for SBA EIDL before March 27 and had an application number that began with a "2." Although the [SBA website](#) indicates that the EIDL is currently open for agribusiness only, the SBA has confirmed that applicants with a 200-series EIDL loan number WILL be able to re-apply online and have their new loan number tied to their original loan number so they don't lose their place in line.

Find a checklist of what you'll need to apply on our [website](#). SBA information and the latest updates from the SBA can be found [here](#).

When will funding for all new EIDL applicants become available?

The SBA has not announced IF they will be taking new EIDL loan applications from all businesses. If SBA is able to take new applications, the application form can be found [here](#). The form provides general information until funds are available. If/when funds become available the link will point to the application portal. Please continue to check back.

How can I prepare now to apply for an EIDL loan?

This information is available on OED's [SBA Disaster Loan Technical Assistance page](#).

Who can apply for these loans?

This program is for any small business with fewer than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private nonprofit organization or 501(c)(19) veterans organizations affected by COVID-19.

What can the loan be used for?

To help meet financial obligations and operating expenses that could have been met had the disaster not occurred. The loan may be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of the disaster's impact. Disaster loans can provide vital economic assistance to help small businesses overcome the temporary loss of revenue caused by a disaster.

What are general loan terms?

Loan amounts are up to \$2 million. The interest rate is 3.75% for small businesses. The interest rate for private nonprofit organizations is 2.75%. SBA offers loans with long-term repayments in order to keep payments affordable up to a

maximum of 30 years. The loans are available to entities that have been impacted by the disaster and do not have the financial ability to offset the disaster's adverse impact.

How can I apply?

If new EIDL funding becomes available again, applicants may apply online, receive additional disaster assistance information, and download applications at <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

How can I get the EIDL Loan Advance?

Businesses that have applied for an EIDL loan due to COVID-19 can also request an advance to help cover costs. Loan advances are granted at \$1,000 per employee, to a maximum of \$10,000. For more information, [visit this SBA webpage](#). The [link to the SBA EIDL application](#) gets you through the application process. At the end of that you can submit and check the box to receive a \$10,000 advance.

Who can I contact at SBA with additional questions?

Applicants may call SBA's Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov for more information on SBA disaster assistance.

Are there any other loans available through the SBA?

Yes. There are several other types of assistance available to small businesses. For information about all SBA loans and resources, visit the SBA's [Coronavirus \(COVID-19\): Small Business Guidance & Loan Resources page](#).

What if I already have an existing loan with SBA and I'm not able to make my payments?

If you have existing business loan through SBA, [the SBA Debt Relief program](#) provides a reprieve to small businesses as they overcome the challenges created by this health crisis. If you have an existing loan with SBA, under the SBA Debt Relief program:

- The SBA will also pay the principal and interest of **new 7(a) loans** issued prior to September 27, 2020.
- The SBA will pay the principal and interest of **current 7(a) loans** for a period of six months.

If you have questions about this, please call the lender that provided your SBA loan.

Are other languages available?

OED has information about applying for these loans in [eight languages on our webpage](#). You can also call our resource line for translation services (206) 684-8090. SBA loan applications are available in Spanish and translation for other languages is available through the SBA's Customer Service Center at (800) 659-2955.

If I am deaf or hard-of-hearing is there a contact that can help?

Individuals who are deaf or hard of hearing may call (800) 877-8339.

Are there resources that can help me through the loan application process?

The City of Seattle's Office of Economic Development is available to provide technical assistance to businesses in the application process. For questions and assistance, please contact OED@seattle.gov or call (206) 684-8090. If your business is located outside Seattle, Washington State resources can be found [here](#).

Are there other resources from the SBA supporting businesses impacted by COVID-19?

Small businesses who currently have a business relationship with an SBA Express Lender may be able to access up to \$25,000 quickly through an SBA Express Bridge Loan. You can find more information [here](#).

For more information about Coronavirus, please visit: [Coronavirus.gov](https://www.sba.gov/coronavirus).

For more information about available SBA resources and services, please visit: [SBA.gov/coronavirus](https://www.sba.gov/coronavirus).

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