

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



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**Updated June 16, 2020**

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) loan products. 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](#).

### 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 60% of the loan amount is used for payroll. The other 40% 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 forgiveness is based on using 60% of the loan amount for payroll in the 24 weeks (Covered Period) after receipt of loan funds. Forgiveness applications must be submitted to lender within 10 months after the end of the Covered Period. Principal and interest payments will be deferred until after the borrower has been notified whether the loan has been forgiven or not. If these conditions are not met, any amount that is not forgiven remains a loan with a one percent interest rate and five-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. Find a list of local lenders [here](#). Each bank will have its own application process. The deadline to apply is June 30, 2020.

*When can I apply, and what's the deadline?*

You can apply now, and until funds run out. If you determine this loan is a good option for your business, please apply as soon as possible. **The last day to apply is June 30, 2020.**

*What are the new conditions for loan forgiveness?*

On June 5, the Paycheck Protection Program Flexibility Act was enacted, so now there is more forgiveness flexibility for small businesses who receive these loans. Loan forgiveness terms have changed so that:

- Businesses have a longer time period to spend loan proceeds. This time period, known as the Covered Period, has been extended from eight weeks to 24 weeks.
- The percentage of funds that can be used for non-payroll expenses has been expanded. Now, loans will be fully forgiven provided that businesses spend 60% of the loan amount (or more) on payroll and up to 40% on other approved expenses.

Find out more about this important legislation in [this joint statement](#) from SBA Administrator Jovita Carranza and U.S. Treasury Secretary Steven Mnuchin.

*How do I apply for loan forgiveness?*

There are now two applications for loan forgiveness: the EZ Forgiveness Application and the Full Forgiveness Application. You only need to fill out one of these applications.

- Click [here](#) to view the EZ Forgiveness Application.
- Click [here](#) to view the Full Forgiveness Application.

The EZ application requires fewer calculations and less documentation for eligible borrowers. Details are available in the instructions to the new EZ application form.

*How do I know whether to use the EZ Forgiveness Application or the Full Forgiveness Application form?*

Use the EZ Form only if you:

- Are self-employed and have no employees; OR
- Did not reduce the salaries or wages of your employees by more than 25%, and did not reduce the number or hours of your employees; OR
- Experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of your employees by more than 25%.

If you do not meet the conditions for applying for EZ Forgiveness, you must fill out the Full Forgiveness Application form.

*Where can I get more information?*

For additional information and links to great resources, SBA Pacific Northwest Region has compiled a helpful document, "[5 Things to Know about PPP.](#)"

## **Small Business Administration (SBA) Loans**

*What loans are currently available through the SBA to help relieve impacts of COVID-19?*

There are several types of assistance available to small businesses, including the [Economic Injury Disaster Loan \(EIDL\) and Loan Advance](#), and the [SBA Express Bridge Loan](#). For information about all available SBA resources and services, please visit: [SBA.gov/coronavirus](https://www.sba.gov/coronavirus).

## Economic Injury Disaster Loan (EIDL) and Loan Advance

The Small Business Administration's [EIDL program](#) offers long-term, low interest assistance for small businesses and non-profits affected by COVID-19. Small business owners and qualified agricultural businesses in all U.S. states and territories are currently eligible to apply. SBA is now accepting [new EIDL and EIDL Advance applications](#).

### What can the EIDL loan be used for?

EIDL loan assistance can be used to cover payroll and inventory, pay debt, or fund other expenses.

### What is the EIDL Loan Advance?

Small business owners also are able to apply for an EIDL Advance of \$1,000 per employee, up to \$10,000. The loan advance, which will not have to be repaid, is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Find more information and an application link [here](#).

## SBA Bridge Loan

The SBA's [Express Bridge Loan Pilot Program](#) allows small businesses that currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans provide support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct [SBA Economic Injury Disaster loan](#).

### How do I qualify for an SBA Express Bridge Loan?

Small businesses must currently have a business relationship with an SBA Express Lender to access an [SBA Express Bridge Loan](#). You can find more information [here](#).

## Additional SBA Loan Information

### 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.

### 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](mailto:disastercustomerservice@sba.gov) for more information on SBA disaster assistance.

## Additional Assistance for Obtaining Loans

### Are there additional 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 navigating the federal loan application process. For questions and assistance, please contact [OED@seattle.gov](mailto:OED@seattle.gov) or call (206) 684-8090. If your business is located outside Seattle, Washington state resources can be found [here](#).

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.

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