



Q&A Transcript

- **Can you apply if you started your business in 2020?**
Probably not. The EIDL loan is designed to compare your business activity in 2019 and the economic injury of the business in 2020 and 2021 as a result of COVID-19.
- **Use of funds: can you spend the \$ to pivot business or diversify products and services?**
Probably not, Janie is covering what EIDL funds can be used for. Generally they can be used for operating expenses related to your economic injury only.
- **If I am having a problem on the supplemental targeted EIDL application, should I apply a 2nd time for this supplemental grant? (I did receive the original Targeted EIDL advance- they are now saying I am entering the wrong SS#. I am not.)**
You can contact the SBA TEA at TargetedAdvanceReevaluation@sba.gov to see why they think your SS numbers do not match.
- **I have a question specific to our SBA EIDL loan that we requested to increase and were denied. We applied for a reevaluation of our application but can't seem to get any responses from SBA. Would you recommend that I schedule a one-on-one appointment?**
Today Janie is going to give you contact information to contact the Seattle SBA office who cannot change your application but they can look up what happened and let you know what you may need to do and what your options are. You may also get some clues from the presentation today.
- **How can we get help with our request to reconsider our inquiry for increasing our loan amount?**
First sign in to your EIDL account with your username and password and request an increase there. There is also an email address that will be in this presentation you can use. If you have trouble, contact the Seattle District office at the number Janie will give you.
- **I have logged in and no longer see the option to request an increase. We sent in our documentation for reconsideration more than a month ago. I left a message with the Seattle office.**
If your EIDL application is in reconsideration that has to be resolved before you can request an increase. You should contact the Seattle District office so they can look at the status of the reconsideration and what is holding it up and what you need to do to resolve that first. Then you can apply for the increase after you are funded from the reconsideration.
- **Is there an email I can use since the employees at Seattle SBA are working remotely?**
infosdo@sba.gov
- **Can startups get loans through this program?**
Generally no. The purpose is to show economic injury as a result of COVID-19. With a limited exception, tax returns from 2019 are compared to 2020 and 2021 to show the negative impact or economic injury your specific business suffered from COVID-19



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- **Will any of the EIDL loans ever be forgiven?**
No they will not.
- **Are there any changes being made to the eligibility process to incorporate those who have demonstrated a deep loss of income and are small, minority businesses, but are not within the Census designated low-income areas?**
To be eligible for the EIDL loan you do not have to be in a low-income area. To get the \$10K-\$15K targeted EIDL advance, you do have to be in a low-income area.
- **Should businesses with existing EIDL loans at \$500k wait for email invite from SBA or log into portal?**
Are you referring to the increase? If so you should apply to the email address Janie will give you soon and be pro-active right away.
- **What is the easiest way to get help correcting an error made on an application?**
Janie will show you who to contact the Seattle District Office. They cannot change your application but they can help you understand how to do it.
- **Due to COVID-19, our company has transformed to another industry. We need SBA loan to buy a commercial real estate. I want to know how much do we need to pay down? How much is the interest?**
SBA have a loan program in purchasing commercial real estate/fixed asset called 504 Loans. For more information, you check this website - <https://www.sba.gov/funding-programs/loans/504-loans>
- **Basically, our business started right in the middle of the pandemic and wondering if EIDL can be used towards the real estate mortgage refinance to have a deterministic fixed interest rate? If this is possible, any directions/suggestions on the lenders to approach would be helpful.**
In the announcement coming out for EIDL 2.0 tomorrow those eligible for the EIDL loan, (which typically is not startups in the middle of the pandemic) may be able to expand the use of EIDL funds for longer term debt situations.
- **Our LLC purchased a rental property last year & we lost ~ 6 months of rental income in 2020 because of Covid related delays (inherited tenants needed more time to relocate, & then contractor delays until rehabbed & ready to re-rent). Are we eligible to apply?**
If you purchased the property during the COVID pandemic know that you may lose rental income, you likely will not be able to use EIDL funds for that. Also, generally, rental income loss has a separate program that was authorized by ARPA and that has to be applied for separately involving specific tenants
- **How can we confirm that the SBA received our email for reconsideration loan request?**
You can call the SBA EIDL office at 800-659-2955 and ask for a tier two person.



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- **Are companies able to qualify for EIDL if they have received PPP funds?**
Yes. Borrowers can apply for both the PPP and EIDL, although funds from both cannot be used for the same purpose.
- **Any grants in the future for non- low income neighborhoods? If I borrowed the maximum; can I borrow again with a supplement? Any signs of a delay in the start of the repayment in June of 2022?**
Other than the remaining time for the Targeted EIDL Advance (TEA), I believe the time for federal grants of any kind may be over. The Targeted EIDL advance was only \$10,000 with an increased criteria for a supplemental of an additional \$5000. These can only be used for COVID related expenses. They are not economic stimulus funds.
- **There was a business in my county that did not get the EIDL loan because the person who helped them fill out the application never followed through, and the application was denied. Could they reapply?**
They can only apply for one loan but they can request a reconsideration of the first application at pdcrecons@sba.gov.
- **What are the collateral requirements?**
We will cover that in the presentation. Eligibility is primarily on economic injury and an ability to repay the loan. There will be a UCC filing on the business assets. More will be covered in the presentation.
- **We have received a loan totaling \$500K and looking to increase it to \$2M. I have conflicting information on collateral. In some reads I have found that your primary residence needs to be submitted as collateral. Can we use the land/building of the company as collateral?**
I cannot say for sure but when your application for an increase is processed you will find out depending on your other credit criteria. You can always decline the loan increase if you feel the terms do not work for you.
- **I was denied an advance because we are a new business that opened for 3 days in 2020. We therefore had more income in 2020 than we did in 2019. Is there any option for us to receive grants?**
Probably not. The program being presented today in the Economic Injury Disaster Loan which is a loan not a grant. Most of the COVID programs are not for startups. There could be a local city, EDA or county grant that you should keep an eye out for.
- **It looks like the formula used to determine the loan amount doesn't apply to new businesses started in 2020, so would I even be considered do you think? Is it worth me applying?**
You are correct. The EIDL loan is specifically for Economic Injury incurred from COVID-19 that impacted your business from 2019 to 2020 and 2021. You are likely not eligible for the EIDL loan.



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- **Along with other resources SBA offers (CPA's etc.), Is there a resource to help with specific tax questions related to small businesses?**
OneEastside SPARK offers no cost tax advising from a Clark Nuber CPA for East King County small business and nonprofits. Fill out the form here to get started - https://docs.google.com/forms/d/e/1FAIpQLSeuHzrD5hHh-TJmOJ_LK3BqKr-V5o9SwRw4zb7e2VhqXLBe2Q/viewform
- **Can I use the balance of an existing loan to "consolidate"?**
EIDL proceeds can be used to cover a wide array of working capital and normal operating expenses, such as continuation of health care benefits, rent, utilities, and fixed debt payments.
- **...so you can use it to make monthly payments of an existing commercial loan, but not to pay the total balance. Am I right?**
That is correct although the announcement coming out tomorrow may broaden that somewhat.
- **I received the opportunity to increase my EIDL loan last night through the portal from \$500,000 to \$2M. Can you please provide information on next steps and when we should expect to hear from a loan officer or receive funding? This has been the frustrating part in the past...there's no communicated process on what to expect and when.**
The announcement of the ability to increase to \$2 million will be announced for the first time tomorrow. You must be one who is being invited first. We are being told that additional information will be required from you to process the increase including additional underwriting information regarding collateral and financials. I was told yesterday that the processing time for this kind of increase will be up to 45 days. I am sorry it is taking so long but the SBA has to confirm eligibility and combat fraud which has been an ongoing problem.
- **What should I do if my application has been declined? In specific, the regulation at 13 CFR 123.13, "What happens if my loan application is denied?", requires that applicants appeal a second decline of a loan application directly to the Director, Disaster Assistance Processing and Disbursement Center (DAPDC). To enable timely consideration of appeals, SBA is changing the appeals process to allow the Director, DAPDC, or the Director's designee(s), to make the decision on appeals for all Disaster Loan Program loans. In addition, SBA is revising the regulation to clarify that the Administrator, solely within the Administrator's discretion, has the authority to review the matter and make the final decision.**
Janie is going to cover the reasons a loan is denied. Usually it is for unverifiable information or very poor credit. You can apply for a reconsideration at pdcrecons@sba.gov.
- **This is the part of new changes SBA announced effective date today. When it says Director, are they referring to Director of district offices? Also which administrators are they talking about? Are regional administrators included?**
I have not seen the announcement yet but District Director applies to the Seattle area SBA district. Administrator applies to the SBA administrator nationwide.



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- **Can you address the issue of PPP Forgiveness that is explained in this attachment: In brief, there is an unintended conflict between the critical assistance provided to small businesses under the CARES Act and the Federal Acquisition Regulations (FAR) where engineering and consulting firms that qualified for PPP loans and qualify for loan forgiveness, and also work on WSDOT and transit projects, are now faced with the risk of losing part or all of their loans. This will hurt the very firms that needed the PPP assistance the most – including small minority and women-owned firms that provide critical services to WSDOT and transit agencies. The businesses are asked to reduce their hourly rates to pay back the loans.**

This is legislation being sent to Sen. Murray to correct this. "Title: To ensure that no cost reduction or cash refund is due under certain transportation cost-reimbursement contracts on the basis of the forgiveness of certain covered loans, and for other purposes. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. TREATMENT OF PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS OF PAYROLL COSTS UNDER HIGHWAY AND PUBLIC TRANSPORTATION PROJECT COST REIMBURSEMENT CONTRACTS. (a) Notwithstanding section 31.201–5 of title 48, Code of Federal Regulations (or successor regulations), for the purposes of any cost-reimbursement contract initially awarded in accordance with section 112 of title 23, United States Code, or section 5325 of title 49, United States Code, or any subcontract under such a contract, no cost reduction or cash refund shall be due to the Department of Transportation or to a State transportation department, transit agency, or other recipient of assistance under chapter 1 of title 23, United States"

I do not have an answer for you on this and have not received guidance on it from any federal sources. The Seattle district office may have some information on this. You will get their contact information later in this presentation. I would stay in touch with Senator Murray's office. This seems like it may be a glitch that should be corrected.

- **From the time you submit your application when can you expect to get approval and disbursement of money?**
Processing of smaller loans is running about two weeks to get approval and a week or so to get funded assuming nothing else is wrong. Larger loans and increases may run 45 days.
- **What are the tax documents required for non- profits and/or how to complete the 4506-T form?**
You have to provide the organizing entity documents, the annual non-profit IRS return and the document from the board authorizing the person completing the application.
- **Under the Micro Loan: We have an LLC for a duplex rental property that we purchased at the end of March 2020. We lost about 6 months of income in 2020 due to Covid delays (tenants took more time to move out and contractor delays, before this property was ready to re-rent). Are we eligible to apply for the loan?**
Possibly. You have to apply to an SBA approved Micro Loan lender (you can find lenders at the SBA find a lender or at www.smallbizhelpwa.com). They will have different eligibility and credit criteria but may be able to loan to a new business if other loan/credit criteria is strong.



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- **For rental property purchased & LLC opened in Spring 2020, but it is pass through income to the single member LLC owner. Should we use our home address which is what is on the tax return?**

I am not convinced that a rental property that was purchased in the first half of 2020 will be eligible for the EIDL but generally EIDL applications should use the address of the tax return of the business or it will be denied due to unverifiable information.

- **My significant other had the property under contract in Feb. 2020 just before Covid. He has 1 other rental for a number of years prior, but not in an entity and that one did not have a loss.**

I see. Hopefully he was able to cancel the contract before it closed. He is probably in a tough situation. The EIDL loan may not be the right product either way.

- **For the "Business Owners" if "owned by a business"... If it is a single member LLC, period... how should we answer that... 100% owned by 1 individual...**

That is correct as long as it is a single member LLC. But if the LLC or the business applying for the EIDL loan, is owned by another business (even a single member LLC) then you have to be clear about that in the application. A business entity can hold an ownership stake in another business entity.

- **For a single member LLC that is the equivalent of sole proprietor?**

Yes, unless the single member LLC has elected to file as an S-Corp for federal tax purposes. Then the S-Corp has different tax considerations.

- **For EIDL 2.0, how is the gross profit per location verified if the locations are under the same EIN and thus the same 2019 tax return? This would be relevant when applying for multiple EIDL loans per EIN - one per location.**

If the business processes tax returns under one EIN for all locations it can only get one EIDL loan. If separate locations have separate EINs, then they are separate businesses with separate tax returns and can apply for EIDL loans separately. Every separate EIN is considered a separate business.

- **Can I know If you apply the PPP then you can not apply ERTC?**

The PPP is handled by the SBA. The ERTC is handled by the IRS. You cannot use the same payroll costs for both programs but you can use separate payroll costs for those programs.

- **We have applied for the SBA loan for 150k before and got the loan, but we will still need more fund to move forward the business, can we increase the loan?**

Yes. This presentation is in part about that ability. You will get an email address to request an increase in a few slides.

- **Because of Covid19 we can't import most inventory from overseas due to the time frame. The vendor can't predict, and the cost are higher. So, we decided to purchase a machine for product inventory made in USA. Is there a program for helping ?**



That sounds like a good solution for your business. I believe the EIDL loan may be used for replacement machinery necessary for the business to recover from COVID-19. Remember that the EIDL is a loan not a grant.

- **If I have already applied for the EIDL , when would the results come out?**
For smaller loans you should hear something in about 2 weeks. Larger loans can take 45 days.
- **For a non-profit organization, business ownership section is confusing.**
Yes, the criteria for a non-profit is different. It has to be a full 501(c)(3) and it you have to submit its organizing documents, annual IRS return and authorization by the board for the person completing the application.