

Background

In 2020, the Small Business Resiliency Network (SBRN) was established to help ensure small businesses and entrepreneurs furthest from opportunity are able to access assistance with COVID relief funding, grants, loans, and other resources. Growing from eleven partners in April of 2020 to thirty as of July of 2023, SBRN's trusted community organizations provide culturally and linguistically appropriate outreach, translation, assistance, and education to ensure business owners can receive ongoing support, training, referrals, and services they need from people and organizations they trust.

In June of 2023, the Washington Department of Commerce contracted with the GoWest Foundation to design and implement the Credit Building Pilot Program to address underlying barriers to conventional lending identified by SBRN partner organizations. Some of the identified barriers include complex application processes, limited credit history, limited financial history/documentation, lack of trust in existing systems, language barriers, and more. The Credit Building Pilot Program is being implemented in partnership with the SBRN and not-for-profit, member-owned credit unions to specifically assist the small businesses described above.

Product Overview

In collaboration with SBRN partners and other stakeholders, we have designed the Small Business Resiliency Loan, which is meant to address both the access to capital and credit-building needs of communities served by the SBRN.

Entrepreneurs and small businesses furthest from opportunity in Washington State will be able to access a term loan between \$500 and \$25,000 to be used for any legal business expense. The interest rate for these loans will be set at 4%. Loans will be repaid over a term period of at least 12 months and ending before December 31, 2026. Once a loan has been fully repaid after a minimum of 12 monthly payments, the entrepreneur/small business will be able to access grant funds equal to the amount of the original loan and interest.

\$500 - \$25,000
loans

4% interest rate

12 – 30 month
terms

Minimum of 12
monthly
payments

Receive grant
equal to loan +
interest when
loan is paid off

Additionally, the process for accessing a loan through this program will be significantly less complex than a traditional small business loan application. Entrepreneurs/small business owners will work with an SBRN partner to complete an application with multiple parts: 1) a

simplified application that gathers basic information about the business and business owner(s), 2) a short business plan/budget worksheet, 3) a voluntary demographic and preference survey, and 4) identification documentation, including a federal UEI.

Eligibility

The funds being used for the Small Business Resiliency Loan program are federal State and Local Federal Relief Fund dollars, which requires that program beneficiaries be entrepreneurs/small businesses that were negatively impacted by the pandemic. As such, to determine eligibility, we will need to ensure the address of a beneficiary is located in a federally determined low-income area. If a beneficiary's address is not in one of these areas, they will need to provide a statement attesting that they were negatively impacted by the pandemic. Entrepreneurs/small businesses must have fewer than the equivalent of 20 full-time employees. Entrepreneurs/small businesses must have a Social Security Number, Individual Taxpayer Identification Number, or Entity Identification Number to apply. All participants must have or be in the possession of obtaining a federal Unique Entity Identifier (UEI).

Additionally, all program participants will be required to work through an SBRN partner to complete the loan and membership application process. The SBRN partner will work with the entrepreneur/small business to complete the application process.

Address located in specific map zones	If not in a zone, attestation of impact	Fewer than equivalent of 20 full time employees	Must possess a SSN, ITIN, or EIN; must possess/be in process on UEI
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Features & Benefits

The Small Business Resiliency Loan offered through the Credit Building Pilot Program leverages federal funds by placing them into savings accounts specifically tied to a borrower via the credit union partners. When an entrepreneur/small business owner receives a loan through this program, we will put money in an amount equal to the loan and anticipated interest in a savings account. The funds will stay in that account and serve as 100% collateral for that loan until it is paid in full. By keeping funds equal to the loan amount and anticipated interest in a connected savings account, we are able to create a loan with a low and below-market interest rate. It also makes it possible for us to significantly reduce the amount of paperwork required to approve the loan.

Process

The Small Business Resiliency Loan will be marketed by SBRN partners to the communities they serve. GoWest will provide SBRN partners with some necessary tools and resources they will need to do this marketing and outreach.

When an entrepreneur/small business owner responds to an SBRN partner's marketing and outreach, the SBRN partner will start to work with that entrepreneur/small business owner to review and complete the application for the loan program. The applicant will submit their application through an SBRN partner to the GoWest Foundation. GoWest will route the application to a credit union for processing. The credit union will contact the applicant and SBRN partner to complete any final details, signing and funding the loan and opening the savings account. The applicant will then have access to the loan and will begin making payments according to the repayment terms agreed to between the credit union and borrower. Once a loan is fully repaid (after a period of at least 12 months), the borrower will be able to access the funds in the share account.