

BRSW Summary: Emergency EIDL Grants and Advances

As of April 11, 2020

This summary addresses a program known as the Economic Injury Disaster Loan Emergency (EIDL) and specifically the up-front advances that can be received. The EIDL program provides an advance up to \$10,000 (for some people) in emergency relief that does not have to be repaid, making it effectively a grant. To receive the advance, you must apply for an EIDL.

Whether your EIDL is approved or not, the advance does not have to be repaid and you should receive it within days following a successful EIDL application, according to the SBA.

Who is ELIGIBLE?

In general, all the following entities that have suffered substantial economic injury caused by a disaster provided they were in existence on January 31, 2020:

- Businesses with fewer than 500 employees
- Cooperatives, ESOPs, and tribal small businesses with fewer than 500 employees
- Sole proprietors
- Independent contractors
- Most private nonprofits
- Farmers do not qualify

How can I access an EMERGENCY \$10,000 GRANT?

There is no obligation to repay the grant. To receive the \$10,000 emergency grant, it is not necessary to have an approved EIDL loan. However, if you secure a PPP loan, the \$10,000 grant will be subtracted from the forgiveness amount

How do I APPLY?

Apply online at [SBA.gov/disaster](https://www.sba.gov/disaster)

What to expect:

First a few questions are to be answered to determine the eligibility of your entity to apply for this loan and then your business information will need to be entered. This is a list of the information you will need to have available to answer:

- Name of business, address, telephone number, email address and tax ID number,
- Type of organization, date of organization and business activity,
- Gross revenues and cost of goods sold for the twelve-month period prior to the business being affected by the disruption of the COVID-19 pandemic,
- Bank name, routing number and account number where funds are to be deposited,
- Owner(s) names, residential address, telephone number, social security number, date of birth, place of birth and ownership percentage, and
- Copy of your most recently filed business tax return.

Please note, that if you receive a loan in excess of the \$10,000 advance, that it is not forgiven. Only the \$10,000 advance (grant) does not have to be repaid.

The grant must be used for the following expenses:

- Providing paid sick leave to employees unable to work due to the direct effect of the COVID-19,
- Maintaining payroll to retain employees during business disruptions or substantial slowdowns,
- Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains,
- Making rent or mortgage payments, and
- Repaying obligations that cannot be met due to revenue losses.

Note: This information is tentative as we wait for more clarification from the SBA.

One area that needs clarified, is whether there are limits on funds that can be received as part of the advance. Several articles have indicated that businesses can only receive \$1,000 per employee as part of the advance. If someone is a sole proprietor and this was true, it would mean they could only receive \$1,000 as part of the advance.