

# Inside the CARES Act: Emergency EIDL Grants as Part of the CARES Act of 2020

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Emergency grants from the [Small Business Administration \(SBA\)](#) included as part of the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) of 2020 provide for immediate grants within three days of submitting the application of up to \$10,000 for eligible entities. Those entities include small businesses, sole proprietors, private non-profits, independent contractors, cooperatives, ESOPs, and tribal units, all with under 500 employees that apply for loans in response to the COVID-19. Upon verification, the government, through lending institutions that work with the SBA, will provide grants up to \$10,000. The applying entity had to have been in business for at least a year, which may be waived, but certainly before January 31, 2020.

## CARES Act Emergency Grants

The entity applies for a small business loan through a lending institution who is authorized to make loans under the SBA's current Business Loan Program and, as part of that process, can immediately request funds with only a tax return and/or credit score as determined by the lending institution/SBA loan process. No collateral or personal guarantees are required. The funds may be used for providing paid sick leave for employees unable to work due to the direct effect of COVID-19, maintaining payroll to retain employees during the disruption, meeting increased costs to obtain materials not available from the original source due to interrupted supply chain, making rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses.

## SBA Loan Process

The applicant shall not be required to repay any of the amounts advanced even if subsequently denied a loan under the Small Business Loan Program. If an applicant received an advance as part of the loan process and ultimately is approved for a loan under the Disaster Loan Program, the advanced amount shall be reduced from any other loan forgiveness amount for payroll costs. These grants are available until December 31, 2020.

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