

Economic Injury Disaster Loan

Small Business Administration

<https://www.forbes.com/sites/allbusiness/2020/06/15/sba-opens-up-new-grants-and-loans-for-small-businesses-and-independent-contractors-eidl-program/#1f63e0ee250c>

SBA Opens Up New Grants And Loans For Small Businesses And Independent Contractors: The EIDL Program



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By Richard Harroch

On June 15, 2020, the SBA announced that it was again opening its Economic Injury Disaster Loan (EIDL) grant and loan program. This means that independent contractors, freelancers, and gig workers are eligible to receive a \$1,000 grant that does not have to be repaid.

Small businesses and agricultural businesses also may apply for the grant, equal to \$1,000 per employee of the business up to a maximum of \$10,000.

A loan for favorable terms from the SBA may also be available. There is some uncertainty as to the amount available, but up to \$150,000 or \$2 million has been reported.



The SBA announced it's again opening up its EIDL grant and loan program to help those affected by ... [+]

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Under the [CARES Act](#) passed on March 27, 2020, independent contractors, gig workers, and freelancers affected by the coronavirus crisis are eligible to receive the grant. The SBA sometimes refers to these grants as “advances,” but you are not required to repay this money to the government.

The application process involves filling out a simple SBA form requesting an Economic Injury Disaster Recovery Loan, which provides for the advance even if the loan is not granted.

Initially, \$10 billion was allocated by the government for these grants, but due to the overwhelming amount of applications, the SBA suspended accepting new applications in mid-April 2020 due to a lapse in appropriations for the grants. But now the SBA has lifted the suspension because of legislation passed on April 24, 2020, that allocated another \$60 billion for EIDL and grants thereunder.

Who Is Eligible for the Grants?

The SBA disaster loans and grants include the following eligible claimants:

- Independent contractors (for whom there is expanded eligibility criteria)
- Freelancers
- Sole proprietorships, with or without employees
- Gig workers
- Small businesses with less than 500 employees
- Agricultural businesses

You must have been in business as of January 31, 2020. The grants are available until December 16, 2020, but the SBA will quickly run out of money, so you should apply as soon as possible.

Where Do I Apply Online for the SBA Grant?

The application should be found at covid19relief.sba.gov/#/. Background information from the SBA can be found at www.sba.gov/disaster-assistance/coronavirus-covid-19.

What Advice Is There for Completing the SBA Application If You Are an Independent Contractor?

If you are an independent contractor, freelancer, or gig worker, here are some tips on filling out the application:

- On the first question, check the third box as you are applying as an independent contractor or sole proprietorship.
- You must add your Social Security number if you are applying as an individual independent contractor, freelancer, or gig worker.
- The form will ask you for the gross revenues for the last 12 months for your independent contractor business and the “cost of goods sold.” You

can estimate this based on what happened in 2019. Cost of goods sold means the expenses incurred in the process of providing your product or service as a freelancer, gig worker, or independent contractor.

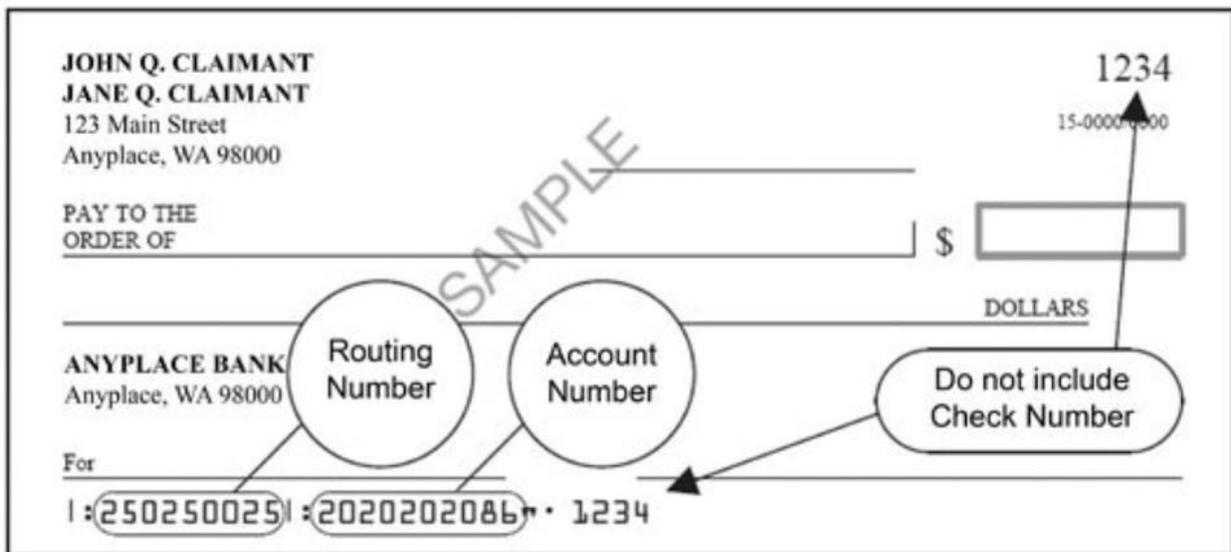
- Where it asks for “Owner” put your name and “100” percent owner.
- It will ask for the date the business was established. This is the date you started doing freelance, gig work, or independent contractor work. Just estimate if you don’t have the exact date, but make sure it was before January 31, 2020.
- The form will ask for the bank account to which you want the grant money direct deposited. You need the name of your bank, the account number (the middle number at the bottom of your checks), and the routing number (the number at the bottom left of your checks). See the question below on direct depositing.
- For your business phone number, it’s okay to give your cell number.
- “Is your business owned by a business entity?” The answer is no since you are an individual owner.
- When the form asks for your business name, just enter your individual name if you don’t have a business name.
- You can ignore the question “If anyone assisted you in completing this application ...” unless you have in fact gotten help.
- Make sure to check the box that says you want to apply for the \$10,000 grant (although it will only be \$1,000 for independent contractors, freelancers, and gig workers).

The form should take about 15 minutes to fill out. After it is completed and submitted, the SBA will give you a confirmation number, so keep a copy of that for any follow-up.

How Can I Make Sure I Provide My Correct Direct Deposit Information to the SBA?

Direct deposit information is as follows:

- The name of your bank.
- Your bank account number, which can be up to 17 characters. On the sample check below, the account number is 2020202086.
- The “routing number” for your bank, which must contain 9 digits. On the sample check below, the routing number is 250250025.
- Don’t include the check number (1234 on the image below).
- Double-check that you have provided the correct numbers.



sample check

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Be sure to include your routing number and account number, as seen in the example above.

How Long Will It Take to Actually Get the Grant Money from the SBA?

The first grants took over a month to be issued; hopefully, newer grants will be quicker.

The SBA has been directly depositing the grant money into bank accounts without notifying people that the funds are on the way or have been deposited. So check your bank account regularly.

Do I Need to Accept an Economic Injury Loan in Order to Get the Grant?

No. You can decide just to accept the grant you receive, and you do not have to accept an Economic Injury Disaster Loan. But the loans have favorable terms, repayable in up to 30 years.

Do I Have to Pay Back the Grant?

No. It's clear under the CARES Act that this is a grant that does not need to be repaid. No interest payment is required either.

How Can You Contact the SBA to Follow Up on Your Grant Application?

The SBA website sets forth these means of contact:

- *Phone:* SBA Disaster Assistance Customer Service Center at 800-659-2955
- *Email:* disastercustomerservice@sba.gov

If you can't get through to the SBA, try contacting the [Small Business Development Center \(SBDC\)](#) in your area. For example, the Northern California SBDC has been extremely helpful, and you can actually talk to a person live (see www.asksbdc.com or call 833-ASK-SBDC). Advisors can help you with both the PPP loan process and the EIDL loans/grants as well as special programs in your state.

Related Articles:

- [Financial Help for Freelancers and Independent Contractors Affected by the Coronavirus Crisis](#)

- [Where's the Money? The Top 10 Frequently Asked Questions About CARES Act Loans](#)
- [Small Business Relief: COVID-19 Resources for Startups](#)
- [Newly Available CARES Act Loans: 10 Things Small Businesses Need to Know](#)

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This article was originally published on [AllBusiness](#). See all articles by [Richard Harroch](#).