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Federal Reserve Board Expands Main Street Lending Program

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The Federal Reserve Board on Monday announced that it is expanding its Main Street Lending Program to allow more small and medium-sized businesses to be able to receive support. The Main Street Lending Program was established with the approval of the Treasury Secretary and with \$75 billion in equity provided by the Treasury Department from the CARES Act.

The Board lowered the minimum loan amount, raised the maximum loan limit, adjusted the principal repayment schedule to begin after two years, and extended the term to five years, providing borrowers with greater flexibility in repaying the loans. The Board expects the Main Street program to be open for lender registration soon and to be actively buying loans shortly afterwards.

"Supporting small and mid-sized businesses so they are ready to reopen and rehire workers will help foster a broad-based economic recovery," Federal Reserve Chair Jerome H. Powell said. "I am confident the changes we are making will improve the ability of the Main Street Lending Program to support employment during this difficult period."

Small and medium-sized businesses are a vital part of the economy and employ tens of millions of people, and, because their needs vary widely, the Board has extensively sought feedback and revised the Main Street program accordingly.

The changes include:

- Lowering the minimum loan size for certain loans to \$250,000 from \$500,000;
- Increasing the maximum loan size for all facilities;
- Increasing the term of each loan option to five years, from four years;

- Extending the repayment period for all loans by delaying principal payments for two years, rather than one; and
- Raising the Reserve Bank's participation to 95% for all loans.

The chart below has additional details on the changes.

Once they have successfully registered for the program, lenders are encouraged to begin making Main Street loans immediately. The Main Street Lending Program intends to purchase 95% of each eligible loan that is submitted to the program, provided that the required documentation is complete and the transactions are consistent with the relevant Main Street facility's requirements. The Main Street Lending Program will also accept loans that were originated under the previously announced terms, if funded before June 10, 2020.

Additional frequently asked questions and answers for lenders and borrowers are also available. The form participation agreement and other legal forms will be updated to align with the changes announced today.

- [Term Sheet: Main Street New Loan Facility \(PDF\)](#)
- [Term Sheet: Main Street Priority Loan Facility \(PDF\)](#)
- [Term Sheet: Main Street Expanded Loan Facility \(PDF\)](#)

Main Street Lending Program Loan Options	New Loans	Priority Loans	Expanded Loans
Term	5 years <i>(previously 4 years)</i>		
Minimum Loan Size	\$250,000 <i>(previously \$500,000)</i>		\$10M
Maximum Loan Size	The lesser of \$35M, or an amount that, when added to outstanding and undrawn available debt, does not exceed 4.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$50M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$300M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$200M)</i>
Risk Retention	5%	5% <i>(previously 15%)</i>	5%
Principal Repayment	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 33.33% repayment due in years 2-4)</i>	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 15%, 15%, 70% repayment due in years 2, 3, and 4, respectively)</i>	
Interest Payments	Deferred for one year		
Rate	LIBOR + 3%		

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