

June 15, 2020

## Fed Invites Lenders to Sign Up for Main Street Lending Program

The Federal Reserve announced today that the Main Street Lending Program is now open for lender registration.

It will be interesting to see how many lenders sign up for these programs, as the term sheets for them are not attractive like the PPP was, and many lenders have expressed concerns that these loans only appear to be helpful for companies that are already healthy and can potentially receive loans from existing lenders, not for companies that really need help and cannot get it otherwise.

Lenders looking to participate in the program must register through an online portal, where they will be able to sign in and submit registration forms and agreements. Lenders can find the necessary registration documents on the program site and are encouraged to begin making Main Street program loans immediately.

Business borrowers must apply for the program loans through a participating lender. Information for borrowers is available on the program website. Lenders will work directly with businesses to determine eligibility and loan approval.

The Main Street Lending Program, administered by the Federal Reserve Bank of Boston, was originally announced over 3 months ago. It was established to support lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic. The Fed 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. By purchasing 95% of the loans, the Federal Reserve will share in the risk that would otherwise need to be absorbed solely by lenders, and will create additional balance sheet capacity for lenders to extend more loans. The Main Street Lending Program will also accept loans that were originated under the previously announced terms, if funded before June 10, 2020.

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It has taken nearly three months for the Fed to design, build and the program. Since the original announcement the Fed has updated the program twice. the most recent update being on June 8, when the Fed expanded the program to allow more small and medium-sized businesses to be able to receive support. For a full report on the update please see the MBS Alert [here](#).

“Supporting small and mid-sized businesses so they are ready to reopen and rehire workers will help foster a broad-based economic recovery,” Fed Chair Jerome Powell said in a statement last week after the most recent adjustment.

The Main Street Lending Program will begin purchasing loan participation through the lender portal soon. When these purchases begin, all required transaction documents will be submitted through the lender portal.

Interested parties can visit [www.bostonfed.org/mslp](http://www.bostonfed.org/mslp) to find program information, including frequently asked questions and can subscribe for e-mail updates. Inquiries about the program can be emailed to [MSLP@bos.frb.org](mailto:MSLP@bos.frb.org).

## **Related People**

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