

EXPANSION OF THE MAIN STREET LENDING PROGRAMS: SMALL BUSINESSES & NONPROFIT ORGANIZATIONS

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A brief history:

On **April 9, 2020**, the Federal Reserve published term sheets for a lending program—known as the Main Street Lending Program—for small and/or mid-size businesses. There were two separate loan programs under the Main Street Lending Program—the **Main Street Lending Program** and the **Main Street Expanded Lending Program**.

But on **April 30, 2020**, after receiving and reviewing public input, the Federal Reserve made adjustments to the Main Street Lending Program and Main Street Expanded Lending Program and added a third loan option.

Expansion of the Main Street Lending Programs:

On **June 8, 2020**, further changes were made to allow *even more* small and/or mid-size businesses to participate and receive financial support.

Primarily the Federal Reserve:

- Lowered the *minimum* loan size from **\$500,000** to **\$250,000** for the **New Lending Program** and the **Priority Lending Program** loan options
- Increased the *maximum* loan size for each of the three loan options
 - **New Lending Program:** from \$25 Million to **\$35 Million**
 - **Priority Lending Program:** from \$25 Million to **\$50 Million**
 - **Expanded Lending Program:** from \$200 Million to **\$300 Million**
- Increased the *term* of a main Street Loan from 4 years to **5 years** for each of the three loan options
- Increased the *deferral period* of principal repayments from 1 year to **2 years** for each of the three loan options

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- Increased the Federal Reserve's participation to purchasing **95%** of Main Street loans from lenders

For a more comprehensive look at each of the **three loans** under the **Main Street Lending Program**, please see our chart [here](#).

Additionally worth noting, on **June 15, 2020**, the Federal Reserve announced yet another potential expansion of the Main Street Lending Program, for loans to **nonprofit organizations**. All terms currently available under the following **two** Main Street Lending Programs would remain the same for nonprofit organizations—**New Lending Program** and the **Expanded Lending Program**—*except* for **eligibility requirements**.

Eligibility Requirements:

- *Minimum* of **50 employees** and *maximum* of **15,000 employees**;
- Financial thresholds based on operating performance, liquidity, and ability to repay debt;
- An *operational history* of at least **five years**;
- A *limit on endowments* of no more than **\$3 Billion**; and
- Additionally, each organization **must be a tax-exempt organization** under section **501(c)(3) or 501(c)(19)** of the Internal Revenue Code.

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