

The Federal Reserve's Main Street Lending Program – Quick Reference

In General

Main Street is designed to provide support to small and medium-sized businesses and their employees across the United States during the current period of financial strain by supporting the provision of credit to such businesses. The availability of additional credit is intended to help companies that were in sound financial condition prior to the onset of the COVID-19 pandemic maintain their operations and payroll until conditions normalize

Details

Lender:

- The Main Street Lending Program will be administered directly by the Federal Reserve Bank of Boston (not the Small Business Association), and the loans will come from 'Eligible Lenders' (private banks).

Eligibility:

- The program contains three different lending facilities:
 - New borrowers – **Main Street New Loan Facility** (MSNLF);
 - Borrowers who may have existing debt but lower fiscal needs – **Main Street Priority Loan Facility** (MSPLF); and
 - Borrowers who have an existing loan or credit line with outsize fiscal needs – **Main Street Expanded Loan Facility** (MSELF).
- Companies with less than 15,000 people *or* annual revenue of up to \$5 billion are eligible. Companies that have received PPP loans *are* still eligible for the Main Street program.

Loan Terms:

- Eligible companies will receive loans from banks with a term of four years, can defer payment for one year, at an interest rate of 3% more than the LIBOR rate; loan amounts will range from \$500,000 to \$200 million, depending upon the loan facility chosen.
- Many loan terms amongst the three loan facilities are the same - same maturity, interest rate, deferral of principal and interest for one year, and ability of the borrower to prepay without penalty. *However*, repayment schedules and loan sizes vary depending on which program facility is chosen.
- The *maximum* size of a loan made in connection with the MSNLF cannot, when added to the Eligible Borrower's existing outstanding and undrawn available debt, exceed four (4) times the Eligible Borrower's 2019 EBITDA.
- The *maximum* size of a loan made in connection with the MSPLF cannot, when added to the Eligible Borrower's existing outstanding and undrawn available debt, exceed six (6) times the Eligible Borrower's 2019 EBITDA

Program Start Date:

- The Federal Reserve is currently working to create the infrastructure necessary to operationalize the Program. Once the Program is operational, small and medium-sized

businesses interested in the Program should seek to apply for Program loans from an eligible lender.

- “Soon,” says Federal Reserve Chairman Jerome Powell on Wednesday, April 27th.

Miscellaneous:

- Companies *can* use this program to refinance other outstanding debt.
- Private banks will carry 5-15% of these loans on their balance sheets (Fed will buy-back majority). This creates a disincentive for banks to lend to levered and distressed sectors.
- [Federal Reserve FAQ](#) Note: the linked FAQ is continuing to be updated.