

## The Main Street Business Lending Program – Expanded Terms

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On June 8, 2020, the Federal Reserve published a press release that expanded certain terms under its Main Street Business Lending Program (Main Street Program) in an effort to make the Main Street Program more accessible to small and medium-sized businesses. In connection with the press release, the Federal Reserve also released an updated set of “Frequently Asked Questions” and an updated set of “term sheets” for each of the three lending facilities that comprise the Main Street Program: (i) Main Street New Loan Facility (MSNLF); (ii) Main Street Priority Loan Facility (MSPLF); and (iii) Main Street Expanded Loan Facility (MSELF).

The Main Street Program was initially announced on April 9, 2020 and the release of the original set of “Frequently Asked Questions” (Original FAQs) was published on April 30, 2020. On May 27, 2020, the Federal Reserve released a significantly updated set of “Frequently Asked Questions” (Updated FAQs), offering additional insight into the details of the Main Street Program. On the same day, the Federal Reserve also released several forms, agreements and instructions for eligible lenders and eligible borrowers pertaining to the Main Street Program.

We invite you to review our previously-published client alerts that outlined the basic terms of the Main Street Program, the Original FAQs, the Updated FAQs, and a synopsis of the forms, agreements and instructions for eligible lenders and eligible borrowers .

The information provided below is intended to offer a brief synopsis of the new information provided by the Federal Reserve, focusing on Main Street Program updates that may be particularly beneficial to our lender and borrower clients.

We anticipate that the Federal Reserve will officially launch the Main Street Program shortly.

### **NOTABLE UPDATES TO THE MAIN STREET PROGRAM**

In an effort to make the Main Street Program available to a broader spectrum of small and medium-sized companies, the Federal Reserve has expanded certain terms under the three lending facilities that comprise the Main Street Program.

The notable expanded terms under the Main Street Program includes:

- the minimum loan size for MSNLF and MSPLF loans has been decreased from \$500,000 to \$250,000;
- the maximum loan size has been increased from \$25 million to \$35 million for MSNLF loans, from \$25 million to \$50 million for MSPLF loans, and from \$200 million to \$300 million for MSELF loans;
- the loan term for all Main Street Program loans has been increased from four years to five years;

- the repayment period for all Main Street Program loans has been extended by delaying principal payments for two years, rather than one year;
- the Federal Reserve has increased its participation in the purchase of MSPLF loans to 95% (up from 85%) so that the Federal Reserve will now purchase 95% of each eligible loan under Main Street Program; and
- the Federal Reserve has committed to establishing a lending program “soon” for nonprofit organizations.

The expanded terms may provide access for an increased number of small and medium-sized businesses that are interested in participating in the Main Street Program. We will continue to provide updates on such further guidance under the Main Street Program as it becomes available.

If you have questions or would like more information, please contact Jennifer Santangelo ([santangeloj@whiteandwilliams.com](mailto:santangeloj@whiteandwilliams.com); 215.864.7199), Ryan Udell ([udellr@whiteandwilliams.com](mailto:udellr@whiteandwilliams.com); 215.864.7152), Maulin Vidwans ([vidwansm@whiteandwilliams.com](mailto:vidwansm@whiteandwilliams.com); 215.864.6369), Adam Chelminiak ([chelminiaka@whiteandwilliams.com](mailto:chelminiaka@whiteandwilliams.com); 215.864.7078) or Patrick Haggerty ([haggertyp@whiteandwilliams.com](mailto:haggertyp@whiteandwilliams.com); 215.864.6811).

As we continue to monitor COVID-19, White and Williams lawyers are working collaboratively to stay current on developments and counsel clients through the various legal and business issues that may arise across a variety of sectors. Read all of the updates [here](#).

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