

Board of Governors of the Federal Reserve System

The Federal Reserve, the central bank of the United States, provides the nation with a safe, flexible, and stable monetary and financial system.

Press Release

June 15, 2020

Federal Reserve Board announces it will be seeking public feedback on proposal to expand its Main Street Lending Program to provide access to credit for nonprofit organizations

The Federal Reserve Board on Monday announced it will be seeking public feedback on a proposal to expand its Main Street Lending Program to provide access to credit for nonprofit organizations. As with the existing Main Street Lending Program, which targets small and medium-sized businesses, the proposed expansion would offer loans to small and medium-sized nonprofits that were in sound financial condition before the coronavirus pandemic and could benefit from additional liquidity to manage through this challenging period.

"Nonprofit organizations are critical parts of our economy, employing millions of people, providing essential services to communities, and supporting innovation and the development of a highly skilled workforce," Federal Reserve Chair Jerome H. Powell said. "Nonprofits provide vital services across the country and we are working to help them through this difficult time."

Loan terms under the proposed Main Street nonprofit loans, including the interest rate, deferral of principal and interest payments, and five-year term, are the same as for Main Street business loans. The minimum loan size is \$250,000 while the maximum loan size is \$300 million. Principal payments would be fully deferred for the first two years of the loan, and interest payments would be deferred for one year. Two loan options would be offered under the proposal. Borrower eligibility requirements for the proposed nonprofit facilities would be modified from the for-profit facilities to reflect the operational and accounting practices of the nonprofit sector and include:

- Minimum of 50 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; and
- A limit on endowments of no more than \$3 billion.

Additionally, each organization must be a tax-exempt organization under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code. The chart below has additional details on the proposed terms.

Because the circumstances, structure, and needs of nonprofit organizations vary widely, public feedback is being sought to help make the proposed program as efficient and effective as possible. Feedback may be submitted via email [here](#) until Monday, June 22. Feedback will be made available to the public, and comments should not include confidential information.

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.

Proposed Main Street Lending Program Nonprofit Loan Options	Nonprofit New Loans	Nonprofit Expanded Loans
Term	5 years	
Minimum Loan Size	\$250,000	\$10M
Endowment Cap	\$3 billion	
Years in Operation	At least 5 years	
Employee Min/Max	Employees fewer than 15,000 and greater than 50	
Revenue cap and source requirement	2019 Revenues less than \$5 billion, with less than 30% sourced from donations	
Maximum Loan Size	The lesser of \$35M, or the borrower's average 2019 quarterly revenue	The lesser of \$300M, or the borrower's average 2019 quarterly revenue
Risk Retention	5%	
Principal Repayment	Principal deferred for two years; years 3-5: 15%, 15%, 70%	
Interest Payments	Deferred for one year	
Rate	LIBOR + 3%	

For media inquiries, call 202-452-2955

[Nonprofit Organization Expanded Loan Facility Term Sheet \(PDF\)](#)

[Nonprofit Organization New Loan Facility Term Sheet \(PDF\)](#)

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