

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

April 30, 2020

Federal Reserve Board announces it is expanding the scope and eligibility for the Main Street Lending Program

For release at 10:00 a.m. EDT

The Federal Reserve Board on Thursday announced it is expanding the scope and eligibility for the Main Street Lending Program. As part of its broad effort to support the economy, the Federal Reserve developed the Main Street Lending Program to help credit flow to small and medium-sized businesses that were in sound financial condition before the pandemic.

When the initial terms of Main Street were announced, the Board indicated that, because the financial needs of businesses vary widely, it was seeking feedback from the public on potential refinements. More than 2,200 letters from individuals, businesses, and nonprofits were received. In response to the public input, the Board decided to expand the loan options available to businesses, and increased the maximum size of businesses that are eligible for support under the program. The changes include:

- Creating a third loan option, with increased risk sharing by lenders for borrowers with greater leverage;
- Lowering the minimum loan size for certain loans to \$500,000; and
- Expanding the pool of businesses eligible to borrow.

Under the new loan option, lenders would retain a 15 percent share on loans that when added to existing debt do not exceed six times a borrower's income, adjusted for interest payments, taxes, and depreciation and other appropriate adjustments. This compares to the existing loan options where lenders retain a 5 percent share on loans, but have different features. Under all of the loan options, lenders will be able to apply their industry-specific expertise and underwriting standards to best measure a borrower's income. In total, three loan options—termed new, priority, and expanded—will be available for businesses. The chart below summarizes the different loan options.

Additionally, businesses with up to 15,000 employees or up to \$5 billion in annual revenue are now eligible, compared to the initial program terms, which were for companies with up to 10,000 employees and \$2.5 billion in revenue. The minimum loan size for two of the options was also lowered to \$500,000 from \$1 million. With the changes, the program will now offer more options to a wider set of eligible small and medium-size businesses.

The Board recognizes the critical role that nonprofit organizations play throughout the economy and is evaluating a separate approach to meet their unique needs.

The Main Street Lending Program was established under Section 13(3) of the Federal Reserve Act, with approval of the Treasury Secretary. The Treasury will provide \$75 billion for the program using funds from the Coronavirus Aid, Relief, and Economic Security Act. Frequently asked questions and answers for lenders and borrowers are also available. A start date for the program will be announced soon.

Main Street Lending Program Loan Options	New Loans	Priority Loans	Expanded Loans
Term	4 years	4 years	4 years
Minimum Loan Size	\$500,000	\$500,000	\$10,000,000
Maximum Loan Size	Lesser of \$25M or 4x 2019 adjusted EBITDA	Lesser of \$25M or 6x 2019 adjusted EBITDA	Lesser of \$200M, 35% of outstanding and undrawn available debt, or 6x 2019 adjusted EBITDA
Risk Retention	5%	15%	5%
Payment (year one deferred for all)	Years 2-4: 33.33% each year	Years 2-4: 15%, 15%, 70%	Years 2-4: 15%, 15%, 70%
Rate	LIBOR + 3%	LIBOR + 3%	LIBOR + 3%

For media inquiries, call 202-452-2955

[Term sheet: Main Street New Loan Facility](#)

[Term sheet: Main Street Priority Loan Facility](#)

[Term sheet: Main Street Expanded Loan Facility](#)

[Main Street Lending Program Frequently Asked Questions](#)