

Main Street Lending Program

Business loans to help eligible small and medium-sized companies and nonprofit organizations through the COVID-19 pandemic.

What it is

The program is designed to help credit flow to small and medium-sized businesses and nonprofit organizations that were in sound financial condition before the onset of the COVID-19 crisis, but now need loans to help maintain their operations until they have recovered from, or adapted to, the impacts of the pandemic.

Loans originated under the program have several features that will help businesses and nonprofits facing challenges. The program offers 5-year loans, with floating rates, and principal and interest payments deferred as indicated in the charts below to assist those experiencing temporary cash flow interruptions.

To support a broad set of employers, loan size starts at \$250,000 and ranges up to \$300 million for some loan types.

What it isn't

Main Street loans are not grants and cannot be forgiven.

How it works

Interested businesses and nonprofits will work with an eligible lender to determine if they meet the program requirements, which are available [online](#), as well as the lender's own underwriting standards. The lender will determine approval for a loan. The Fed will participate in the lending by purchasing a 95% interest in the loan. The lender retains 5%. Refer to the diagram at the end of the document for a schematic on how the program works.

To assist a broad range of borrowers, the program will offer three different business loan types, and two types of loans for nonprofits, each with somewhat different characteristics – as indicated in the charts.

To get started

Potential borrowers can review the program parameters prior to approaching a lender, can contact their current financial institutions to inquire about participation, and can access a state-by-state listing of lenders participating in the program who are currently accepting applications from new customers and also elect to be listed. Additional information on the program can be found on the information for [business borrowers page](#) or the information for [nonprofit borrowers page](#).

Lenders interested in the program can start at the [lender's page](#), where information will be posted as it becomes available.

	Characteristics of Main Street Business Loan Types		
	New Loan Facility	Priority Loan Facility	Expanded Loan Facility
Loan Term	5 years		
Principal Payments	Principal deferred for two years. Years 3-5: 15%, 15%, 70%		
Interest Payments	Deferred for one year		
Interest Rate	Adjustable rate of LIBOR (1 or 3 mo.) plus 300 basis points. On 8/14/20, 1 month LIBOR was 15 basis points		
Loan Size	\$250,000 to \$35 million	\$250,000 to \$50 million	\$10 million to \$300 million
Maximum Combined Debt to Adjusted 2019 EBITDA	4 times	6 times	6 times
Lender Participation Rate	5%		
Fed Participation Rate	95%		
Prepayment Allowed	Yes, without penalty		
Business Size Limits	15,000 employees or fewer, or 2019 revenues of \$5 billion or less		
Fees	Origination and transaction fees may apply		

	Characteristics of Main Street Nonprofit Loan Types	
	Nonprofit New Loans	Nonprofit Expanded Loans
Loan Term	5 years	
Minimum Loan Size	\$250,000	\$10 million
Endowment Cap	\$3 billion	
Years in Operation	At least 5 years	
Eligibility Criteria (See Term Sheets for More Detail)	<ul style="list-style-type: none"> • Minimum employees 10 • Total non-donation revenues equal to or greater than 60% of expenses for the period from 2017 through 2019 • 2019 operating margin of 2% or more • Current days cash on hand 60 days • Current debt repayment capacity—ratio of cash, investments and other resources to outstanding debt and certain other liabilities—of greater than 55% 	
Maximum Loan Size	The lesser of \$35 million, or the borrower's average 2019 quarterly revenue	The lesser of \$300 million, 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	
Interest Rate	LIBOR + 3%	

For additional resources visit bostonfed.org/mslp where you'll find frequently asked questions, term sheets, and the option to subscribe to email updates about the program.

General questions about the program may be sent to MSLP@bos.frb.org.

Other resources

The Main Street program aims to assist businesses and organizations that employ a major share of the American workforce. For smaller businesses, in addition to reviewing the Main Street Lending Program materials, it may be useful to consult the Small Business Administration's [Coronavirus Small Business Guidance & Loan Resources](#) and the Treasury's [Community Development Financial Institutions Fund - Tools and Resources](#), which has a list of current certified CDFIs, many of which make loans to small businesses and provide technical assistance.*

Administration

The Main Street Lending Program is administered by the Federal Reserve Bank of Boston, which has established a special purpose vehicle to purchase loan participations from eligible lenders across the U.S.

**Please note, information about these lenders is provided as a convenience and for informational purposes only. This does not constitute an endorsement or an approval by the Federal Reserve Bank of Boston or Federal Reserve System.*

