



# Main Street Lending Program Comments Due April 16

April 14, 2020

Title IV of the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**") provides for up to \$500 billion in loans and loan guarantees to Federal Reserve programs and facilities to be made available to mid-size businesses and nonprofit organizations under 10,000 employees. Using funding from the CARES Act, the Department of the Treasury will lend to a single purpose vehicle (**SPV**) which will then purchase 95% participations in eligible loans from eligible private lenders, with lenders retaining 5% of each loan. Information has not yet been released on how businesses can access these funds but on April 9, 2020, the Federal Reserve released term sheets for the two facilities created under the Main Street Lending Program.

Please note that the Federal Reserve is taking comments from lenders, borrowers, and other stakeholders on the program's terms and conditions until April 16, 2020, and will likely make adjustments.

## **Main Street Lending Program (as of 4/9/2020)[1]**

The Main Street Lending Program is intended to facilitate lending to small and medium-sized businesses by private lenders. The Program creates two nearly identical loan facilities: (a) the Main Street New Loan Facility, and (b) the Main Street Expanded Loan Facility. The Main Street New Loan Facility provides loans for new borrowers while the Main Street Expanded Loan Facility allows borrowers to increase the size of their existing loans.

The following table summarizes the key provisions of the Program:

[1] The Board of Governors of the Federal Reserve System and the Secretary of the Treasury may make adjustments to the terms and conditions. Any changes will be described on the Federal Reserve website.

[2] Please note that while the CARES Act mentions a minimum number of employees, the guidance provided by the Federal Reserve makes no mention of a minimum number of employees.