

Federal Reserve Board Expands Main Street Lending Program

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After extensively seeking feedback from small and midsize businesses, the Federal Reserve Board expanded its \$600 billion Main Street Lending Program on June 8, 2020. The Main Street Lending Program was originally established with the approval of the Treasury secretary and with \$75 billion in equity provided by the Treasury Department through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

This expansion of the lending program allows more small and midsize businesses to take advantage of low adjustable rates and no prepayment penalties while receiving the support needed in these uncertain times. It also provides businesses with greater flexibility in repaying the loans. The recent changes include:

- Lowering the minimum loan size for certain loans to \$250,000, from \$500,000.
- Increasing the maximum loan size for all loans under this program.
- Increasing the term of each loan option to five years, from four years.
- Extending the repayment period for all loans by delaying principal payments for two years, rather than one.
- Raising the Federal Reserve Bank's participation to 95% for all loans.

The Main Street Lending Program will be open for lender registration soon, and lenders are encouraged by the Federal Reserve to begin making Main Street loans immediately, so borrowers will want to evaluate this option as soon as possible.

Clients interested in working through the details on how the Main Street Lending Program can assist with their business operations should contact our Main Street program team (listed above) or any member of the Carlton Fields team.