

Federal Reserve Announces Launch of the “Main Street Lending Program”

As you know, we have been working with our trade association allies to urge the Treasury Department and the Federal Reserve to move forward ASAP with guidance on the loan programs to help companies with more than 500 employees.

This morning the Fed finally announced its lending program for companies with 500-10,000 employees, with less than \$2.5 billion in revenue. Their press release includes links to numerous documents outlining the terms of loans under this program. We are all still analyzing this loan program and trying to understand how it would work, but we wanted to get this information into your hands as quickly as possible.

Among the key provisions in the program: “Eligible banks may originate new Main Street loans or use Main Street loans to increase the size of existing loans to businesses.” The maximum “new” loan is \$25 million, the maximum “expanded” loan is \$150 million.

Also of note: many of the conditions spelled out in the CARES Act will be required of borrowers under the Main Street Lending program, but there is no mention in the Fed material of requiring borrowers to remain neutral in union organizing campaigns: “The Eligible Borrower must attest that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act.”

[Click here](#) to read the Fed press release.

The loan term documents for “new” and “expanded” loans can be read here:

[Term Sheet: Main Street New Loan Facility \(PDF\)](#)

and here:

[Term Sheet: Main Street Expanded Loan Facility \(PDF\)](#)

We will of course continue to analyze this program and to seek answers from the Federal agencies to the questions that will inevitably arise in that process and will keep you apprised of what we learn.