



SelectHealth Bulletin: COVID-19 (novel coronavirus)

May 7, 2020

Federal Reserve: The Main Street Lending Program Available to More Businesses

This bulletin is intended to assist in identifying potential sources of relief from the consequences of COVID-19 (novel coronavirus) for individuals, families, and employers. It's important to seek advice and information from trusted resources.

On April 30, 2020, the Federal Reserve Board expanded the scope and eligibility for the Main Street Lending Program to help credit flow to small and medium-sized businesses that were in sound financial condition before the COVID-19 (novel coronavirus) pandemic. This Bulletin provides information for you to research how The Main Street Lending Program may provide relief from the economic consequences of the pandemic. The program will now offer more options to a wider set of eligible small and mid-sized businesses.

RESOURCE FOR INFORMATION ABOUT THE MAIN STREET LENDING PROGRAM

The Federal Reserve System: Their official website, [federalreserve.gov](https://www.federalreserve.gov), has the latest information about The Main Street Lending Program. Their press release with details of this expansion can be found at [federalreserve.gov/newsevents/pressreleases/monetary20200430a.htm](https://www.federalreserve.gov/newsevents/pressreleases/monetary20200430a.htm). A summary of the changes from this press release include:

- > A new third loan option called Expanded Loans, with increased risk-sharing by lenders for borrowers with greater leverage
- > Eligible borrowers include for-profit businesses with up to 15,000 employees or up to \$5 billion in annual revenue
- > The U.S. Treasury will provide \$75 billion for the program using funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act
- > Businesses may solicit loans of up to four years from participating lenders at below-market rates
- > Loans must be repaid, but payments can be deferred in their first year



According to a May 1, 2020, Wall Street Journal article entitled, Central Bank Grows Business Loan Plan, "The start date for the expanded program will be announced soon... The Federal Reserve said it is evaluating a separate approach that would extend the program to nonprofit institutions such as hospitals and universities. The lending program is designed to fill a void for middle market firms that are too large to qualify for the Paycheck Protection Program but too small to access debt markets where large corporations borrow."

continued

CAUTION: SelectHealth encourages all seeking relief from the impact of COVID-19 to obtain guidance from trusted advisers such as certified public accountants and attorneys. All individuals and employers should beware of scams. With financial assistance potentially available through federal, state, and local governments in the way of grants and loans, there will be scammers trying to take advantage of the situation, such as those masquerading as qualified lenders.