



Consolidated Appropriations Act, 2021¹ **About the Section 4000, 13(3) Main Street Lending Facility**

SUMMARY: Section 4003 of the *CARES Act* authorized a Main Street Lending Program (MSLP)² to provide needed liquidity to small and medium sized businesses as well as nonprofit organizations. **The Consolidated Appropriations Act, 2021 rescinded \$429 billion from Treasury and closed down the Exchange Stabilization Fund and all subsequent loan facilities as of December, 31, 2020.**

The Federal Reserve established five facilities to support business and nonprofits that were in sound financial condition before the onset of the COVID-19 pandemic. This program provides up to \$600 billion in new financing for businesses with up to 15,000 employees, up to \$5 billion in annual revenues, or an endowment of less than \$3 billion for nonprofits.

- Main Street New Loan Facility (MSNLF)
- Main Street Priority Loan Facility (MSPLF)
- Main Street Expanded Loan Facility (MSELF)
- Nonprofit Organization New Loan Facility (NONLF)
- Nonprofit Organization Expanded Loan Facility (NOELF)

For all five programs, loans will be offered at a 5-year term, at a rate of LIBOR +3%. Loan sizes, bank risk retention, and payment terms differ for each program and can be found [here](#).

According to Treasury Secretary Steve Mnuchin, the Main Street Lending Facility will cover more than 40,000 medium-sized businesses that employ 35 million Americans.

APPLYING: Main Street Lending facility funds will be available through your local bank or lending institution. The Federal Reserve is supporting these loans by purchasing 95% of the outstanding loan value for MSNLF and MSELF loans (and 85% of MSPLF loans) from banks. Thus, in order to benefit from the program, please first contact your bank.

QUALIFICATIONS: You are eligible for at least one of the programs if you are a small business or nonprofit, organized with a majority of operations in the U.S., and employing up to 15,000 employees or up to \$5 billion in 2019 annual revenues.

LOAN TERMS: Issued loans will have a four-year maturity date with principal and interest payments deferred for one year. Interest rates are adjustable and tied to the London Inter-bank Offered Rate (LIBOR), plus 300 basis points. Loans may be secured or unsecured and there is no prepayment penalty or fee.

ARE LOANS FORGIVEN? No. Unlike the Paycheck Protection Program, loans are not forgivable.

¹ [H.R. 133](#), the legislative vehicle for the Consolidated Appropriations Act, 2021, approved by the House and the Senate on December 21, 2020 and signed into law by President Trump on December 27, 2020.

² [H.R. 748](#), the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (Public Law No. 116-136) was approved unanimously by the Senate on March 25, 2020, then by the House of Representatives on March 27, 2020, and signed into law by President Trump on March 27, 2020.



ARE THERE OTHER RESTRICTIONS? Yes. The Federal Reserve has limited the funds in the following ways:

- Borrowers must make reasonable efforts to maintain their current workforce during the loan term.
- Borrowers may not use Main Street Facility Funds to repay or refinance existing debt.
- Lenders and borrowers must maintain existing lines of credit.
- Borrowers may not engage in stock buybacks or issue shareholder dividends for the duration of the loan plus one year.
- Borrowers must also agree to executive compensation and severance limits.

THE CARES ACT ALSO REQUIRED BORROWERS TO COMMIT TO REMAIN NEUTRAL DURING ANY UNION ORGANIZING EFFORT FOR THE TERM OF THE LOAN. DOES THAT REQUIREMENT APPLY? No. CARES Act specifically recognized the establishment of the Main Street Lending Program, in addition to, and separately from, the mid-sized business facility in section 4003(c)(3)(D)(i), which contains those restrictions.

I RECEIVED ASSISTANCE UNDER THE PAYCHECK PROTECTION PROGRAM (PPP). CAN I APPLY FOR ASSISTANCE HERE? Yes. The programs are not mutually exclusive, so if you meet the requirements of both programs, you can apply to both.

IS THERE A REVENUE LIMITATION? Yes. Businesses can access the facility if they employ up to 15,000 employees or up to \$5 billion in 2019 annual revenues. For Nonprofits, they must have an endowment of less than \$3 billion.

Further information and Frequently Asked Questions (FAQ) about this program can be found at the Federal Reserve's website, [here](#).

This document was prepared as an informational resource and should not be considered legal or business counsel. Please reach out to CoronavirusHelp@braun.senate.gov for questions, concerns, or additional assistance. Last updated January 3, 2021.