

Much attention has been paid to the plight of small businesses (500 or less employees) in the wake of COVID. But small businesses have not been the only ones struggling; mid-sized and even larger businesses are beginning to feel the effects of shrinking consumer confidence and a contracting economy. With lending options like the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loans (EIDL) under The CARES Act reserved for small businesses, mid-sized businesses have struggled to find funding streams. The CARES Act did authorize one program for small and mid-sized businesses, which while not yet fully operational has begun to stand up the application framework and eligibility information. The Federal Reserve has stated that the program aims to be open within 1-2 weeks. NPMA has provided information below that will help you start to think about whether this program is right for your business.

The Main Street Lending Program was created to help businesses with up to 10,000 employees or up to \$2.5 billion in revenue. Up to \$600 billion has been allocated to the program. Some important information about the program is below.

Eligibility for borrowers: The company must have a majority of its employees based in the U.S. and have either 10,000 or fewer employees or 2019 revenues of \$2.5 billion or lower. At this time, it is unclear whether a U.S. subsidiary of a foreign company would be allowed to participate if it meets the specified criteria. These loans are only available to businesses who have been impacted by COVID.

Types of Loans: There are two types of Main Street Loans, with the primary differences being the maximum loan sizes and collateral requirements. Once applications open, you can speak with your lending institution to determine which might be right for your business. The two types of loans are:

- 1) Main Street New Loan Facility (MSNLF), which applies to eligible unsecured new term loans originated on or after April 8, 2020, and the
- 2) Main Street Expanded Loan Facility (MSELF), which applies to eligible secured or unsecured loans originated before April 8, 2020.

Terms of both loans:

- 1) These loans are not forgivable and payment in full is due within 4 years. Interest and principle payments can be delayed for up to a year.
- 2) The loans cannot be used to repay or refinance existing debt.
- 3) Companies can take advantage of both PPP and Main Street loans but can only use either MSNLF or MSELF.
- 4) The minimum loan is \$1 million. For MSNLF the maximum is \$25 million and for MSELF the maximum is \$150 million.



Main Street Lending Program Information Loans for Small and Mid-Sized Business

Restrictions: All loan programs within the CARES Act carry the same restrictions once money is taken. Any business that takes advantage of PPP or Main Street cannot do the following for the life of the loan plus 12 months:

- Pay dividends on common stock or make other capital distributions.
- Cancel or reduce any outstanding lines of credit with the lender making the Main Street loan or any other lender.
- To employees whose 2019 compensation exceeded \$425,000, pay more than \$425,000 during any 12 consecutive months; or an amount in severance that is twice the total compensation the employee received in 2019. To employees whose 2019 compensation exceeded \$3 million, pay more than the sum of \$3 million plus 50% of their 2019 compensation during any 12 consecutive months.

For more information on the Main Street program you can view the Federal Reserve Page [here](#). Applications are not yet open for the program, but when available any questions on your eligibility should be directed to your lending institution. For any other questions you can contact VP of Public Policy Ashley Amidon at aamidon@pestworld.org.