

## Commercial Lending Update

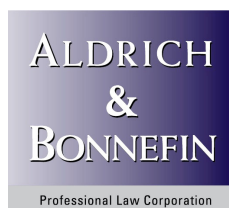
DECEMBER 2020

### FRB REVISES MAIN STREET LENDING PROGRAM

On October 30, 2020, the FRB announced two updates to the Main Street Lending Program (MSLP). The FRB created the MSLP to help small and medium-sized for-profit businesses and non-profit organizations that were in sound financial condition before the COVID-19 pandemic, but lacked access to credit on reasonable terms. For the most part, the MSLP offers several five-year loan options, with deferred principal and interest payments to allow a borrower time to recover from the COVID-19 pandemic.

The specific updates are as follows. First, the FRB lowered the minimum loan size for three Main Street facilities from \$250,000 to \$100,000, and modified the facilities' fees to encourage these smaller loans. Second, the FRB and Treasury published a new FAQ which concluded that PPP loans of up to \$2 million may be omitted for purposes of determining the maximum loan size under the MSLP. However, this adjustment is only available if certain requirements are met.

Ultimately, the FRB believes these two MSLP adjustments will better target assistance to smaller businesses that employ millions of workers which are facing continued revenue shortfalls due to the pandemic. The MSLP facilities will expire on December 31, 2020 (unless the FRB extends this date). The press release regarding the recent program revisions is available on the FRB's website at <https://www.federalreserve.gov/newsevents/pressreleases/monetary20201030a.htm>. For questions, contact Mark Aldrich at [MAldrich@ABLAWYERS.COM](mailto:MAldrich@ABLAWYERS.COM) or Joel Cook at [JCook@ABLAWYERS.COM](mailto:JCook@ABLAWYERS.COM).



The Banking & Business Law Firm

[www.ablawyers.com](http://www.ablawyers.com) 949.474.1944

18500 Von Karman Ave., Suite 300, Irvine, California 92612

Copyright © 2020  
Aldrich & Bonnefin, PLC  
All Rights Reserved