



Fed Main Street Loan Program - Stimulus Program Overview

In addition to the stimulus loan programs brought about by the CAREs Act, the Federal Reserve has introduced its own stimulus program known as the Main Street Loan Program.

The program is designed to help credit flow to small and medium sized businesses that were in sound financial condition before the onset of COVID-19, and are recovering from, or adapting to, the impacts of the pandemic.

The program offers 5-year loans, with floating rates, and deferred principal and interest payments to assist businesses facing temporary cash flow interruptions.

Loans range in size from \$250,000 to \$300 million, offering a wide range supporting a broad set of business entities.

Different from PPP loans, Main Street Program loans are not grants and can't be forgiven.

The Fed is participating in the lending process by taking a 95% interest in the loans issued, while lenders retain 5% of the loans. The unusual tactic of taking an interest in the loans allows the Fed to actually assume a risk in the loans issued.

Businesses can inquire about eligibility for a Main Street Program loan by accessing the Fed's link <https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>.

Source: Federal Reserve Bank of Boston