

# Press Release

July 17, 2020

## Federal Reserve Board modifies Main Street Lending Program to provide greater access to credit for nonprofit organizations such as educational institutions, hospitals, and social service organizations

For release at 10:00 a.m. EDT

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The Federal Reserve Board on Friday modified the Main Street Lending Program to provide greater access to credit for nonprofit organizations such as educational institutions, hospitals, and social service organizations. As detailed in term sheets released today, the Board approved two new loan options to provide support to a broad set of nonprofit organizations that were in sound financial condition prior to the pandemic.

"Nonprofits provide vital services across the country and employ millions of Americans," Federal Reserve Chair Jerome H. Powell said. "We have listened carefully and adapted our approach so that we can best support them in carrying out their vital mission during this extraordinary time."

Based on public feedback to proposals released for comment on June 15, the minimum employment threshold for nonprofits was lowered from 50 employees to 10, the limit on donation-based funding was eased, and several financial eligibility criteria were adjusted to accommodate a wider range of nonprofit operating models. Additionally, like the proposed terms, each organization must be a tax-exempt organization as described in section 501(c)(3) or 501(c)(19) of the Internal Revenue Code.

The Main Street nonprofit loan terms generally mirror those for Main Street for-profit business loans, including the interest rate, principal and interest payment deferral, five-year term, and minimum and maximum loan sizes. Nonprofits will be eligible for two loan options, and the chart below has additional details on the final terms.

The Main Street Lending Program was established with the approval of the Treasury Secretary and with \$75 billion in equity provided by the Treasury Department from the CARES Act.

Main Street Lending Program Nonprofit Loan Options	Nonprofit New Loans	Nonprofit Expanded Loans
<b>Term</b>	5 years	
<b>Minimum Loan Size</b>	\$250,000	\$10 million
<b>Endowment Cap</b>	\$3 billion	
<b>Years in Operation</b>	At least 5 years	
<b>Eligibility Criteria (See Term Sheets for More Detail)</b>	<ul style="list-style-type: none"> <li>• Minimum employees 10 (previously 50)</li> <li>• Total non-donation revenues equal to or greater than 60% of expenses for the period from 2017 through 2019 (previously 70% of revenues)</li> <li>• 2019 operating margin of 2% or more, (previously 5%)</li> <li>• Current days cash on hand 60 days (previously 90 days)</li> <li>• Current debt repayment capacity—ratio of cash, investments and other resources to outstanding debt and certain other liabilities—of greater than 55% (previously 65%)</li> </ul>	
<b>Maximum Loan Size</b>	The lesser of \$35 million, or the borrower's average 2019 quarterly revenue	The lesser of \$300 million, or the borrower's average 2019 quarterly revenue

Main Street Lending Program Nonprofit Loan Options	Nonprofit New Loans	Nonprofit Expanded Loans
<b>Risk Retention</b>	5%	
<b>Principal Repayment</b>	Principal deferred for two years; years 3-5: 15%, 15%, 70%	
<b>Interest Payments</b>	Deferred for one year	
<b>Rate</b>	LIBOR + 3%	

For media inquiries, call 202-452-2955

[Nonprofit Organization Expanded Loan Facility Term Sheet \(PDF\)](#)

Updated Term Sheet: [Nonprofit Organization Expanded Loan Facility](#)

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