

Main Street Lending Program Expanded to Include Nonprofit Organizations

July 24, 2020

The Federal Reserve has announced that the Main Street Lending Program will now be available to non-profits such as educational institutions, hospitals, and social service organizations, and has issued a set of Frequently Asked Questions regarding the new Nonprofit Organization New Loan Facility and Nonprofit Organization Expanded Loan Facility. Under the Nonprofit Organization New Loan Facility, eligible non-profits may obtain loans from \$250,000 to the lesser of \$35M, or the borrower's average 2019 quarterly revenue. Under the Nonprofit Organization Expanded Loan Facility, eligible non-profits may obtain loans from \$10 million to the lesser of \$300M, or the borrower's average 2019 quarterly revenue. To be eligible, a non-profit must:

- Be US-based and operational since at least January 1, 2015;
- Have either fewer than 15,000 employees or \$5 billion or less in 2019 revenues;
- Have an endowment of less than \$3 billion;
- Have at least a 2% EBIDTA ratio (the ratio of adjusted 2019 earnings before interest, depreciation, and amortization (EBIDA));
- Have total non-donation revenues equal to or greater than 60% of its expenses between 2017 and 2019.

Additional requirements and criteria for the nonprofit facility loans are found in the FAQs and term sheets for the NONLF and NOELF. Links to those documents are located on the Federal Reserve MSLP webpage:

<https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>

Buchalter's Commercial Finance Practice Group has organized its attorneys to create in-depth expertise in every aspect and requirement of the Main Street Lending Program. Buchalter's Commercial Finance Practice Group is comprised of attorneys with extensive transactional and regulatory expertise, and is one of the largest creditor-focused practice on the West Coast. Thus, our commercial finance attorneys are uniquely positioned to advise clients on the MSLP and help structure and document any of the three credit facilities that are offered under the program. Please feel free to contact any of the attorneys in Buchalter's Commercial Finance Group if you have questions regarding the MSLP or would like to discuss the various options and details under the program.



Robert Gillison

Commercial Finance, Practice Chair
(213) 891-5014
rgillison@buchalter.com



Matthew Kavanaugh

Shareholder
(213) 891-5449
mkavanaugh@buchalter.com



William Schoenholz

Shareholder
(213) 891-5004
wschoenholz@buchalter.com



Michael C. Flynn

Mortgage Banking Practice Co-Chair
(213) 891-5262 or
mflynn@buchalter.com



Robert J. Davidson

Shareholder
(213) 891-5023
rdavidson@buchalter.com



Robert A. Willner

Shareholder
(213) 891-5107
rwillner@buchalter.com

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