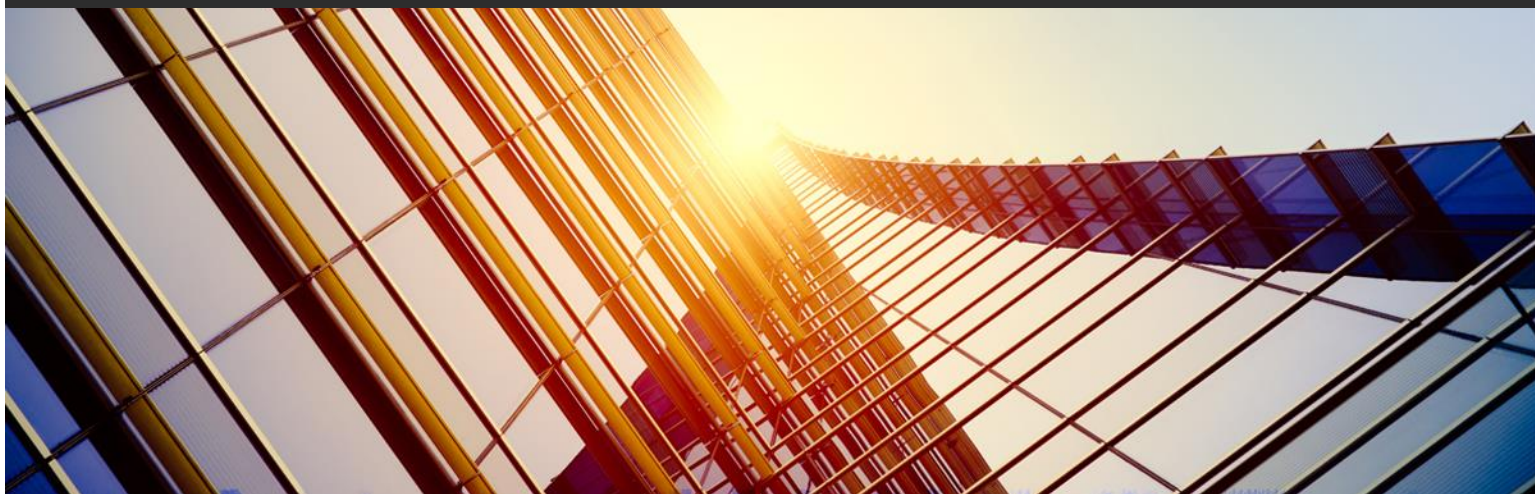


**Alert | Health Emergency Preparedness Task Force:
COVID-19 Economic Stimulus**



July 2020

Main Street Loans to Be Extended to Nonprofits

On July 17, 2020, the Board of Governors of the Federal Reserve System (Federal Reserve) **announced** the terms of an expansion of the Main Street Lending Program to include loan facilities that would allow for nonprofit borrowers. The Main Street Lending Program opened on June 15, 2020, and is meant to increase access to capital for small- and medium-sized businesses that were in sound financial condition before the onset of the Coronavirus Disease 2019 (COVID-19) pandemic. Under the Main Street Lending Program, commercial banks lend to companies, and then the majority of each loan is purchased by the Federal Reserve. While nonprofit organizations were eligible for small business administration loans (such as Paycheck Protection Program (PPP) Loans), they were not eligible to receive loans under the Main Street Lending Program. The Federal Reserve had originally proposed an extension of the Main Street Lending Program to schools, hospitals, and other social-welfare organizations. In early June 2020, the Federal Reserve proposed the creation of two loan facilities that would be specifically designated for nonprofit organizations and released drafts of term sheets for public review and comment.

According to the updated term sheets released by the Federal Reserve on July 17, 2020, there are two new lending facilities that will focus on nonprofit borrowers. Both will permit borrowers to lend to tax-exempt nonprofit organizations described in section 501(c)(3) or tax-exempt veterans' organizations described in section 501(c)(19). Other forms of nonprofit organizations may be considered for inclusion at the discretion of the Federal Reserve.

The first lending facility is the Nonprofit Organization New Loan Facility (NONLF), which is meant to be an analog to the for-profit New Loan Facility. The second is the Nonprofit Organization Expanded Loan Facility (NOELF), which is meant to be analog to the for-profit Expanded Loan Facility. The main

difference between the two new loan facilities is the minimum and maximum amounts of the loan and the fees associated with each loan. These new loan facilities will only be open to certain nonprofit borrowers with at least 10 employees and as many as 15,000 employees that have been in operation for at least five years. Additionally, the nonprofit borrowers must have an endowment of no more than \$3 billion. The loans will carry a 3% interest rate and a five-year term. Under these facilities, the Federal Reserve will be purchasing 95% of the loans from commercial lenders. The expansion of the Main Street Lending Program to certain nonprofit organizations will give nonprofits more options for economic relief during this difficult time.

For more information and updates on the developing situation, visit [GT's Health Emergency Preparedness Task Force: Coronavirus Disease 2019](#) or [GT's COVID-19 Economic Stimulus Team](#).

Authors

This GT Alert was prepared by:

- [Harry J. Friedman](#) | +1 954.768.8212 | friedmanh@gtlaw.com
- [Claire Arritola](#) | +1 954.468.1748 | arritolac@gtlaw.com

Albany. Amsterdam. Atlanta. Austin. Boston. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Germany.~ Houston. Las Vegas. London.* Los Angeles. Mexico City.+ Miami. Milan.* Minneapolis. Nashville. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Sacramento. Salt Lake City. San Francisco. Seoul.∞ Shanghai. Silicon Valley. Tallahassee. Tampa. Tel Aviv.^ Tokyo.* Warsaw.~ Washington, D.C.. West Palm Beach. Westchester County.

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. ~Greenberg Traurig's Berlin office is operated by Greenberg Traurig Germany, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. *Operates as a separate UK registered legal entity. +Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. »Greenberg Traurig's Milan office is operated by Greenberg Traurig Santa Maria, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ¢Greenberg Traurig Tokyo Law Offices are operated by GT Tokyo Horitsu Jimusho, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ~Greenberg Traurig's Warsaw office is operated by Greenberg Traurig Grzesiak sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in Greenberg Traurig Grzesiak sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2020 Greenberg Traurig, LLP. All rights reserved.*