

The Main Street Lending Program

There is no doubt that the COVID-19 situation seems to change with each and every day. The disruption and chaos that the pandemic has injected into both daily life and business is obvious. Just as it is often difficult to keep track of the ebbs and flows of the pandemic, the same can be stated for keeping up to speed on the government's response and what options exist to assist companies of all sizes.

In this article, we'll turn our attention to an overlooked area of the government's pandemic response and how businesses can use a whole new lending platform to navigate the choppy waters.



As the pandemic continues, you will want to be aware of the main street lending program, which is a whole new lending platform. It was designed for businesses that were financially sound prior to the pandemic. Authorized under the CARE Act, the main street lending program is quite attractive for an array of reasons. Let's take a closer look at what makes this program almost too good to be true.

This lender delivered program is a commercial loan. Unlike the PPP, there is no forgivable component. However, the main street lending program does have one remarkable feature that will certainly grab the attention of all kinds of businesses. It can be used to refinance existing debt at a rate of around 3%. With that stated, it is also important to note that businesses cannot refinance existing debt with the current lender. Instead, a new lender must be found. Generally, loans are a minimum of a quarter million dollars and have a five-year term. In another piece of good news, there is a two-year payment deferment period.

The main street lending program can be used in a variety of ways. In short, the program is not simply for refinancing existing debt. Additionally, there is no penalty for prepayment. The way the program works is that lenders make the loans and then sell 95% of the loan value to the Fed. This of course means that the lender is only required to retain 5% of the loan on their balance sheet. The end result is that lenders can dramatically expand the amount of loans they can make.

Whether it is the PPP or a program like the main street lending program, there are solid options available to help you. Businesses looking to restructure debt or put an infusion of cash to good use may find that the main street lending program offers a very flexible loan with great interest rates.

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