

Long Island Business News

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Loans for the bigger guys on Main Street

By: [Julianne Mosher](#) July 20, 2020

Businesses across Long Island and throughout the United States are continuing to struggle in the midst of the COVID-19 pandemic – especially small, or family-owned shops. Some have survived because of the federal Paycheck Protection Program.

But the federal government this month released details surrounding a new program designed to offer loans to larger businesses that didn't qualify for the program known as PPP.

While the PPP was wildly popular at the start of the pandemic, the constant evolution of its regulations caused confusion and frustration among local small business owners who qualified for the loan.



Richard Izzi

The new grant was designed so that larger companies could take advantage, said Richard Izzi, a partner of Transaction Advisory Services with Marcum LLP.

“The Main Street Lending Program is geared toward larger companies, and there are many covenants under the program that don't exist under the PPP... there are a lot of restrictions,” he said. “I would say that this program is more like a commercial loan that you would see in the market today.”

On July 6, the federal government unveiled details about the Main Street Lending Program. To be administered through the Federal Reserve Bank of Boston, the program allows for loans originated by eligible lenders. U.S. businesses may be eligible for loans if they have 15,000 employees or fewer or had 2019 revenues of \$5 billion or less.

Loans issued under the program would mature in five years, with a deferral of principal payments for two years and deferral of interest payments for one year, according to the U.S. Treasury.

The companies must have been in good financial standing prior to the coronavirus outbreak, must make reasonable efforts to maintain payroll and retain workers, and must have not received other support under the CARES Act – PPP excluded, the government said.

The program will operate through three facilities: the Main Street New Loan Facility, the Main Street Priority Loan Facility, and the Main Street Expanded Loan Facility.

“It remains to be seen how popular the Main Street Lending Program will be in the business community,” Izzi said. “There are pros and cons... it’s too early to tell.”

Despite being titled the Main Street Lending Program, some local chambers of commerce find that it won’t be of help to the mom and pops along actual Main Street.

“At this point, the Main Street Lending Program is really not applicable... What they’re considering a small business, versus a Main Street business are totally different,” Eileen Tyznar, president of the Greater Sayville Chamber of Commerce, said. “Main Street businesses are still struggling to recoup what they lost and a lot of them don’t qualify for the loans.”

Izzi agreed. “Main Street loans are really not Main Street loans,” he said. “But it depends on how you define Main Street.”

Although the smaller shops are unable to apply, he said that he has many clients already inquiring about the new program. “We expect that to increase as the banks begin to ramp up the application process,” he said.

And he has some words of advice for businesses that might qualify for the program.

“If they have more than 500 employees, they might find it more attractive,” he said. “It depends on what their needs are.... As a business owner, understand what the loans entail, especially over the next five years. Be aware of the restrictions.”

Once the program is operational, small and medium-sized businesses interested in it can apply for loans by contacting an eligible lender. A description of eligible lenders can be found in the program term sheets. The program loan participation agreement and other required form agreements can be found on the Federal Reserve Bank of Boston’s Main Street Lending Program Forms and Agreements website