Main Street Lending Program summary

Updated May 4, 2020

Due to the impact of COVID-19, companies face extraordinary economic pressure. The Coronavirus Aid, Relief and Economic Security (CARES) Act that passed March 27, 2020, included provisions to create or expand programs such as the Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL) and Main Street Lending Program (MSLP) to mitigate the financial impact of COVID-19. You’ve probably heard about the PPP and EIDL but the MSLP may be an alternative for borrowers who don’t qualify as a small business for the PPP or who don’t have a substantial amount of payroll costs compared to other operating expenses. The MSLP allows the Federal Reserve (Fed) to provide $600B in loans to small and medium-sized businesses. This is particularly useful for those companies struggling to get access to liquidity and have exhausted or do not have large enough lines of credit to persist. There are three programs of the MSLP and key aspects of each are summarized below.

<table>
<thead>
<tr>
<th>Program</th>
<th>Source</th>
<th>Loan amount</th>
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<tbody>
<tr>
<td>Main Street Priority Loan Facility</td>
<td></td>
<td>Minimum: $500K Maximum: Lesser of $25M OR 6x 2019 adjusted EBITDA</td>
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<tr>
<td>Main Street Expanded Loan Facility</td>
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<td>Minimum: $10M Lesser of $200M, 35% of outstanding and undrawn available debt, OR 6x 2019 adjusted EBITDA</td>
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<tr>
<td>Eligibility</td>
<td>Main Street New Loan Facility (MSNLF)</td>
<td>Main Street Priority Loan Facility (MSPLF)</td>
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<tr>
<td>Businesses with up to 15,000 employees or up to $5B in 2019 annual revenue</td>
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<td>Significant operations or the majority of employees in the United States</td>
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<tr>
<td>Cannot participate in more than one Main Street Lending Facility</td>
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<tr>
<td>Cannot have participated in the Primary Market Corporate Credit Facility</td>
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**Term**

Four Years, payments deferred for the first year

**Repayment**

- **Years 2–4:** 33.33% each year
- **Years 2–4:** 15%, 15%, 70%

**Rate**

Adjustable rate of LIBOR (1 or 3 month) + 300 basis points

**Employee retention requirements**

Make commercially reasonable efforts to maintain payroll and retain employees during the time the Eligible Loan is outstanding

**Prepayment**

No penalty for accelerated repayment

**Forgiveness**

Loans are not forgivable

**Restricted uses**

Must follow compensation, stock repurchase, and dividend restrictions that apply under the CARES Act.

*For additional restrictions, see term sheet link below*

**Fees**

- Borrower pays **100 basis points** of the principal amount to lenders as an origination fee.
- Lender may require borrower to pay an additional 100 basis points as a transaction fee.

- Borrower pays **100 basis points** of the principal amount to lenders as an origination fee.
- Lender may require borrower to pay an additional 100 basis points as a transaction fee.

- Borrower pays **75 basis points** of the increased principal amount to lenders as an origination fee.
- Lender may require borrower to pay an additional 75 basis points as a transaction fee.

**End date**

Program will continue at least through **Sept. 30, 2020**.

**Term sheet** [Link](#) [Link](#) [Link](#)

For more specifics, please see the FAQs from the Federal Reserve [here](#).