

Main Street Lending Program

Key Updates (06/09/2020): On Monday, June 8, the Federal Reserve Board updated its rules for the Main Street Lending Program ("Program") by lowering the minimum loan amount, raising the maximum loan limit, adjusting the principal repayment schedule to begin after two years, and extending the term to five years. The Program will continue to operate through three facilities: the Main Street New Loan Facility ("MSNLF"); the Main Street Priority Loan Facility ("MSPLF"); and the Main Street Expanded Loan Facility ("MSELF"). However, the updated rules should make the facilities more appealing to small and medium-sized businesses. The Program's start date has yet to be announced. Reference the chart and text below for a summary of all three facilities, and click the links at the bottom of this Update to read the Term Sheets.

Main Street Lending Program Loan Options	New Loans	Priority Loans	Expanded Loans
Term	5 years <i>(previously 4 years)</i>		
Minimum Loan Size	\$250,000 <i>(previously \$500,000)</i>		\$10M
Maximum Loan Size	The lesser of \$35M, or an amount that, when added to outstanding and undrawn available debt, does not exceed 4.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$50M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$300M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$200M)</i>
Risk Retention	5%	5% <i>(previously 15%)</i>	5%
Principal Repayment	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 33.33% repayment due in years 2-4)</i>	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 15%, 15%, 70% repayment due in years 2, 3, and 4, respectively)</i>	
Interest Payments	Deferred for one year		
Rate	LIBOR + 3%		

Loan Size

Under MSNLF and MSPLF, minimum loan size is now \$250,000, and still \$10 million under MSELF. Additionally, the maximum loan size for all facilities has increased in accordance with the calculation described in the chart.

Term and Payment

The term of each loan option is increased from four years to five years. Under all three loans, principal is deferred for two years, then amortizes 15% at the end of the third year, 15% at the end of the fourth year, and a balloon payment of 70% at maturity at the end of the fifth year.

Priority

Priority remains different among the three facilities. Under MSNLF, an eligible loan may not be contractually subordinated in terms of priority to any of the eligible borrower's other loans or debt instruments. Under MSPLF, an eligible loan must be senior to or *pari passu* with the eligible borrower's other loans or debt instruments, other than mortgage debt. Under MSELF, at the time of upsizing and at all times the upsized tranche is outstanding, the upsized tranche is senior to or *pari passu* with the eligible borrower's other loans or debt instruments, other than mortgage debts.

Loan Participation

Under both MSNLF and MSPLF, the special purpose vehicle ("SPV") will purchase at par value a 95% participation in the loan, and the eligible lender must retain its 5% of the eligible loan until it matures or the SPV sells all of its participation, whichever comes first. Meanwhile, under MSELF, the SPV purchases at par value a 95% participation in the upsized tranche of the eligible loan, while the lender must retain its 5% portion of the upsized tranche until the eligible loan matures or the SPV sells all of its 95% participation, whichever comes first. Further, any collateral securing the eligible loan must secure the upsized tranche on a pro rata basis.

See links here for:

[Term Sheet - Main Street New Loan Facility](#)

[Term Sheet - Main Street Priority Loan Facility](#)

[Term Sheet - Main Street Expanded Loan Facility](#)

Contact Us

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