



## MAIN STREET LENDING PROGRAM

# Program Overview

June 23, 2020

Please refer to the [Main Street Lending Program materials](#) published by the Federal Reserve Bank of Boston for full program details. Program details subject to change.

- The Federal Reserve and the Department of the Treasury, under the CARES Act, have established the Main Street Lending Program, whereby the Main Street SPV will purchase 95% participations in loans that are originated by Eligible Lenders to Eligible Borrowers.
- The Main Street Lending Program is designed to provide credit support to small and medium-sized businesses and their employees across the United States during the current period of financial strain.
- The Main Street Lending Program is intended to assist companies that were in sound financial condition prior to the onset of the COVID-19 pandemic maintain their operations and payroll until economic conditions normalize.
- Main Street loans are full-recourse and are not forgivable.
- Main Street loans are subject to credit approval. The Program requires that Lenders conduct an assessment of each applicant's financial condition and ability to repay at the time of application. Some applicants that meet the eligibility criteria may not be approved for loans, and some applicants may not be approved for the maximum loan amount.
- The Main Street Lending Program consists of three facilities available to for-profit businesses: Main Street New Loan Facility, Main Street Priority Loan Facility, and Main Street Expanded Loan Facility.
- On June 15, 2020, the Federal Reserve released for public consultation a proposal to extend the Main Street Lending Program to non-profits. The terms of the Main Street facilities for non-profits have not been finalized.

### Eligible Borrowers

- For-profit business who meet one of two conditions:
  - (i) 15,000 employees or fewer or;
  - (ii) 2019 annual revenues of \$5 billion or lessNote: SBA affiliation rules will apply
- Created or organized in the U.S., or under the laws of the U.S., with significant operations in and majority of employees in the U.S.
- PPP Borrowers may participate
  - U.S. subsidiaries of foreign companies may be eligible

### Loan Features

- **Term:** 5-year maturity
- **Payment Deferral:** principal deferred until the end of year three; interest deferred one year
- **Interest Rate:** LIBOR + 300 bps
- **Prepayment:** Permitted without penalty
- Maximum Loan Size is limited by Total Leverage Ratio (max level varies by facility)

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## Loan Facilities Overview



	NEW LOAN FACILITY	PRIORITY LOAN FACILITY	EXPANDED LOAN FACILITY
<b>STRUCTURE</b>	New loan	New Loan	Increase to an existing credit facility
<b>MINIMUM LOAN SIZE</b>	\$250,000	\$250,000	\$10 million
<b>MAXIMUM LOAN SIZE</b>	Lesser of: a. \$35 million b. Total Leverage Ratio of 4X 2019 Adjusted EBITDA	Lesser of: a. \$50 million b. Total Leverage Ratio of 6X 2019 Adjusted EBITDA	Lesser of: a. \$300 million b. Total Leverage Ratio of 6X 2019 Adjusted EBITDA
<b>SPV PARTICIPATION PERCENTAGE</b>	95%	95%	95%
<b>LENDER RISK RETENTION</b>	5%	5%	5%
<b>INTEREST DEFERRAL</b>	No interest payments for one year; unpaid interest capitalized	No interest payments for one year; unpaid interest capitalized	No interest payments for one year; unpaid interest capitalized
<b>AMORTIZATION</b>	Year 3: 15% Year 4: 15% Year 5: 70%	Year 3: 15% Year 4: 15% Year 5: 70%	Year 3: 15% Year 4: 15% Year 5: 70%
<b>TRANSACTION FEE</b>	100 bps	100 bps	75 bps
<b>ORIGINATION FEE</b>	100 bps	100 bps	75 bps
<b>LIEN PRIORITY</b>	May be secured or unsecured, but not contractually subordinate to existing debt	Pari passu in terms of priority and security with existing loans, other than mortgage debt and equipment financings	Pari passu in terms of priority and security with existing loans, other than mortgage debt and equipment financings
<b>USE OF PROCEEDS</b>	Maintain operations and payroll until conditions normalize	Maintain operations and payroll until conditions normalize. May be used to refinance existing debt owed to a lender that is not the lender under the Priority Loan	Maintain operations and payroll until conditions normalize

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Loans subject to credit approval, program eligibility and program requirements.