

May 1, 2020

NEW FEDERAL RESERVE GUIDANCE FOR THE MAIN STREET LENDING PROGRAM



The Federal Reserve has issued further guidance and eligibility requirements surrounding its Main Street Lending Program (MSLP) announced on April 9. The MSLP aims to increase the flow of credit to small and medium-sized businesses that were in good financial standing prior to the COVID-19 crisis. As previously reported, the Federal Reserve sought feedback by April 16 from the public on potential refinements to the initial program details. In response to the more than 2,200 letters received, the Federal Reserve decided to expand the MSLP loan options available and modified eligibility requirements to extend the program to a greater number of affected businesses.

Notable changes to the MSLP include the following:

- Creation of a third loan option, the Main Street Priority Loan Facility (MSPLF), requiring increased risk sharing by lenders for borrowers who are more leveraged.
- Decreasing the minimum loan size for some programs to \$500,000.
- Offering more options to a wider set of eligible small and medium-size businesses who may qualify.

Key Eligibility Criteria and Loan Details

	Main Street New Loan Facility (MSNLF)		Main Street Expanded Loan Facility (MSELF)		Main Street Priority Loan Facility (MSPLF)
	As of 4/9	As of 4/30	As of 4/9	As of 4/30	As of 4/30
Eligible Borrowers	Up to 10,000 employees or up to \$2.5 billion in 2019 revenues	Up to 15,000 employees or up to \$5.0 billion in 2019 revenues	Up to 10,000 employees or up to \$2.5 billion in 2019 revenues	Up to 15,000 employees or up to \$5.0 billion in 2019 revenues	Up to 15,000 employees or up to \$5.0 billion in 2019 revenues
Term	4 years	4 years	4 years	4 years	4 years
Principal & Interest Payments	Deferred for one year	Deferred for one year; Years 2-4: 33.33% each year	Deferred for one year	Deferred for one year; Years 2-4: 15%, 15%, 70%	Deferred for one year; Years 2-4: 15%, 15%, 70%
Rate	SOFR ¹ + 250-400 bps	LIBOR (1 or 3 month) + 3%	SOFR ¹ + 250-400 bps	LIBOR (1 or 3 month) + 3%	LIBOR (1 or 3 month) + 3%
Minimum Loan Size	\$1.0 million	\$500,000	\$1.0 million	\$10.0 million	\$500,000
Maximum Loan Size	Lesser of (a) \$25 million; or (b) 4x 2019 EBITDA	Lesser of (a) \$25 million; or (b) 4x 2019 adjusted EBITDA	Lesser of (a) \$150 million; (b) 30% of outstanding and committed but undrawn debt; or (c) 6x 2019 EBITDA	Lesser of (a) \$200 million; (b) 35% of outstanding and undrawn but available debt; or (c) 6x 2019 adjusted EBITDA	Lesser of (a) \$25 million; or (b) 6x 2019 adjusted EBITDA
Loan Participation	SPV – 95%; Lender – 5%	SPV – 95%; Lender – 5%	SPV – 95%; Lender – 5%	SPV – 95%; Lender – 5%	SPV – 85%; Lender – 15%

¹ Secured Overnight Financing Rate

Detailed descriptions of all changes and modifications to each MSLP program are available via term sheets and an FAQ published by the Federal Reserve:

- [Main Street New Loan Facility](#)
- [Main Street Priority Loan Facility](#)
- [Main Street Expanded Loan Facility](#)
- [Main Street Lending Program FAQ](#)

How to Apply

While an application has not yet been made available by the Federal Reserve, it has stated that “eligible borrowers should contact an eligible lender for more information on whether the eligible lender plans to participate in the program and to request more information on the application process.” The program start date will be announced soon. Please refer to the Federal Reserve’s [Main Street](#) website for the latest program information.