# Federal Reserve Expands Scope of the Main Street Lending Program
# May 1, 2020

<table>
<tr><th></th><th>Main Street<br>New Loan Facility (revised)</th><th>Main Street<br>Priority Loan Facility (new)</th><th>Main Street<br>Expanded Loan Facility (revised)</th></tr>
<tr><td>Program</td><td colspan="3">• Authorized under section 13(3) of the Federal Reserve Act (not the CARES Act).<br>• The Federal Reserve will lend to a single common special purpose vehicle (SPV) on a recourse basis.<br>• The Department of the Treasury will make a $75 billion equity investment in the SPV with funds appropriated under the CARES Act.<br>• The combined size of the MSNLF, MSELF and MSPLF will be up to $600 billion of participations in eligible loans.</td></tr>
<tr><td>Eligible Lenders</td><td colspan="3">An eligible lender is a U.S. federally insured depository institution (including a bank, savings association or credit union), a U.S. branch or agency of a foreign bank, a U.S. bank holding company, a U.S. savings and loan holding company, a U.S. intermediate holding company of a foreign banking organization, or a U.S. subsidiary of any of the foregoing.<br><br>If the loan underlying an upsized tranche under the MSELF is part of a multi-lender facility, then the eligible lender must be one of the lenders that holds an interest in that underlying loan at the date of upsizing. Only the eligible lender for the upsized tranche is required to meet the lender-eligibility criteria. Other members of a multi-lender facility are not required to be eligible lenders.</td></tr>
<tr><td>Eligible Borrowers</td><td colspan="3">An eligible borrower is a business that:<br>• was established prior to March 13, 2020;<br>• is not a type of business listed in 13 CFR 120.110(b)–(j) and (m)–(s), such as lenders, life insurance companies, pyramid sale distribution plans, lobbyists and speculative businesses, as that list has been modified by regulations implementing the Paycheck Protection Program on or before April 24, 2020;<br>• has 15,000 employees or fewer, and/or had annual revenues in 2019 of $5 billion or less;<br>• is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States;<br>• does not also participate in any other MSLP facility or the Primary Market Corporate Credit Facility; and<br>• has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020.<br><br>Businesses that have received Paycheck Protection Program loans are permitted to borrow under the MSLP if they are otherwise eligible borrowers.<br><br>To determine eligibility, a business's employees and 2019 revenues are calculated by aggregating the employees and 2019 revenues of the business itself with any other concerns or entities with the power to control the business (or which the business controls) or which business, concerns or entities are subject to the control of a third party. To determine how many employees a business has, a business should count all individuals employed on a full-time, part-time or other basis. This includes employees obtained from a temporary employee agency, professional employee organization or leasing concern. To determine its 2019 annual revenues, a business may use its and its affiliates' annual "revenue" per its 2019 GAAP audited financial statements, or its and its affiliates' annual receipts for the fiscal year 2019, as reported to the Internal Revenue Service.<br><br>Nonprofit organizations are not currently eligible under the MSLP.</td></tr>
<tr><td rowspan="2">Eligible Loans:<br>Loan type</td><td>Term loan<br>originated after April 24, 2020</td><td>Term loan<br>originated after April 24, 2020</td><td>Upsized tranche of a term loan or revolving credit facility originated on or before April 24, 2020, with a remaining maturity of at least 18 months</td></tr>
<tr><td colspan="3">Under the MSELF, (1) the upsized tranche must itself be a term loan, and (2) the eligible lender may extend the maturity of an existing term loan or revolving credit facility at the time of upsizing in order for the underlying instrument to satisfy the 18-month remaining-maturity requirement.</td></tr>
<tr><td>Term</td><td colspan="3">Four years</td></tr>
<tr><td>Rate</td><td colspan="3">LIBOR (1 or 3 month) + 3%</td></tr>
<tr><td>Loan size (min.)</td><td>$500,000</td><td>$500,000</td><td>$10 million</td></tr>
<tr><td>Loan size (max.)</td><td>Lesser of (i) $25 million and<br>(ii) 4x 2019 adjusted EBITDA</td><td>Lesser of (i) $25 million and<br>(ii) 6x 2019 adjusted EBITDA</td><td>Least of (i) $200 million,<br>(ii) 35% of outstanding and undrawn available pari passu debt equivalent in secured status, and<br>(iii) 6x 2019 adjusted EBITDA</td></tr>
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| | **Main Street New Loan Facility (revised)** | **Main Street Priority Loan Facility (new)** | **Main Street Expanded Loan Facility (revised)** |
|---|---|---|---|
| | *For the MSNLF and MSPLF, the methodology the eligible lender uses to calculate adjusted 2019 EBITDA must be the methodology previously used for adjusting EBITDA when extending credit to the eligible borrower or similarly situated borrowers on or before April 24, 2020.*<br><br>*For the MSELF, the methodology used by the eligible lender to calculate adjusted 2019 EBITDA must be the methodology previously used for adjusting EBITDA when originating or amending the eligible loan on or before April 24, 2020.*<br><br>*For purposes of the MSELF, "existing outstanding and undrawn available debt" includes all amounts borrowed under any loan facility, including unsecured or secured loans from any bank, non-bank financial institution or private lender, as well as any publicly issued bonds or private placement facilities. It also includes all unused commitments under any loan facility, excluding (1) any undrawn commitment that serves as a backup line for commercial paper issuance; (2) any undrawn commitment that is used to finance receivables, including seasonal financing of inventory; (3) any undrawn commitment that cannot be drawn without additional collateral; and (4) any undrawn commitment that is no longer available due to change in circumstance. Existing outstanding and undrawn available debt should be calculated as of the date of the loan application.* | | |
| ***Deferral*** | Principal and interest payments deferred for one year (unpaid interest for the first year will be capitalized) | | |
| ***Annual principal amortization (years 2–4)*** | One third at the end of each year | 15% / 15% / 70% | 15% / 15% / 70% |
| ***Prepayment*** | Permitted without penalty | | |
| ***Priority*** | The eligible loan cannot be contractually subordinated in terms of priority to any of the eligible borrower's other loans or debt instruments (but see below for additional details). | The eligible loan must be senior to or *pari passu* with, in terms of priority and security, the eligible borrower's other loans or debt instruments, other than mortgage debt. | The upsized tranche must be senior to or *pari passu* with, in terms of priority and security, the eligible borrower's other loans or debt instruments, other than mortgage debt. |
| | *An eligible loan under the MSNLF may not be junior in priority in bankruptcy to the eligible borrower's other unsecured loans or debt instruments. This provision does not prevent (1) the issuance of an eligible loan under the MSNLF that is a secured loan (including in a second lien or other capacity) to an eligible borrower, whether or not the eligible borrower has an outstanding secured loan of any lien position or maturity; (2) the issuance of an eligible loan under the MSNLF that is an unsecured loan to an eligible borrower, regardless of the term or secured or unsecured status of the eligible borrower's existing indebtedness; or (3) an eligible borrower from taking on new secured or unsecured debt after receiving an eligible loan under the MSNLF, so long as the new debt would not have higher contractual priority in bankruptcy than that eligible loan.* | | |
| ***Collateral*** | Secured or unsecured | Secured or unsecured | Secured or unsecured, but any collateral securing the eligible loan (at the time of upsizing or on any subsequent date) ***must*** secure the upsized tranche on a *pro rata* basis |
| | *Under the MSELF, an eligible lender can require an eligible borrower to pledge additional collateral to secure an upsized tranche as a condition of approval.* | | |
| ***Loan participations:*** | | | |
| ***Risk retention*** | 5% | 15% | 5% |
| ***Hold period*** | The eligible lender must retain its interest in the eligible loan (or, under the MSELF, its interest in the upsized tranche of the eligible loan) until the eligible loan (or upsized tranche) matures or the SPV sells all of its participation, whichever comes first.<br><br>Under the MSELF, the eligible lender also must retain its interest in the underlying eligible loan until the underlying eligible loan matures, the upsized tranche of the eligible loan matures or the SPV sells all of its 95% participation, whichever comes first. | | |
| ***True sale*** | The sale of a participation in the eligible loan (or, under the MSELF, of the upsized tranche of the eligible loan) to the SPV will be structured as a "true sale" and must be completed expeditiously after the eligible loan's origination (or upsizing). | | |

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| ***Reporting and monitoring*** | The SPV will collect information on certifications, covenants, lender, loan terms and loan performance as well as the borrower, borrower fundamentals, collateral and other characteristics. The information will be used to verify that the lender, loan and borrower meet eligibility requirements and to support ongoing accounting and credit risk monitoring needs with respect to purchased loan participations. Information will be collected at different stages and at appropriate frequencies through a variety of channels designed to accommodate the range of eligible lenders and eligible borrowers anticipated to participate in the MSLP. | | |
| ***Fees:*** | | | |
| ***Transaction fee*** | The eligible lender will pay the SPV 1% of the principal amount of the eligible loan.<br><br>The eligible lender may require the eligible borrower to pay this fee. | The eligible lender will pay the SPV 1% of the principal amount of the eligible loan.<br><br>The eligible lender may require the eligible borrower to pay this fee. | The eligible lender will pay the SPV 0.75% of the principal amount of the upsized tranche of the eligible loan.<br><br>The eligible lender may require the eligible borrower to pay this fee. |
| ***Loan origination fee*** | The eligible borrower will pay the eligible lender an origination fee of up to 1% of the principal amount of the eligible loan at the time of origination. | The eligible borrower will pay the eligible lender an origination fee of up to 1% of the principal amount of the eligible loan at the time of origination. | The eligible borrower will pay the eligible lender an origination fee of up to 0.75% of the principal amount of the upsized tranche of the eligible loan at the time of upsizing. |
| ***Loan servicing fee*** | The SPV will pay the eligible lender 0.25% of the principal amount of its participation *per annum* for loan servicing. | | |
| ***Risk rating*** | For the MSNLF and MSPLF, if the eligible borrower had other loans outstanding with the eligible lender as of Dec. 31, 2019, then those loans must have had an internal risk rating equivalent to a "pass" in the Federal Financial Institutions Examination Council's supervisory rating system as of Dec. 31, 2019.<br><br>For the MSELF, the eligible loan must have had an internal risk rating equivalent to a "pass" in the Federal Financial Institutions Examination Council's supervisory rating system as of Dec. 31, 2019. | | |