

FEDERAL RESERVE SYSTEM

Main Street Lending Program

Main Street Lending Program Overview

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Scott Strah, Assistant Vice President
Supervision, Regulation and Credit Department
Federal Reserve Bank of Boston

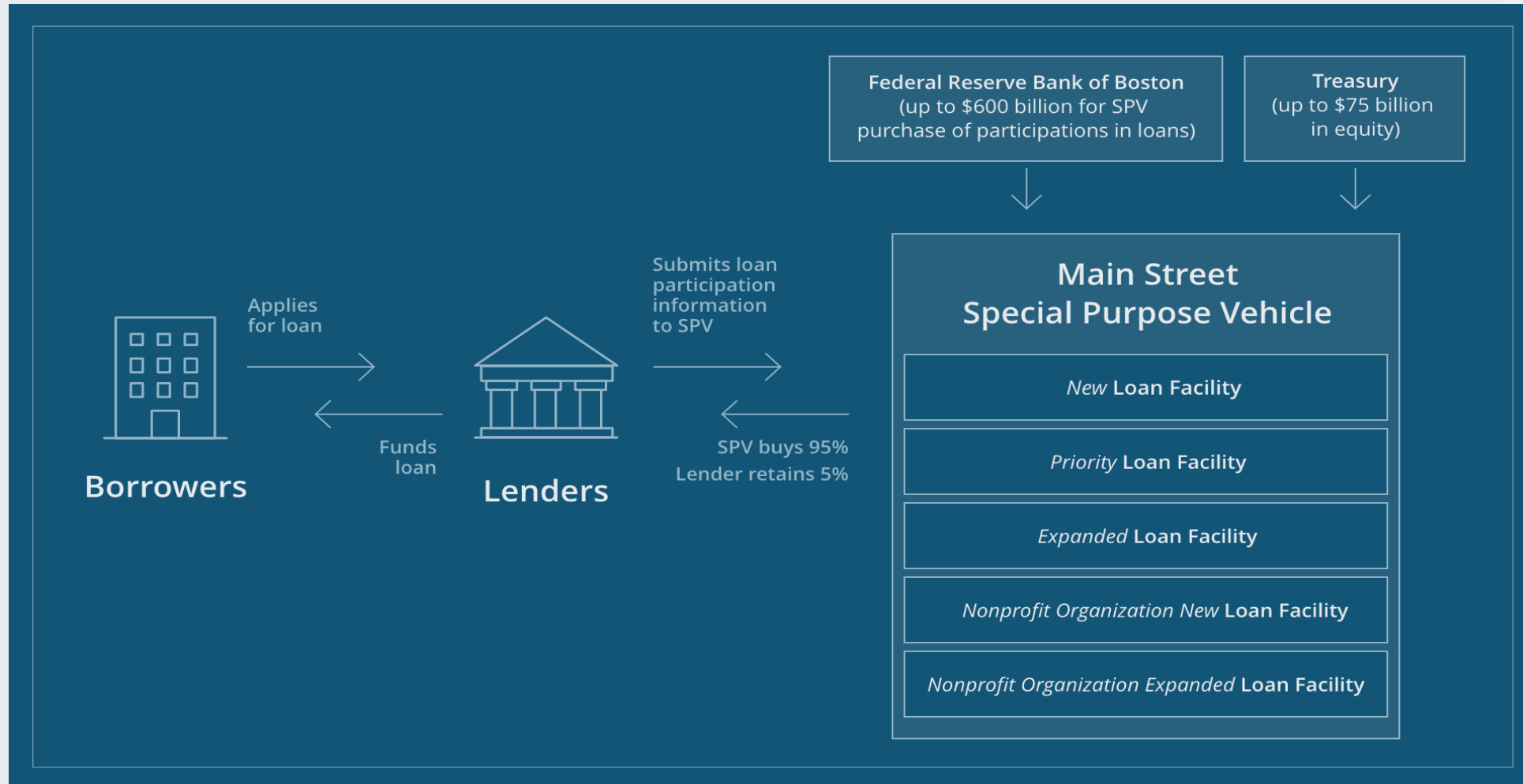
Agenda for Today's Session

- ▷ Overview of the Main Street Lending Program (Main Street or Program)
- ▷ Key Terms and Conditions
- ▷ Getting Started
- ▷ Additional Resources

Main Street Overview

- ▷ The Federal Reserve designed the Main Street Lending Program to help credit flow to small- and medium-sized *for-profit* businesses and *nonprofit* organizations that:
 - ▷ Were in sound financial condition before the pandemic shock to the economy
 - ▷ Now need loans to help maintain or bridge their operations and payroll
- ▷ By providing additional lending capacity, the Program aims to enable as many sound for-profit businesses and nonprofit organizations as possible to retain operational capacity to support a quick economic recovery.
- ▷ The Program creates additional lending capacity through two important actions:
 - ▷ Sharing risk that would otherwise be absorbed solely by lenders
 - ▷ Creating additional balance sheet capacity for lenders to extend more loans

Main Street Overview (continued)



Eligible Loans

- ▷ The Program offers three loan types for *for-profit* businesses and two for *nonprofits*, each with different features, to meet the needs of small- and medium-sized businesses and nonprofit organizations. All include:
 - ▷ Wide range of loan sizes
 - ▷ Attractive repayment terms
 - ▷ Deferred interest for one year
 - ▷ Secured or unsecured loans
- ▷ *Nonprofit organization* loan terms are similar to those of *for-profit businesses*, with certain adjustments to reflect differences in operating models.
- ▷ Main Street loans are not grants and cannot be forgiven.
- ▷ Loan features are detailed in the charts on the following slides and in the [Program term sheets](#).

Eligible Loans: For-Profit Businesses

	<i>New Loan Facility</i>	<i>Priority Loan Facility</i>	<i>Expanded Loan Facility</i>
Loan Term & Interest Rate	5 year term loan with adjustable rate of LIBOR (1 or 3 month) + 300 basis points		
Principal Payments	Principal deferred for 2 years. Years 3–5: 15%, 15%, 70%		
Interest Payments	Interest deferred for 1 year		
Prepayment Allowed	Yes, without penalty		
Loan Fees	Origination and transaction fees may apply		
Loan Size	\$250,000–\$35 million	\$250,000–\$50 million	\$10 million–\$300 million
Maximum Loan Size	4 times adjusted 2019 EBITDA	6 times adjusted 2019 EBITDA	6 times adjusted 2019 EBITDA
Requirements for Priority and Security	Unsecured or secured loan that may not be contractually subordinate to other debt	Unsecured or secured loan that is senior to or pari passu with, in terms of priority or security, other debt	Unsecured or secured loan that is senior to or pari passu with, in terms of priority or security, other debt
Lender Participation Rate	Lender will retain 5% of the loan	Lender will retain 5% of the loan	Lender will retain 5% of the upsized tranche of the loan
Main Street SPV Participation Rate	Main Street SPV will purchase a 95% interest in the loan	Main Street SPV will purchase a 95% interest in the loan	Main Street SPV will purchase a 95% interest in the upsized tranche of the loan

Eligible Loans: Nonprofit Organizations

	<i>Nonprofit New Loan Facility</i>	<i>Nonprofit Expanded Loan Facility</i>
Loan Term & Interest Rate	5 year loan term with adjustable rate of LIBOR (1 or 3 month) + 300 basis points	
Principal Payments	Principal deferred for 2 years. Years 3–5: 15%, 15%, 70%	
Interest Payments	Interest deferred for 1 year	
Prepayment Allowed	Yes, without penalty	
Loan Fees	Origination and transaction fees may apply	
Loan Size	\$250,000–\$35 million	\$10 million–\$300 million
Maximum Loan Size	The lesser of \$35 million or the borrower's average 2019 quarterly revenue	The lesser of \$300 million or the borrower's average 2019 quarterly revenue
Requirements for Priority and Security	Unsecured or secured loan that may not be contractually subordinate to other debt	Unsecured or secured loan that is senior to or pari passu with, in terms of priority or security, other debt
Lender Participation Rate	Lender will retain 5% of the loan	Lender will retain 5% of the upsized tranche of the loan
Main Street SPV Participation Rate	Main Street SPV will purchase a 95% interest in the loan	Main Street SPV will purchase a 95% interest in the upsized tranche of the loan

Eligible Lenders

- ▷ U.S. federally insured depository institutions (including banks, savings associations, and credit unions)
- ▷ U.S. bank holding companies and savings and loan holding companies
- ▷ U.S. branches or agencies of foreign banks
- ▷ U.S. intermediate holding companies of foreign banking organizations
- ▷ Any U.S. subsidiary of any of the above-mentioned institutions

Eligible Borrowers

Small- and Medium-Sized For-profit Businesses	Small- and Medium-Sized Nonprofit Organizations
U.S. business established prior to March 13, 2020	U.S. tax-exempt nonprofit or veterans' organization (described in sections 501(c)(3) and (c)(19), respectively, of the Internal Revenue Code) in continuous operation since January 1, 2015
Must not be an Ineligible Business as modified and clarified by SBA regulations for purposes of the PPP (see term sheets and FAQ E.1 and E.13 for details)	Must not be an Ineligible Business as modified and clarified by SBA regulations for purposes of the PPP (see term sheets and FAQ E.1 and E.13 for details)
Have up to 15,000 employees <u>or</u> up to \$5 billion in 2019 annual revenue	<ul style="list-style-type: none"> • Have up to 15,000 employees <u>or</u> up to \$5 billion in 2019 annual revenue • Have at least 10 employees
Must meet the financial criteria described in the term sheets	Have an endowment of less than \$3 billion
	Must meet the financial criteria described in the term sheets

Borrower Conditions and Certifications

- ▷ Borrowers may participate in only one of the Main Street facilities.
- ▷ Borrowers participating in a Main Street facility may not also participate in the Primary Market Corporate Credit Facility or the Municipal Liquidity Facility (nonprofit organizations only).
- ▷ Borrowers that have received loans or funds under the following programs may also receive Main Street loans:
 - ▷ CARES Act PPP loan program
 - ▷ Economic Injury Disaster Loan (EIDL) advance

Borrower Conditions and Certifications (continued)

- ▷ Lenders will require borrowers to sign facility borrower certifications and covenants for each loan as noted in the [term sheets](#), which include certifications required by the CARES Act.
- ▷ Borrowers will certify to, among other things, the following:
 - ▷ Prohibition on early debt repayment
 - ▷ Prohibition on reduction in lines of credit
 - ▷ Ability to meet financial obligations for at least the next 90 days
 - ▷ CARES Act restrictions on compensation, capital distributions, and equity repurchases
 - ▷ CARES Act prohibition on conflicts of interest

Required Borrower Information

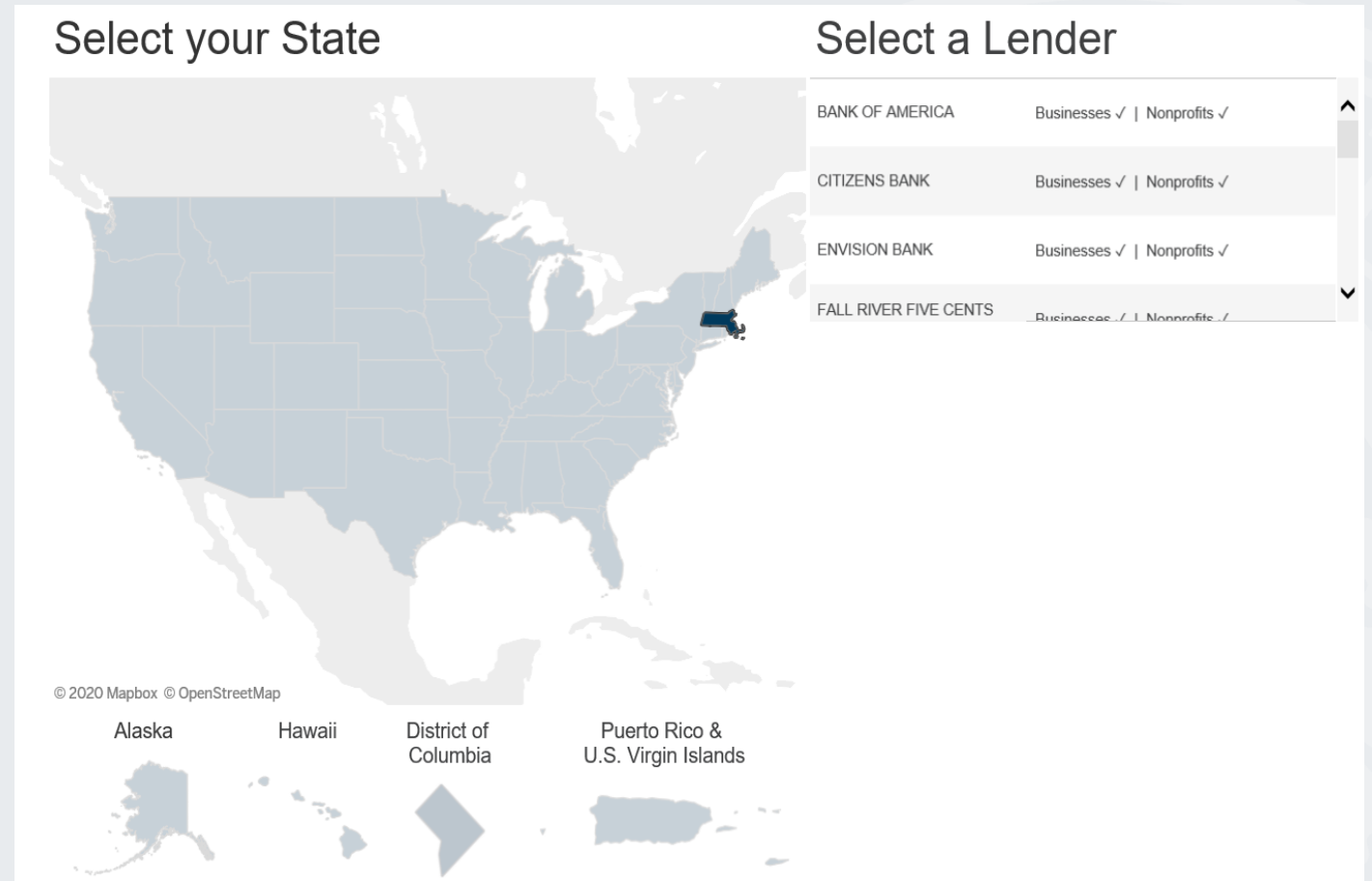
- ▷ Lenders require certain information from borrowers at the time of application and periodically throughout the life of the loan, such as:
 - ▷ General identifying information (e.g., borrower name, address, tax ID number, business establishment date, etc.)
 - ▷ Financial data (e.g., assets, liabilities, revenue, expenses, debt, dividend/equity distributions, etc.)
 - ▷ Collateral information, if applicable (e.g., type, value, etc.)
- ▷ See Appendix C of the [Program FAQs](#) for a complete listing of required data reporting and timeline.

Getting Started

- ▷ Interested businesses should start by reviewing the Program requirements and contacting their lender to discuss applying for a Main Street loan that meets their needs.
- ▷ Borrowers must complete required Program documentation, as well as the lender's loan documentation.
- ▷ Lenders apply their own underwriting standards in evaluating the financial condition and creditworthiness of borrowers.
- ▷ Lenders determine whether borrowers are approved for a Main Street loan.

Getting Started (continued)

Borrowers can also view a state-by-state listing of lenders participating in the Main Street Lending Program who are currently accepting applications from new customers by viewing the [interactive map](#) on the Main Street website.



The screenshot displays two main sections: "Select your State" and "Select a Lender".

Select your State: A map of the United States with a dark blue pin on Massachusetts. Below the map, there are four separate map icons for Alaska, Hawaii, District of Columbia, and Puerto Rico & U.S. Virgin Islands.

Select a Lender: A list of participating lenders with checkboxes for "Businesses" and "Nonprofits".

Lender	Businesses	Nonprofits
BANK OF AMERICA	✓	✓
CITIZENS BANK	✓	✓
ENVISION BANK	✓	✓
FALL RIVER FIVE CENTS	✓	✓

Additional Resources

- ▷ Program information, term sheets, FAQs, and other recorded sessions are located on the [Main Street Lending Program website \(www.bostonfed.org/mslp\)](http://www.bostonfed.org/mslp).
- ▷ [Sign up](#) to receive email alerts for Program updates.
- ▷ Submit inquiries to MSLP@bos.frb.org.