Steptoe

June 9, 2020

Main Street Lending Program (MSLP) Facilities

Program Details

	Main Street New Lending Facility (MSNLF)	Main Street Priority Lending Facility (MSPLF)	Main Street Expanded Lending Facility (MSELF)
Borrower Eligibility	• The business[1] must meet at least one of the following two conditions: (i) the business has 15,000 employees or fewer, or (ii) the business had 2019 annual revenues of $5 billion or less. • The business must have been established prior to March 13, 2020. • The business must be a US business. • The business must not be an ineligible business. • The Business may only participate in one of the MSLP facilities and cannot also participate in the Primary Market Corporate Credit Facility (PMCCF). • The business cannot have received specific support under Title IV of the Coronavirus Economic Stabilization Act of 2020 (CARES Act). A business that has received loans under the Small Business Administration's Paycheck Protection Program (PPP), or that has affiliates that have received PPP loans, is permitted to borrow under the MSLP.		

[1] Businesses eligible must be legally formed, for profit entities that are organized as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49% participation by foreign business entities; or a tribal business concern. Currently, non-profit organizations are not eligible businesses, but the Federal Reserve and the Treasury Department will be evaluating the feasibility of adjusting the borrower eligibility criteria and loan eligibility metrics of the Program for such organizations.

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Eligible Loans	A secured or unsecured term loan made by lender that was originated after April 24.	A secured or unsecured term loan made by lender that was originated after April 24.	A secured or unsecured term loan or revolving credit facility made by lender that was originated on or before April 24, and that has a remaining maturity of at least 18 months (accounting for any adjustments made to the maturity of the loan after April 24, including at the time of upsizing).
Term	5 years	5 years	5 years
Minimum Loan Size	$250,000	$250,000	$10 million
Maximum Loan Size	Lesser of $35 million or 4x 2019 adjusted EBITDA.	Lesser of $35 million or 6x 2019 adjusted EBITDA.	Lesser of $300 million or 6x 2019 adjusted EBITDA.
Lender Loan Risk Retention	5%	5%	5%
Payment Schedule (Year One Deferred for All; Prepayment Permitted Without Penalty)	Years 3: 15% Year 4: 15% Year 5: 70%	Years 3: 15% Year 4: 15% Year 5: 70%	Years 3: 15% Year 4: 15% Year 5: 70%
Interest Rate	Adjustable rate of LIBOR (1 or 3 month) + 3%	Adjustable rate of LIBOR (1 or 3 month) + 3%	Adjustable rate of LIBOR (1 or 3 month) + 3%
Subordination	Loan is not, at the time of origination or at any time during the term of the loan, contractually	At the time of origination and at all times the loan is outstanding, the loan is senior to or pari passu with,	At the time of upsizing and at all times the upsized tranche is outstanding, the upsized tranche is

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	subordinated in terms of priority to any of the borrower's other loans or debt instruments.	in terms of priority and security, the borrower's other loans or debt instruments, other than mortgage debt.	senior to or pari passu with, in terms of priority and security, the borrower's other loans or debt instruments, other than mortgage debt.
Loan Classification	If the borrower had other loans outstanding with the lender as of December 31, 2019, such loans must have had an internal risk rating equivalent to a "pass" in the Federal Financial Institutions Examination Council's (FFIEC) supervisory rating system on that date.	If the borrower had other loans outstanding with the lender as of December 31, 2019, such loans must have had an internal risk rating equivalent to a "pass" in the FFIEC's supervisory rating system on that date.	The existing loan or revolving credit facility must have had an internal risk rating equivalent to a "pass" in the FFIEC's supervisory rating system as of December 31, 2019.
Origination / Upsizing Fees	Borrower will pay up to 1%	Borrower will pay up to 1%	Borrower will pay up to 0.75%
Employee Retention; Certifications and Covenants	• Borrower should make "commercially reasonable efforts" to retain employees during the term of the loan. • Borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the (for MSELF, upsized tranche) of the loan is repaid in full, unless the debt or interest payment is mandatory and due. • For MSPLF loans, the borrower may, at the time of origination of the loan, refinance existing debt owed to a different lender. • Borrower must commit that it will not seek to cancel or reduce any of its committed lines of credit with the lender or any other lender.		

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<tr><td></td><td colspan="3">• Borrower must certify that it has a reasonable basis to believe that, as of the date of origination of the loan and after giving effect to such loan, it has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period.
• Borrower must commit that it will follow certain compensation, stock repurchase, and capital distribution restrictions.
  ○ Executive compensation restrictions for the term of the loan plus one year:
    ▪ Employees who made > $425,000 in 2019 cannot receive a raise, nor can severance be more than double maximum compensation.
    ▪ Executives who made > $3 million in 2019 cannot make more than $3 million plus half of the amount over $3 million in 2020.
  ○ Borrower may not buy back stock or pay dividends for a period of time that extends one year beyond the term of the loan. However, an S corporation or other tax pass-through entity that is a borrower may make distributions to the extent reasonably required to cover its owners’ tax obligations related to the entity’s earnings.
• Borrower must certify that it is not an entity in which the president, vice president, the head of an executive department, or a member of Congress (or a family member of any of them) directly or indirectly holds a controlling interest.</td></tr>
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