Insights

Fed's Main Street Lending Program Expanded

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On June 8, 2020, the Federal Reserve Board (the "Fed") issued a press release indicating that it will expand the terms of the Main Street Lending Program to allow more small and medium-sized businesses to apply.

The changes to the program include: lowering the minimum loan size for certain loans from $500,000 to $250,000; increasing the maximum loan size for all facilities; increasing the term of each loan option to five years, from four years; extending the repayment period for all loans by delaying principal payments for two years, rather than one; and raising the Fed's participation to 95% for all loans.

The release again acknowledged the critical role that nonprofits play throughout the economy and will be evaluating a separate approach to meet their needs. As we receive further guidance from the Fed, we will provide further updates.

In conjunction with these changes, the Fed announced that it will be updating many of the relevant forms to be used by lenders and borrowers who participate in this program. Links to the term sheets for each of the program's three facilities – the Main Street New Loan Facility, the Main Street Priority Loan Facility and the Main Street Expanded Loan Facility – were included in the press release (which can be accessed **here**)

For an overview of the three loan programs please see this table from the Fed's announcement:

	New Loans	Priority Loans	Expanded Loans
Term	5 years		
Minimum Loan Size	$250,000 (previously $500,000)		$10,000,000
Maximum Loan Size	The lesser of $35M or an amount that, when added to outstanding and undrawn available debt, does not exceed 4x adjusted 2019 EBITDA (previously $25M)	The lesser of $50M or an amount that, when added to outstanding and undrawn available debt, does not exceed 6x adjusted 2019 EBITDA (previously $25M)	The lesser of $300M, existing outstanding and available debt, or an am when added to outstan undrawn available debt, exceed 6x adjusted 201 (previously $200
Risk Retention	5%	5% (previously 15%)	5%

Payment	Principal deferred for two years, years 3-5: 15%, 15%, 70% (previously principal deferred for one year and 33.33% repayment due in years 2-4)	Principal deferred for two years, years 3-5: 15%, 15%, 70% (p principal deferred for one year and 15%, 15%, 70% repaymen years 2, 3, and 4, respectively)
Interest Payments	Deferred for one year	
Rate	LIBOR + 3%	

If you have any further questions, comments or concerns, please feel free to contact **Robert A. Greising**, **Corben A. Lee** or a member of our **Business, Acquisitions & Securities team** or **Commercial and Real Estate Lending team**.

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