

Main Street Lending Program

pillsbury
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On April 30, the Treasury Department and Federal Reserve announced the Main Street Lending Program, making as much as \$200 million in loans available to U.S. businesses with 15,000 employees or \$5 billion in annual revenue. Below is a summary of the new program, which is subject to change as more details are announced by Treasury and the Fed in coming weeks.

For additional information, please visit Pillsbury's Covid 19 Resource Center: <https://www.pillsburylaw.com/en/services/covid-19-coronavirus.html>

SUMMARY	<ul style="list-style-type: none"> ▪ The Main Street Lending Program establishes three new loan facilities: <ol style="list-style-type: none"> (1) The Main Street New Loan Facility (MSNLF) for term loans originated after April 24, 2020; (2) The Main Street Priority Loan Facility (MSPLF) for term loans originated after April 24, 2020 with increased risk sharing by lenders (15% vs. 5% for MSNLF or NSELF) for more highly leveraged borrowers; and (3) The Main Street Expanded Loan Facility (MSELF) for term loans or revolving credit facilities originated on or before April 24, 2020, with remaining maturity of at least 18 months and subsequently upsized with a term loan tranche.
ELIGIBILITY	<ul style="list-style-type: none"> ▪ Businesses with up to 15,000 employees or up to \$5 billion in 2019 revenues. ▪ Must be a business that 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. ▪ If borrowing under any of the MSLP facilities, may not also participate in one of the other MSLP facilities or the Primary Market Corporate Credit Facility, <i>but can participate in the SBA's PPP program.</i> ▪ Borrowers should make commercially reasonable efforts to maintain their payroll and retain employees during the time the Eligible Loan is outstanding. Borrowers that have already laid off or furloughed workers are still eligible to apply.
USES, RESTRICTIONS, CERTIFICATIONS	<ul style="list-style-type: none"> ▪ Borrowers must commit to refrain from repaying other debt, <i>with the exception of mandatory principal and interest payments or, in the case of the MSPLF, refinancing of debt owed to other lenders,</i> until the Eligible Loan (or, in the case of the MSELF, the upsized tranche) been repaid in full. ▪ Borrowers must certify that they will not seek to cancel or reduce any of their outstanding lines of credit. ▪ Borrowers must certify that they have a reasonable basis to believe that on a pro forma basis they have the ability to meet their financial obligations for at least the next 90 days and do not expect to file for bankruptcy during this period ▪ Borrowers that are public companies, may not buy back any related stock. ▪ Borrowers may not pay any dividends or make other capital distribution (other than tax distributions for pass-through entities) for 12 months following repayment of the loan. ▪ Borrowers may not increase compensation for employees making more than \$425,000 and must comply with other limits on employee compensation. ▪ Lenders to assess borrowers' financial condition, certify EBITDA methodology and make other certifications.
LOAN TERMS	<ul style="list-style-type: none"> ▪ 4-year maturity, may be secured or unsecured. ▪ Payment of principal and interest deferred for one year (unpaid interest will be capitalized). Prepayment permitted without penalty. ▪ Rate: LIBOR +3% ▪ Minimum loan size of \$500,000 for MSNLF & MSPLF; \$10,000,000 for MSELF. ▪ Maximum Loan Size: <ul style="list-style-type: none"> ○ MSNLF: Maximum loan size that is the lesser of (i) \$25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed four times the Eligible Borrower's adjusted 2019 EBITDA. ○ MSPLF: Maximum loan size that is the is the lesser of (i) \$25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed six times the Eligible Borrower's adjusted 2019 EBITDA ○ MSELF: Maximum loan size that is the least of (i) \$200 million, (ii) 35% of the Eligible Borrower's existing outstanding and undrawn available debt that is <i>pari-passu</i> in priority with the new loan and equivalent in secured status (i.e. secured or unsecured), or (iii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed six times the Eligible Borrower's adjusted 2019 EBITDA. ▪ MSNLF loan cannot be contractually subordinated in terms of priority to other debt; MSPLF and MSELF loan must rank senior to or <i>pari-passu</i> in terms of priority and security with all other debt except, in each case, mortgage debt) ▪ Note: The Federal Reserve will disclose information regarding the names of lenders and borrowers, amounts borrowed, interest rates charged, and overall costs, revenues and other fees.

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