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Fed Paves the Way for Main Street Lending Programs

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On April 9, 2020, the Board of Governors of the Federal Reserve System released term sheets outlining two new lending programs under the CARES Act: (1) the Main Street New Loan Facility, and (2) the Main Street Expanded Loan Facility.

These programs are aimed at paving the way for increased lending to small and medium-sized businesses impacted by COVID-19. Under these facilities, a Federal Reserve Bank will commit to lend to SPVs, who in turn will purchase 95% participations in certain eligible loans made by U.S. banks and savings and loan institutions. Eligible lenders would hold 5% of each eligible loan. The combined size of the facilities will be up to $600 billion.

This summary briefly describes the lending programs, and compares and details them in an easy-to-digest chart. We note that adjustments to these programs may be made in the future.

Please click the image below for an in-depth look at the loan facilities.

Program	Brief Description
Main Street New Loan Facility	New unsecured term loans originated on or after April 8, 2020 with a maximum loan size equal to the lesser of: • $25 million; or • 4x 2019 EBITDA minus the sum of (i) existing outstanding debt plus (ii) committed but undrawn debt.
Main Street Expanded Loan Facility	Upsizing of an existing term loan that was originated before April 8, 2020 with a maximum upsize tranche equal to the lesser of: • $150 million; • 30% of the sum of (i) existing outstanding bank debt plus (ii) committed but undrawn bank debt; or • 6x 2019 EBITDA minus the sum of (i) existing outstanding debt plus (ii) committed but undrawn debt.

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