

Main Street Lending Program Now Open for Lender Registration

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On June 15, 2020, the Federal Reserve Bank of Boston (FRBB) announced that the Main Street Lending Program (MSLP) is now open for lender registration and encouraged eligible lenders to start making MSLP loans “immediately.” The MSLP is not yet fully operational, as the Federal Reserve’s special purpose vehicle (Main Street SPV) is not ready to purchase participations from lenders under the program; however, it is anticipated that the FRBB will open its loan intake portal in the coming days.

Accordingly, eligible lenders that propose to make loans under one or more of the MSLP facilities (the [Main Street New Loan Facility](#) (MSNLF), the [Main Street Priority Loan Facility](#) (MSPLF), and the [Main Street Expanded Loan Facility](#) (MSELF)) should now register for the MSLP in order to avoid delay in their participation in loans to the Main Street SPV once the loan intake portal opens. A link to the FRBB’s lender registration page is [here](#).

The final terms and conditions of the MSLP were announced by the Federal Reserve on June 8, 2020; they included the following changes to make the program available to more small and midsize businesses:

- Reducing the minimum loan size for the MSNLF and MSPLF from \$500,000 to \$250,000
- Increasing the maximum loan size for all facilities
- Increasing the term of each loan option from four to five years
- Deferring the initial principal payments for two years, rather than one
- Reducing the lenders’ risk retention in the MSPLF from 15% to 5% — as a result, the MSLP special purpose vehicle will purchase a 95% participation in qualifying loans under all three facilities

The table below presents an updated summary of the required loan terms and conditions for each facility.

At this time, lenders eligible to participate in the MSLP continues to be restricted to insured US financial institutions, US branches or agencies of foreign banks, and their holding companies or subsidiaries. However, the Federal Reserve has advised that it is considering expansion of the list of Eligible Lenders.

Finally, on June 11, 2020, the Federal Reserve updated the MSLP forms, agreements, and other documents to conform to the revised program terms. The final MSLP operational documents can be found [here](#).

Main Street Lending Program — Loan Terms and Conditions

Loan Options	New Loans — MSNLF	Priority Loans — MSPLF	Expanded Loans — MSELF	
Form of Credit	Term loan originated after April 24, 2020		Term loan originated after April 24,	
Term	4 years			
Rate	Adjustable-rate LIBOR (1-month or 3-month) + 3%			
Minimum Loan Size	\$500,000		\$500,000	
Maximum Loan Size	The lesser of (i) \$25M or (ii) the amount that, when added to outstanding and undrawn available debt,* does not exceed 4x adjusted 2019 EBITDA		The lesser of (i) \$25M or (ii) the am when added to outstanding and un available debt,* does not exceed 6x adjusted 2019 EBITDA	
Calculation of Adjusted 2019 EBITDA	The methodology an eligible lender requires an eligible borrower to use in calculating 2019 EBITDA must be the same methodology that the eligible lender previously used in adjusting EBITDA when extending credit to the eligible borrower (or to similarly situated borrowers) on or before April 24, 2020.			
Deferral/Amortization	No principal or interest payments for 12 months (interest capitalized)			
	Years 2–4: 33.33% of the principal each year		Years 2–3: 15% of the principal each year Year 4: remaining 70% of principal	
Lender Risk Retention	Eligible lender retains 5% of loan principal.		Eligible lender retains 15% of loan principal.	
	Must be retained until loan matures or the Main Street SPV sells all of its participations, whichever comes first.			

Loan Options	New Loans — MSNLF	Priority Loans — MSPLF	Expanded Loans — MSELF
Prepayment	Eligible borrower may prepay loans without penalty at any time.		
No Forgiveness	MSLP loans are full-recourse loans that are not forgivable. The principal amount ca		
Collateral	Secured or unsecured	Secured or unsecured; however, if borrower has any other secured loa instruments at the time of origination must be secured.	
Priority	At the time of origination or at any time during the loan term, the loan cannot be contractually subordinated in a manner that subordinates the loan in or outside of bankruptcy to the eligible borrower's other debt instruments. There is no prohibition on an eligible borrower's taking on new secured or unsecured debt after receiving an MSNLF loan, provided the new debt would not have higher contractual payment priority in bankruptcy than the MSNLF loan.	At the time of origination or at any t the loan term, the loan must be sen or <i>pari passu</i> with, in terms of prior security, the eligible borrower's oth debt instruments, other than mortga Must include a standard lien coven negative pledge that is of the type a contains the exceptions, limitations baskets, materiality thresholds, and that are consistent with those used eligible lender in its ordinary course to similarly situated borrowers.	
Restrictions on Payment of Other Debt	The eligible borrower cannot repay the principal balance of, or pay any interest on, any debt until the MSLP loan is repaid in full, unless the debt or interest payment is mandatory and due.**	The eligible borrower cannot repay principal balance of, or pay any inte debt until the MSLP loan is repaid i unless the debt or interest payment mandatory and due.** However, the eligible borrower may of MSPLF loan origination, refinanc debt owed by the eligible borrower that is not the eligible lender.	
Retention of Committed Lines of Credit	The eligible borrower must commit that it will not seek to cancel or reduce any of its		
Origination Fee	Eligible lenders may charge eligible borrowers an origination fee of up to 1% of the principal amount of the loan.	Eligible lenders may charge eligible an origination fee of up to 1% of the amount of the loan.	
Facility Fee	Eligible lenders must pay the SPV a transaction fee of 1% of the principal amount of	Eligible lenders must pay the SPV a transaction fee of 1% of the princip	

Loan Options	New Loans — MSNLF	Priority Loans — MSPLF	Expanded Loans — MSELF
	the loan. This fee may be passed on to borrowers.	the loan. This fee may be passed on to borrowers.	the loan. This fee may be passed on to borrowers.
Servicing Fees	The SPV will pay an eligible lender 0.25% of the principal amount of the SPV's part		
Borrower Certifications and Covenants Material Breach Mandatory Prepayment	Must include a mandatory prepayment clause if the borrower breaches its Borrower Certifications and Covenants.	Must include a mandatory prepayment clause if the borrower breaches its Borrower Certifications and Covenants.	Must include a mandatory prepayment clause if the borrower breaches its Borrower Certifications and Covenants.
Cross-Acceleration Provision	Must include a cross-acceleration provision tied to borrower default with respect to other indebtedness.	Must include a cross-acceleration provision tied to borrower default with respect to other indebtedness.	Must include a cross-acceleration provision tied to borrower default with respect to other indebtedness.
Collateral	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation.	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation.	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation.
Financial Reporting	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C of the MSLP FAQs found here .	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C of the MSLP FAQs found here .	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C of the MSLP FAQs found here .
Term Sheets	Link	Link	Link

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