

Main Street Lending Program (MSLP) Summary

The Federal Reserve announced new facilities to provide up to \$600 billion in loans to support small to mid-size businesses. While the Fed's Main Street Lending Programs (MSLPs) are still being finalized, the announcement describes the broad structure and outlines many important details. The facilities are intended to accomplish two primary goals.

1. Provide liquidity into banking system to enable financial institutions to extend credit to mid-sized businesses that have experienced severe financial losses related to the COVID-19 emergency.
2. Provide working capital loans to businesses following the resumption of their operations.

Summary:

- Program will operate through the commercial banking system.
- Provides financing to banks and other private lenders that make direct loans to eligible mid-size businesses.
- Minimum loan amount is \$1 million
- Eligible loans are divided into two categories:
 - Upsized loans of an existing credit facility with banks; and,
 - Loans under new credit facilities with banks.
- All eligible loans will have the following terms:
 - 4-year maturity;
 - Payment of principal and interest deferred for one year;
 - Adjustable rate based upon the SOFR + 250-400 basis points; and
 - Prepayment permitted without penalty.
 - No potential for forgiveness
- For new loans, the maximum amount eligible for borrow is \$25 million. For upsized loans, maximum amount eligible for borrow is \$150 million.

Qualifications:

- Businesses (both profit and non-profits) having up to 10,000 employees and 2019 revenues below \$2.5 billion. Businesses that have borrowed under the Paycheck Protection Program (PPP) may also borrow under the MSLPs.
- The funds it receives will be used to retain at least 90 percent of its workforce, at full compensation, until September 30, 2020.
- Must follow dividend, distribution, and buy-back restrictions.
- It is created/organized and domiciled in the U.S. with significant operations and a majority of its employees located in the U.S.
- Business cannot be in bankruptcy.

TJT will be following guidance for the MSLP closely. If you have questions about this program or feel that it could be right for your business, please contact our office for assistance.