



COVID-19 UPDATE | JUNE 24, 2020

MAIN STREET LENDING PROGRAM LAUNCHED

On June 15, 2020, The Federal Reserve Board launched its Main Street Lending Program (MSLP), an alternative economic relief fund for businesses who may be too large to qualify for the Paycheck Protection Program (PPP).

The MSLP offers up to \$600 billion in loans through participating financial institutions to US businesses with up to 15,000 employees, or with revenues up to \$5 billion, who were in good financial standing prior to the COVID-19 pandemic. The program has been recently expanded to better support small and medium-sized businesses as well as non-profit organizations.

The Program will operate through three facilities: the Main Street New Loan Facility (MSNLF), the Main Street Priority Loan Facility (MSPLF), and the Main Street Expanded Loan Facility (MSELF).

Unlike the PPP, which offers loan forgiveness if certain criteria are met, the loans offered under these programs must be repaid.

Loan details as of June 15th, 2020 include:

- Eligible borrowers must have up to 15,000 employees or up to \$5 billion in 2019 revenues
- Loan term of 5 years
- Principal deferred for two years, interest deferred for one year
- Principal amortization of 15% at the end of the third year, 15% at the end of the fourth year, and a balloon payment of 70% at maturity at the end of the fifth year
- Minimum loan size:
 - MSNLF: \$250,000
 - MSPLF: \$250,000
 - MSELF: \$10 million
- Maximum loan size:
 - MSNLF: The lesser of \$35M, or an amount that, when added to outstanding and undrawn available debt, does not exceed 4.0x adjusted EBITDA
 - MSPLF: The lesser of \$50M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA
 - MSELF: The lesser of \$300M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA

Eligible borrowers may apply for a main street loan through a federally insured lending institution. The Federal Reserve has also released several application forms and agreements that must be completed in conjunction with the primary loan application. More information can be found on the [Federal Reserve's website](#).

CRR is closely following the latest guidance on the MSLP and is ready to assist our clients in navigating the loan process. If you have any questions please don't hesitate to contact us at info@crrcpa.com, or visit our [COVID-19 Resource Center](#) for the latest updates, alerts and impacts.

We're in this together.

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