Federal Reserve Expands and Revises Terms of the Main Street Lending Program

I. Background

On April 30, 2020, the Federal Reserve announced that it was taking additional actions to expand the scope of, and access to, the Main Street Lending Program ("MSLP").[1] We previously discussed the initial terms of the MSLP in our memo dated April 14, 2020, which can be accessed here. On the same date, the Federal Reserve also released a series of FAQs to help answer many questions lenders and borrowers may have about the MSLP.[2] The Federal Reserve will use a special purpose vehicle ("SPV") to purchase, on or before September 30, 2020, up to $600 million of participations in MSLP Loans.

II. Main Street Lending Program

The initial terms of the MSLP proposed two loan facilities: the Main Street New Loan Facility ("New Loan Facility") and the Main Street Expanded Loan Facility ("Expanded Loan Facility"). Under this expansion, the Federal Reserve added a third facility: the Main Street Priority Loan Facility ("Priority Loan Facility"). The Federal Reserve also revised some terms of the MSLP to make the loans more widely accessible.

Some of the key revisions to the MSLP from the terms originally announced are:

- New Loan Facility:
  - The Federal Reserve expanded the scope of this facility by lowering the minimum loan size to $500,000, from an original minimum of $1 million.
  - The Federal Reserve expanded the eligibility to participate in this facility by permitting loans to businesses that meet at least one of the following two conditions: (1) 15,000 employees or fewer or (2) 2019 annual revenues of $5 billion or less. Under the initial terms, businesses had to have 10,000 employees or fewer or 2019 annual revenues of $2.5 billion or less.
  - The Federal Reserve's revised Term Sheet relating to the updated New Loan Facility is attached as Annex A to this memorandum.

- Priority Loan Facility:
  - The Federal Reserve established this facility as a third facility in conjunction with its revisions to the existing New Loan Facility and Expanded Loan Facility.
  - Similar to the New Loan Facility, the minimum loan size under this facility is $500,000 and borrowers must meet the business conditions of either (1) 15,000 or fewer employees or (2) 2019 annual revenues of $5 billion or less.
  - Unlike the New Loan Facility, the maximum size of loans under this facility is the lesser of (1) $25 million or (2) an amount that, when added to outstanding and undrawn debt, does not exceed 6.0x adjusted 2019 EBITDA, whereas in the New Loan Facility, the maximum is $25 million or 4.0x EBITDA, respectively.
  - Loans under this facility must be senior or *pari passu* with other debt of the borrower in terms of priority and collateral.

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[1] The Federal Reserve press release announcing the expansion of scope and eligibility of the Main Street Lending Program can be found here.

[2] The full Federal Reserve FAQs regarding the Main Street Lending Program can be found here.

- Under this facility, lenders would retain a 15% participation in loans, in comparison to the New Loan Facility and Expanded Loan Facility, under which lenders would retain a 5% share on loans.
- The Federal Reserve's Term Sheet relating to the new Priority Loan Facility is attached as Annex B to this memorandum.

- Expanded Loan Facility:
  - As with the New Loan Facility, the Federal Reserve expanded eligibility for loans under this facility by permitting loans to businesses that meet at least one of the following two conditions: (1) 15,000 employees or fewer or (2) 2019 annual revenues of $5 billion or less.
  - Lenders under this facility must have an existing interest in the underlying loan at the time of upsizing and must maintain that interest until the earlier of (1) the maturity of the original loan or upsized tranche or (2) the Federal Reserve's SPV holding the loan sells its participation.
  - The Federal Reserve's Term Sheet relating to the updated Expanded Loan Facility is attached as Annex C to this memorandum.

- Main Street Lending Program
  - In all three facilities, the universe of "eligible lenders" under the MSLP has been expanded to include U.S. intermediate holding companies of foreign banking organizations, whereas prior iterations of the facilities had limited lenders to only U.S.-based organizations.
  - Loans under all three facilities also now share equal pricing terms of either one- or three-month LIBOR plus 300 basis points, while the initial New Loan Facility and Expanded Loan Facility had rates based on the Secured Overnight Financing Rate (SOFR).
  - Prior iterations of the MSLP facilities also required borrowers to comply with compensation, stock repurchase and capital distribution restrictions applicable to direct loan programs under the CARES Act, but borrowers that are S-corporations or tax pass-through entities may now make distributions to the extent reasonably required to cover their owners' tax obligations in respect of such entity's earnings.

A summary of the key terms of the three loan options under the MSLP is set forth below:

Main Street Lending Program Loan Options	New Loan Facility	Priority Loan Facility	Expanded Loan Facility
Term	4 years	4 years	4 years
Minimum Loan Size	$500,000	$500,000	$10,000,000
Maximum Loan Size	Lesser of $25M or an amount that, when added to outstanding and undrawn available debt, does not exceed 4.0x adjusted 2019 EBITDA	Lesser of $25M or an amount that, when added to outstanding and undrawn available debt, does not exceed 6.0x adjusted 2019 EBITDA	Lesser of $200M, 35% of existing outstanding and undrawn available debt, or an amount that, when added to outstanding and undrawn available debt, does not exceed 6.0x adjusted 2019 EBITDA
Lender Risk Retention	5%	15%	5%
Payment (year one deferred for all)	Years 2-4: 33.33% each year	Years 2-4: 15%, 15%, 70%	Years 2-4: 15%, 15%, 70%
Rate	LIBOR + 3%	LIBOR + 3%	LIBOR + 3%
Fees	• 100 basis points from lender to SPV due at origination (lender can require borrower to pay this amount); plus • Up to 100 basis points from borrower to lender at origination; plus • 25 basis points from SPV to lender per annum	• 100 basis points from lender to SPV due at origination (lender can require borrower to pay this amount); plus • Up to 100 basis points from borrower to lender at origination; plus • 25 basis points from SPV to lender per annum	• 75 basis points from lender to SPV due at origination (lender can require borrower to pay this amount); plus • Up to 75 basis points from borrower to lender at origination; plus • 25 basis points from SPV to lender per annum
Priority	May not be contractually subordinated, in terms of priority, with borrower's other loans or debt instruments	Senior to or *pari passu* with, in terms of priority and security, borrower's other loans or debt instruments, other than mortgage debt	Senior to or *pari passu* with, in terms of priority and security, borrower's other loans or debt instruments, other than mortgage debt

III. Main Street Lending Program FAQs

The Federal Reserve FAQs shed light on many issues raised by the term sheets, but the Federal Reserve notes that it will periodically update and revise the guidance with postings on its website.

Some of the key guidance in the FAQs as of April 30, 2020 is highlighted below:

1. *Who is an Eligible Lender?*[3]
   - U.S. federally-insured depository institutions (including banks, savings associations, and credit unions), U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations, or any U.S. subsidiary of any of the foregoing are eligible to participate in the Program.
   - At this time, non-bank financial institutions are not considered Eligible Lenders for purposes of the Program. However, the Federal Reserve is considering options to expand the list of Eligible Lenders in the future.

2. *What is the Eligible Lender's Role in Verifying Borrower Certifications and Covenants?*[4]
   - An Eligible Lender is required to collect the required certifications and covenants from each Eligible Borrower at the time of origination or upsizing. Eligible Lenders may rely on an Eligible Borrower's certifications and covenants and any subsequent self-reporting by the Eligible Borrower
   - If an Eligible Lender learns that an Eligible Borrower made a material misstatement or otherwise breached a covenant during the term of an New Loan Facility Loan, Priority Loan Facility Loan, or Expanded Loan Facility Upsized Tranche, the Eligible Lender should notify the Federal Reserve Bank of Boston.

3. *Which Entities are Eligible to Borrow under the Program?*[5]
   - The business must have been established before March 13, 2020
   - The business must not be an Ineligible Business[6]
   - The business must meet at least one of the two following (a) the business has 15,000 employees or fewer, or (b) the business has 2019 annual revenues of $5 billion or less
   - The business must be a U.S. business
   - The business may only participate in one of the MSLP facilities and must not also participate in the Primary Market Corporate Credit Facility[7]
   - The business must not have received specific support pursuant to Title IV of the CARES Act

[3] Federal Reserve Main Street Lending Program FAQs Section I.1.

[4] Federal Reserve Main Street Lending Program FAQs Section H.6.

[5] Federal Reserve Main Street Lending Program FAQs Section E.1.

[6] Ineligible Businesses include businesses listed in 13 CFR 120.110(b)-(j), (m)-(s), as modified and clarified by SBA regulations for purposes of the Payment Protection Program on or before April 24, 2020. Such modifications and clarifications include the SBA's recent interim final rules available at 85 Fed. Reg. 20811, 85 Fed. Reg. 21747, and 85 Fed. Reg. 23450.

[7] The Primary Market Corporate Credit Facility is a separate borrowing facility established by the Federal Reserve. A link to its term sheet can be found here.

- The business must be able to make all of the certifications and covenants required under the MSLP

4. *Eligible Borrower's Financial Position to Qualify for a Loan under the Program*[8]
   - The Eligible Borrower must have been in sound financial condition before the onset of the COVID-19 pandemic. The existing loan or revolving credit facility must have had a risk rating, based on the Eligible Lender's internal rating system, equivalent to a "pass" in the FFIEC's supervisory rating system as of December 31, 2019.

5. *Do Eligible Borrowers Qualify Automatically for a Loan under the Program?*[9]
   - Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the potential borrower's application. Eligible Lenders will apply their own underwriting standards in evaluating the financial condition and creditworthiness of a potential borrower.

6. *Calculating Number of Employees and Revenue*[10]
   - The Business should count as employees all full-time, part-time, seasonal, or otherwise employed persons, excluding volunteers and independent contractors. Businesses should count their own employees and those employed by their affiliates. To determine the applicable number of employees, Businesses should use the average of the total number of persons employed by the Eligible Borrower and its affiliates for each pay period over the 12 months before the origination or upsizing of the Main Street loan
   - Businesses may use either of the following methods to calculate 2019 annual revenues to determine eligibility: (1) A Business may use its (and its affiliates') annual "revenue" per its 2019 Generally Accepted Accounting Principles-based (GAAP) audited financial statements; or (2) A Business may use its (and its affiliates') annual receipts for the fiscal year 2019, as reported to the Internal Revenue Service

7. *Calculating Outstanding Debt for Purposes of Determining Maximum Loan Amount*[11]
   - "Existing outstanding and undrawn available debt" is calculated as of the date of the loan application and includes all amounts borrowed under any loan facility, including unsecured or secured loans from any bank, non-bank financial institution, or private lender, as well as any publicly issued bonds or private placement facilities. It also includes all unused commitments under any loan facility, excluding (1) any undrawn commitment that serves as a backup line for commercial paper issuance, (2) any undrawn commitment that is used to finance receivables (including seasonal financing of inventory), (3) any undrawn commitment that cannot be drawn without additional collateral, (4) any undrawn commitment that is no longer available due to change in circumstance.

[8] Federal Reserve Main Street Lending Program FAQs Section D.1.

[9] Federal Reserve Main Street Lending Program FAQs Section F.3.

[10] Federal Reserve Main Street Lending Program FAQs Sections E.3. and E.4.

[11] Federal Reserve Main Street Lending Program FAQs Section G.2.

8. *Collateral*[12]

- Loans under all three facilities can be secured or unsecured, but loans under the Expanded Loan Facility must be secured by the same present and future collateral on a *pari passu* basis with the underlying loan if the underlying loan is secured.

9. *Requirements of Underlying Loan for Purposes of Upsizing under the Expanded Loan Facility*[13]

- To be eligible for "upsizing," the existing term loan or revolving credit facility must have been originated on or before April 24, 2020, and must have a remaining maturity of at least 18 months. The Eligible Lender may extend the maturity of an existing loan or revolving credit facility at the time of upsizing in order for the underlying instrument to satisfy the 18-month remaining maturity requirement.
- If the loan underlying an Expanded Loan Facility Upsized Tranche is part of a multi-lender facility, the Eligible Lender must be one of the lenders that holds an interest in the underlying loan at the date of upsizing. Only the Eligible Lender for the Expanded Loan Facility Upsized Tranche must meet the Eligible Lender criteria. Other members of the multi-lender facility do not have to be Eligible Lenders.

10. *New Loan Facility Loans Must Not Be "Contractually Subordinated in Terms of Priority" to Other Loans or Debt Instruments*[14]

- A New Loan Facility Loan, at the time of origination or at any time during its term, may not be contractually subordinated in terms of priority to the Eligible Borrower's other loans or debt instruments. This means that a New Loan Facility Loan may not be junior in priority in bankruptcy to the Eligible Borrower's other unsecured loans or debt instruments.

11. *Restrictions on Repayment of other Debt*[15]

- Under any of the facilities, the Borrower may not pay any principal or interest on other debt unless it is mandatory and due under the terms of the other debt. Under the Priority Loan Facility the Borrower may , at the time of origination of the Priority Loan, prepay any debt owing to a lender who is not the Eligible Lender under the Priority loan.
- The Borrower may (1) refinance maturing debt (2) repay a line of credit (including a credit card) in accordance with the Eligible Borrower's normal course of business usage for such line of credit and (3) incur and pay additional debt obligations required in the normal course of business and on standard terms, including inventory and equipment financing, provided that such debt is secured by newly acquired property (e.g., inventory or equipment), and, apart from such security, is of equal or lower priority than the New Loan Facility Loan, the Priority Loan Facility Loan, or the Expanded Loan Facility Upsized Tranche

[12] Federal Reserve Main Street Lending Program FAQs Section G.6.

[13] Federal Reserve Main Street Lending Program FAQs Sections D.1. and D.3.

[14] Federal Reserve Main Street Lending Program FAQs Section A.4.

[15] Federal Reserve Main Street Lending Program FAQs Section H.3.

With the expansion and these changes the Federal Reserve is preparing to start taking participations in Main Street Loans to provide much needed liquidity to small and mid-sized businesses. The Federal Reserve expects to release further details regarding how the Program will be operationalized in the future.

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If you have any questions about the issues addressed in this memorandum, please do not hesitate to call or email authors Helene R. Banks at 212.701.3439 or hbanks@cahill.com; Geoffrey E. Liebmann at 212.701.3313 or gliebmann@cahill.com; John Papachristos at 212.701.3691 or jpapachristos@cahill.com; Richard Pan at 212.701.3654 or rpan@cahill.com; or Paul Rafla at 212.701.3388 or prafla@cahill.com; or email publications@cahill.com.

Main Street New Loan Facility

Effective April 30, 2020[1]

Program: The Main Street New Loan Facility ("Facility"), which has been authorized under section 13(3) of the Federal Reserve Act, is intended to facilitate lending to small and medium-sized Businesses by Eligible Lenders. Under the Facility, the Main Street Priority Loan Facility ("MSPLF"), and the Main Street Expanded Loan Facility ("MSELF"), the Federal Reserve Bank of Boston ("Reserve Bank") will commit to lend to a single common special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase 95% participations in Eligible Loans from Eligible Lenders. Eligible Lenders will retain 5% of each Eligible Loan. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), will make a $75 billion equity investment in the single common SPV in connection with the Facility, the MSPLF, and the MSELF. The combined size of the Facility, the MSPLF, and the MSELF will be up to $600 billion.

Eligible Lenders: An Eligible Lender is a U.S. federally insured depository institution (including a bank, savings association, or credit union), a U.S. branch or agency of a foreign bank, a U.S. bank holding company, a U.S. savings and loan holding company, a U.S. intermediate holding company of a foreign banking organization, or a U.S. subsidiary of any of the foregoing.

Eligible Borrowers: An Eligible Borrower is a Business[2] that:

1. was established prior to March 13, 2020;
2. is not an Ineligible Business;[3]
3. meets at least one of the following two conditions: (i) has 15,000 employees or fewer, or (ii) had 2019 annual revenues of $5 billion or less;
4. 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;
5. does not also participate in the MSPLF, the MSELF, or the Primary Market Corporate Credit Facility; and
6. has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act).[4]

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[1] The Board of Governors of the Federal Reserve System ("Board") and the Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

[2] For purposes of the Facility, a Business is an entity that is organized for profit as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49 percent participation by foreign business entities; or a tribal business concern as defined in 15 U.S.C. § 657a(b)(2)(C), except that "small business concern" in that paragraph should be replaced with "Business" as defined herein. Other forms of organization may be considered for inclusion as a Business under the Facility at the discretion of the Federal Reserve.

[3] For purposes of the Facility, an Ineligible Business is a type of business listed in 13 CFR 120.110(b)-(j) and (m)-(s), as modified by regulations implementing the Paycheck Protection Program established by section 1102 of the CARES Act ("PPP") on or before April 24, 2020. The application of these restrictions to the Facility may be further modified at the discretion of the Federal Reserve.

[4] For the avoidance of doubt, Businesses that have received PPP loans are permitted to borrow under the Facility, provided that they are Eligible Borrowers.

Eligible Loans: An Eligible Loan is a secured or unsecured term loan made by an Eligible Lender(s) to an Eligible Borrower that was originated after April 24, 2020, provided that the loan has all of the following features:

1. 4 year maturity;
2. principal and interest payments deferred for one year (unpaid interest will be capitalized);
3. adjustable rate of LIBOR (1 or 3 month) + 300 basis points;
4. principal amortization of one-third at the end of the second year, one-third at the end of the third year, and one-third at maturity at the end of the fourth year;
5. minimum loan size of $500,000;
6. 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 earnings before interest, taxes, depreciation, and amortization ("EBITDA");[5]
7. is not, at the time of origination or at any time during the term of the Eligible Loan, contractually subordinated in terms of priority to any of the Eligible Borrower's other loans or debt instruments; and
8. prepayment permitted without penalty.

Loan Classification: If the Eligible Borrower had other loans outstanding with the Eligible Lender as of December 31, 2019, such loans must have had an internal risk rating equivalent to a "pass" in the Federal Financial Institutions Examination Council's supervisory rating system on that date.

Assessment of Financial Condition: Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the potential borrower's application.

Loan Participations: The SPV will purchase at par value a 95% participation in the Eligible Loan. The SPV and the Eligible Lender will share risk in the Eligible Loan on a pari passu basis. The Eligible Lender must retain its 5% of the Eligible Loan until it matures or the SPV sells all of its participation, whichever comes first. The sale of a participation in the Eligible Loan to the SPV will be structured as a "true sale" and must be completed expeditiously after the Eligible Loan's origination.

Required Lender Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants will be required from Eligible Lenders:

- The Eligible Lender must commit that it will not request that the Eligible Borrower repay debt extended by the Eligible Lender to the Eligible Borrower, or pay interest on such outstanding obligations, until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due, or in the case of default and acceleration.
- The Eligible Lender must commit that it will not cancel or reduce any existing committed lines of credit to the Eligible Borrower, except in an event of default.
- The Eligible Lender must certify that the methodology used for calculating the Eligible Borrower's adjusted 2019 EBITDA for the leverage requirement in section 6(ii) of the Eligible Loan paragraph above is the methodology it has previously used for adjusting EBITDA when extending credit to the Eligible Borrower or similarly situated borrowers on or before April 24, 2020.
- The Eligible Lender must certify that it is eligible to participate in the Facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.

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[5] The methodology used by the Eligible Lender to calculate adjusted 2019 EBITDA must be the methodology it has previously used for adjusting EBITDA when extending credit to the Eligible Borrower or similarly situated borrowers on or before April 24, 2020.

Required Borrower Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants[6] will be required from Eligible Borrowers:

- The Eligible Borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due.
- The Eligible Borrower must commit that it will not seek to cancel or reduce any of its committed lines of credit with the Eligible Lender or any other lender.
- The Eligible Borrower must certify that it has a reasonable basis to believe that, as of the date of origination of the Eligible Loan and after giving effect to such loan, it has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period.
- The Eligible Borrower must commit that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act, except that an S corporation or other tax pass-through entity that is an Eligible Borrower may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the entity's earnings.
- The Eligible Borrower must certify that it is eligible to participate in the Facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.

Retaining Employees: Each Eligible Borrower that participates in the Facility should make commercially reasonable efforts to maintain its payroll and retain its employees during the time the Eligible Loan is outstanding.

Transaction Fee: An Eligible Lender will pay the SPV a transaction fee of 100 basis points of the principal amount of the Eligible Loan at the time of origination. The Eligible Lender may require the Eligible Borrower to pay this fee.

Loan Origination and Servicing Fees: An Eligible Borrower will pay an Eligible Lender an origination fee of up to 100 basis points of the principal amount of the Eligible Loan at the time of origination. The SPV will pay an Eligible Lender 25 basis points of the principal amount of its participation in the Eligible Loan per annum for loan servicing.[7]

Facility Termination: The SPV will cease purchasing participations in Eligible Loans on September 30, 2020, unless the Board and the Department of the Treasury extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

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[6] An Eligible Lender is expected to collect the required certifications and covenants from each Eligible Borrower at the time of origination of the Eligible Loan. Eligible Lenders may rely on an Eligible Borrower's certifications and covenants, as well as any subsequent self-reporting by the Eligible Borrower.

[7] Further information regarding credit administration and loan servicing will be made available on the Board's website.

Main Street Priority Loan Facility

Effective April 30, 2020[1]

Program: The Main Street Priority Loan Facility ("Facility"), which has been authorized under section 13(3) of the Federal Reserve Act, is intended to facilitate lending to small and medium-sized Businesses by Eligible Lenders. Under the Facility, the Main Street New Loan Facility ("MSNLF"), and the Main Street Expanded Loan Facility ("MSELF"), the Federal Reserve Bank of Boston ("Reserve Bank") will commit to lend to a single common special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase 85% participations in Eligible Loans from Eligible Lenders. Eligible Lenders will retain 15% of each Eligible Loan. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), will make a $75 billion equity investment in the single common SPV in connection with the Facility, the MSNLF, and the MSELF. The combined size of the Facility, the MSNLF, and the MSELF will be up to $600 billion.

Eligible Lenders: An Eligible Lender is a U.S. federally insured depository institution (including a bank, savings association, or credit union), a U.S. branch or agency of a foreign bank, a U.S. bank holding company, a U.S. savings and loan holding company, a U.S. intermediate holding company of a foreign banking organization, or a U.S. subsidiary of any of the foregoing.

Eligible Borrowers: An Eligible Borrower is a Business[2] that:

1. was established prior to March 13, 2020;
2. is not an Ineligible Business;[3]
3. meets at least one of the following two conditions: (i) has 15,000 employees or fewer, or (ii) had 2019 annual revenues of $5 billion or less;
4. 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;
5. does not also participate in the MSNLF, the MSELF, or the Primary Market Corporate Credit Facility; and
6. has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act).[4]

[1] The Board of Governors of the Federal Reserve System ("Board") and the Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

[2] For purposes of the Facility, a Business is an entity that is organized for profit as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49 percent participation by foreign business entities; or a tribal business concern as defined in 15 U.S.C. § 657a(b)(2)(C), except that "small business concern" in that paragraph should be replaced with "Business" as defined herein. Other forms of organization may be considered for inclusion as a Business under the Facility at the discretion of the Federal Reserve.

[3] For purposes of the Facility, an Ineligible Business is a type of business listed in 13 CFR 120.110(b)-(j) and (m)-(s), as modified by regulations implementing the Paycheck Protection Program established by section 1102 of the CARES Act ("PPP") on or before April 24, 2020. The application of these restrictions to the Facility may be further modified at the discretion of the Federal Reserve.

[4] For the avoidance of doubt, Businesses that have received PPP loans are permitted to borrow under the Facility, provided that they are Eligible Borrowers.

Eligible Loans: An Eligible Loan is a secured or unsecured term loan made by an Eligible Lender(s) to an Eligible Borrower that was originated after April 24, 2020, provided that the loan has all of the following features:

1. 4 year maturity;
2. principal and interest payments deferred for one year (unpaid interest will be capitalized);
3. adjustable rate of LIBOR (1 or 3 month) + 300 basis points;
4. principal amortization of 15% at the end of the second year, 15% at the end of the third year, and a balloon payment of 70% at maturity at the end of the fourth year;
5. minimum loan size of $500,000;
6. 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 six times the Eligible Borrower's adjusted 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA");[5]
7. at the time of origination and at all times the Eligible Loan is outstanding, the Eligible Loan is senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other loans or debt instruments, other than mortgage debt; and
8. prepayment permitted without penalty.

Loan Classification: If the Eligible Borrower had other loans outstanding with the Eligible Lender as of December 31, 2019, such loans must have had an internal risk rating equivalent to a "pass" in the Federal Financial Institutions Examination Council's supervisory rating system on that date.

Assessment of Financial Condition: Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the potential borrower's application.

Loan Participations: The SPV will purchase at par value an 85% participation in the Eligible Loan. The SPV and the Eligible Lender will share risk in the Eligible Loan on a pari passu basis. The Eligible Lender must retain its 15% of the Eligible Loan until it matures or the SPV sells all of its participation, whichever comes first. The sale of a participation in the Eligible Loan to the SPV will be structured as a "true sale" and must be completed expeditiously after the Eligible Loan's origination.

Required Lender Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants will be required from Eligible Lenders:

- The Eligible Lender must commit that it will not request that the Eligible Borrower repay debt extended by the Eligible Lender to the Eligible Borrower, or pay interest on such outstanding obligations, until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due, or in the case of default and acceleration.
- The Eligible Lender must commit that it will not cancel or reduce any existing committed lines of credit to the Eligible Borrower, except in an event of default.
- The Eligible Lender must certify that the methodology used for calculating the Eligible Borrower's adjusted 2019 EBITDA for the leverage requirement in section 6(ii) of the Eligible Loan paragraph above is the methodology it has previously used for adjusting EBITDA when extending credit to the Eligible Borrower or similarly situated borrowers on or before April 24, 2020.
- The Eligible Lender must certify that it is eligible to participate in the Facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.

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[5] The methodology used by the Eligible Lender to calculate adjusted 2019 EBITDA must be the methodology it has previously used for adjusting EBITDA when extending credit to the Eligible Borrower or similarly situated borrowers on or before April 24, 2020.

Required Borrower Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants[6] will be required from Eligible Borrowers:

- The Eligible Borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due. However, the Eligible Borrower may, at the time of origination of the Eligible Loan, refinance existing debt owed by the Eligible Borrower to a lender that is not the Eligible Lender.
- The Eligible Borrower must commit that it will not seek to cancel or reduce any of its committed lines of credit with the Eligible Lender or any other lender.
- The Eligible Borrower must certify that it has a reasonable basis to believe that, as of the date of origination of the Eligible Loan and after giving effect to such loan, it has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period.
- The Eligible Borrower must commit that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act, except that an S corporation or other tax pass-through entity that is an Eligible Borrower may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the entity's earnings.
- The Eligible Borrower must certify that it is eligible to participate in the Facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.

Retaining Employees: Each Eligible Borrower that participates in the Facility should make commercially reasonable efforts to maintain its payroll and retain its employees during the time the Eligible Loan is outstanding.

Transaction Fee: An Eligible Lender will pay the SPV a transaction fee of 100 basis points of the principal amount of the Eligible Loan at the time of origination. The Eligible Lender may require the Eligible Borrower to pay this fee.

Loan Origination and Servicing Fees: An Eligible Borrower will pay an Eligible Lender an origination fee of up to 100 basis points of the principal amount of the Eligible Loan at the time of origination. The SPV will pay an Eligible Lender 25 basis points of the principal amount of its participation in the Eligible Loan per annum for loan servicing.[7]

Facility Termination: The SPV will cease purchasing participations in Eligible Loans on September 30, 2020, unless the Board and the Department of the Treasury extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

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[6] An Eligible Lender is expected to collect the required certifications and covenants from each Eligible Borrower at the time of origination of the Eligible Loan. Eligible Lenders may rely on an Eligible Borrower's certifications and covenants, as well as any subsequent self-reporting by the Eligible Borrower.

[7] Further information regarding credit administration and loan servicing will be made available on the Board's website.

Main Street Expanded Loan Facility

Effective April 30, 2020[1]

Program: The Main Street Expanded Loan Facility ("Facility"), which has been authorized under section 13(3) of the Federal Reserve Act, is intended to facilitate lending to small and medium-sized Businesses by Eligible Lenders. Under the Facility, the Main Street Priority Loan Facility ("MSPLF"), and the Main Street New Loan Facility ("MSNLF"), the Federal Reserve Bank of Boston ("Reserve Bank") will commit to lend to a single common special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase 95% participations in the upsized tranche of Eligible Loans from Eligible Lenders. Eligible Lenders will retain 5% of the upsized tranche of each Eligible Loan. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), will make a $75 billion equity investment in the single common SPV in connection with the Facility, the MSPLF, and the MSNLF. The combined size of the Facility, the MSPLF, and the MSNLF will be up to $600 billion.

Eligible Lenders: An Eligible Lender is a U.S. federally insured depository institution (including a bank, savings association, or credit union), a U.S. branch or agency of a foreign bank, a U.S. bank holding company, a U.S. savings and loan holding company, a U.S. intermediate holding company of a foreign banking organization, or a U.S. subsidiary of any of the foregoing.

Eligible Borrowers: An Eligible Borrower is a Business[2] that:

1. was established prior to March 13, 2020;
2. is not an Ineligible Business;[3]
3. meets at least one of the following two conditions: (i) has 15,000 employees or fewer, or (ii) had 2019 annual revenues of $5 billion or less;
4. 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;
5. does not also participate in the MSPLF, the MSNLF, or the Primary Market Corporate Credit Facility; and
6. has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act).[4]

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[1] The Board of Governors of the Federal Reserve System ("Board") and the Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

[2] For purposes of the Facility, a Business is an entity that is organized for profit as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49 percent participation by foreign business entities; or a tribal business concern as defined in 15 U.S.C. § 657a(b)(2)(C), except that "small business concern" in that paragraph should be replaced with "Business" as defined herein. Other forms of organization may be considered for inclusion as a Business under the Facility at the discretion of the Federal Reserve.

[3] For purposes of the Facility, an Ineligible Business is a type of business listed in 13 CFR 120.110(b)-(j) and (m)-(s), as modified by regulations implementing the Paycheck Protection Program established by section 1102 of the CARES Act ("PPP") on or before April 24, 2020. The application of these restrictions to the Facility may be further modified at the discretion of the Federal Reserve.

[4] For the avoidance of doubt, Businesses that have received PPP loans are permitted to borrow under the Facility, provided that they are Eligible Borrowers.

Eligible Loans: An Eligible Loan is a secured or unsecured term loan or revolving credit facility made by an Eligible Lender(s) to an Eligible Borrower that was originated on or before April 24, 2020, and that has a remaining maturity of at least 18 months (taking into account any adjustments made to the maturity of the loan after April 24, 2020, including at the time of upsizing), provided that the upsized tranche of the loan is a term loan that has all of the following features:

1. 4 year maturity;
2. principal and interest payments deferred for one year (unpaid interest will be capitalized);
3. adjustable rate of LIBOR (1 or 3 month) + 300 basis points;
4. principal amortization of 15% at the end of the second year, 15% at the end of the third year, and a balloon payment of 70% at maturity at the end of the fourth year;
5. minimum loan size of $10 million;
6. maximum loan size that is the lesser of (i) $200 million, (ii) 35% of the Eligible Borrower's existing outstanding and undrawn available debt that is pari passu in priority with the Eligible 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 earnings before interest, taxes, depreciation, and amortization ("EBITDA");[5]
7. at the time of upsizing and at all times the upsized tranche is outstanding, the upsized tranche is senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other loans or debt instruments, other than mortgage debt; and
8. prepayment permitted without penalty.

Loan Classification: The Eligible Loan must have had an internal risk rating equivalent to a "pass" in the Federal Financial Institutions Examination Council's supervisory rating system as of December 31, 2019.

Assessment of Financial Condition: Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the potential borrower's application.

Loan Participations: The SPV will purchase at par value a 95% participation in the upsized tranche of the Eligible Loan, provided that it is upsized on or after April 24, 2020. The SPV and the Eligible Lender will share risk in the upsized tranche on a pari passu basis. The Eligible Lender must be one of the lenders that holds an interest in the underlying Eligible Loan at the date of upsizing. The Eligible Lender must retain its 5% portion of the upsized tranche of the Eligible Loan until the upsized tranche of the Eligible Loan matures or the SPV sells all of its 95% participation, whichever comes first. The Eligible Lender must also retain its interest in the underlying Eligible Loan until the underlying Eligible Loan matures, the upsized tranche of the Eligible Loan matures, or the SPV sells all of its 95% participation, whichever comes first. Any collateral securing the Eligible Loan (at the time of upsizing or on any subsequent date) must secure the upsized tranche on a pro rata basis. The sale of a participation in the upsized tranche of the Eligible Loan to the SPV will be structured as a "true sale" and must be completed expeditiously after the Eligible Loan's upsizing.

Required Lender Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants will be required from Eligible Lenders:

- The Eligible Lender must commit that it will not request that the Eligible Borrower repay debt extended by the Eligible Lender to the Eligible Borrower, or pay interest on such outstanding obligations, until the upsized tranche of the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due, or in the case of default and acceleration.

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[5] The methodology used by the Eligible Lender to calculate adjusted 2019 EBITDA must be the methodology it previously used for adjusting EBITDA when originating or amending the Eligible Loan on or before April 24, 2020.

- The Eligible Lender must commit that it will not cancel or reduce any existing committed lines of credit to the Eligible Borrower, except in an event of default.
- The Eligible Lender must certify that the methodology used for calculating the Eligible Borrower's adjusted 2019 EBITDA for the leverage requirement in section 6(iii) of the Eligible Loan paragraph above is the methodology it previously used for adjusting EBITDA when originating or amending the Eligible Loan on or before April 24, 2020.
- The Eligible Lender must certify that it is eligible to participate in the Facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.

Required Borrower Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants[6] will be required from Eligible Borrowers:

- The Eligible Borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the upsized tranche of the Eligible Loan is repaid in full, unless the debt or interest payment is mandatory and due.
- The Eligible Borrower must commit that it will not seek to cancel or reduce any of its committed lines of credit with the Eligible Lender or any other lender.
- The Eligible Borrower must certify that it has a reasonable basis to believe that, as of the date of upsizing of the Eligible Loan and after giving effect to such upsizing, it has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period.
- The Eligible Borrower must commit that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act, except that an S corporation or other tax pass-through entity that is an Eligible Borrower may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the entity's earnings.
- The Eligible Borrower must certify that it is eligible to participate in the Facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.

Retaining Employees: Each Eligible Borrower that participates in the Facility should make commercially reasonable efforts to maintain its payroll and retain its employees during the time the upsized tranche of the Eligible Loan is outstanding.

Transaction Fee: An Eligible Lender will pay the SPV a transaction fee of 75 basis points of the principal amount of the upsized tranche of the Eligible Loan at the time of upsizing. The Eligible Lender may require the Eligible Borrower to pay this fee.

Loan Upsizing and Servicing Fees: An Eligible Borrower will pay an Eligible Lender an origination fee of up to 75 basis points of the principal amount of the upsized tranche of the Eligible Loan at the time of upsizing. The SPV will pay an Eligible Lender 25 basis points of the principal amount of its participation in the upsized tranche of the Eligible Loan per annum for loan servicing.[7]

Facility Termination: The SPV will cease purchasing participations in Eligible Loans on September 30, 2020, unless the Board and the Department of the Treasury extend the Facility. The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

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[6] An Eligible Lender is expected to collect the required certifications and covenants from each Eligible Borrower at the time of upsizing of the Eligible Loan. Eligible Lenders may rely on an Eligible Borrower's certifications and covenants, as well as any subsequent self-reporting by the Eligible Borrower.

[7] Further information regarding credit administration and loan servicing will be made available on the Board's website.

Paycheck Protection Program Liquidity Facility Term Sheet

Effective Date of Term Sheet: April 30, 2020.[1]

Facility: The Paycheck Protection Program Liquidity Facility ("Facility"), authorized under section 13(3) of the Federal Reserve Act, is intended to facilitate lending by eligible borrowers to small businesses under the Paycheck Protection Program ("PPP Loans") of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the Facility, the Federal Reserve Banks ("Reserve Banks") will lend to eligible borrowers on a non-recourse basis, taking PPP Loans as collateral.

Eligible Borrowers: All lenders that are eligible to originate PPP Loans are eligible to borrow under the Facility.

Lending Reserve Bank:

Eligible Borrower Type	Reserve Bank
Depository institution or credit union.	The Reserve Bank in whose District the eligible depository institution is located (see Regulation D, 12 CFR 204.3(g)(1)–(2), for determining location).
Community development financial institution as defined in 12 U.S.C. § 4702 and certified by the U.S. Treasury (that is not a depository institution or credit union).	Reserve Bank of Cleveland.
Member of the Farm Credit System (that is not a depository institution or credit union).	Reserve Bank of Minneapolis.
Small business lending companies as defined in 13 CFR 120.10 (that is not a depository institution or credit union).	Reserve Bank of Minneapolis.
Other eligible borrower type not listed above.	Reserve Bank of San Francisco.

Eligible Collateral: Only PPP Loans guaranteed by the Small Business Administration ("SBA") are eligible to serve as collateral for the Facility. An eligible borrower may pledge SBA-guaranteed PPP Loans that it has originated or purchased.

Maturity and Acceleration of Maturity: The maturity date of an extension of credit under the Facility will equal the maturity date of the PPP Loan pledged to secure the extension of credit. The maturity date of the Facility's extension of credit will be accelerated if the underlying PPP Loan goes into default and the eligible borrower sells the PPP Loan to the SBA to realize on the SBA guarantee. The maturity date of the Facility's extension of credit also will be accelerated to the extent of any loan forgiveness reimbursement received by the eligible borrower from the SBA.

Rate: Extensions of credit under the Facility will be made at a rate of 35 basis points.

Fees: There are no fees associated with the Facility.

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[1] The Board of Governors of the Federal Reserve System ("Board") and Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

Collateral Valuation: PPP Loans pledged as collateral to secure extensions of credit under the Facility will be valued at the principal amount of the PPP Loan.

Principal Amount: The principal amount of an extension of credit under the Facility will be equal to the principal amount of the PPP Loan pledged as collateral to secure the extension of credit.

Non-Recourse: Extensions of credit under the Facility are made without recourse to the borrower.

Regulatory Capital Treatment: Under section 1102 of the CARES Act, a PPP Loan will be assigned a risk weight of zero percent under the risk-based capital rules of the federal banking agencies. On April 9, 2020, the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation issued an interim final rule to allow banking organizations to neutralize the effect of PPP Loans financed under the Facility on leverage capital ratios.

Facility Termination Date: No new extensions of credit will be made under the Facility after September 30, 2020, unless the Board and the Department of the Treasury determine to extend the Facility.