

Main Street Lending Program Changes Loan Terms to Benefit Small Businesses

On June 8, 2020, the Federal Reserve Board (the Board) announced changes to certain primary loan terms for the Main Street Lending Program. These changes are intended to allow more small and medium-sized businesses to participate. The Board lowered the minimum loan amount to address concerns of small businesses that, while eligible otherwise, did not qualify for the lower lending thresholds of the Main Street Lending Program. Other changes were made to respond to concerns that the terms of the program were still not financially attractive enough in the face of an expected slow economic recovery period across most industries. Per the Federal Reserve Board's press release, the below table summarizes the changes announced:

Main Street Lending Program Loan Options	New Loans	Priority Loans	Expanded Loans
Term	5 years <i>(previously 4 years)</i>		
Minimum Loan Size	\$250,000 <i>(previously \$500,000)</i>		\$10M
Maximum Loan Size	The lesser of \$35M, or an amount that, when added to outstanding and undrawn available debt, does not exceed 4.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$50M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$25M)</i>	The lesser of \$300M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA <i>(previously \$200M)</i>
Risk Retention	5%	5% <i>(previously 15%)</i>	5%
Principal Repayment	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 33.33% repayment due in years 2-4)</i>	Principal deferred for two years, years 3-5: 15%, 15%, 70% <i>(previously principal deferred for one year and 15%, 15%, 70% repayment due in years 2, 3, and 4, respectively)</i>	
Interest Payments	Deferred for one year		
Rate	LIBOR + 3%		

The Federal Reserve Board continues to provide that the start date for the Main Street Lending Program is imminent, and we will release an alert as soon as that occurs.

In the meantime, please feel free to reach out to [Andy Leffler](#), [Laura McKinney](#), or your relationship attorney to discuss the Program or any questions you may have.

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