

## Main Street Lending Program Services

### THE GUIDANCE AND SUPPORT YOU NEED TO NAVIGATE THE MSLP PROCESS

Small- and medium-sized businesses are integral to the U.S. economy and create jobs for a large share of the U.S. workforce. The Federal Reserve's Main Street Lending Program (MSLP) is designed to provide support to these businesses and their employees during the current period of financial strain by supporting the provision of credit to eligible businesses. The availability of additional credit is intended to help companies that were in sound financial condition prior to the onset of the COVID-19 pandemic maintain operations and payroll until conditions normalize.

Unlike the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loans (EIDL), the MSLP is not connected to the Small Business Administration. Instead, the program involves the Federal Reserve providing liquidity to qualified lenders who in turn originate the three loan facilities in the program directly with small- and medium-sized businesses. These three facilities include:

- Main Street New Loan Facility (MSNLF)
- Main Street Priority Loan Facility (MSPLF)
- Main Street Expanded Loan Facility (MSELF)

### MSLP assistance for borrowers and lenders

Aprio's advisors are monitoring all new information from the Federal Reserve and are providing up-to-date guidance to clients, both borrowers and lenders, related to additional provisions and considerations for the MSLP.

Aprio's experts can help you determine which of the three loan facilities is best suited to your business needs and help you understand the terms, including the calculation of 2019 Adjusted EBITDA and financial modeling which is used to determine the maximum loan size.

#### Aprio's MSLP team can assist Eligible Borrowers and Eligible Lenders with:

- Eligibility criteria
- Calculation of 2019 Adjusted EBITDA, and Adjusted EBITDA through current 2020 interim period
- Financial modeling and projections for 2020, 2021, 2022, 2023 & 2024
- Assessment of alternative capital options versus MSLP
- Evaluation of MSLP loan covenants
- Evaluation of the impact of MSLP borrowings on existing loan covenants
- Tax analysis and consulting



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Each MSLP loan type provides a different maximum loan size, but all three provide a five-year, low-cost lifeline with deferred principal payments for two years and deferred interest payments for one year.

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## MSLP overview

The Main Street Lending Program is intended to provide loan facilities to businesses with fewer than 15,000 employees or 2019 annual revenues of \$5 billion or less. Each MSLP loan type provides a different maximum loan size, but all three provide a five-year, low-cost lifeline with deferred principal payments for two years and deferred interest payments for one year.

MSLP Loan Options	MSNLF	MSPLF	MSELF
Origination	After April 24, 2020	After April 24, 2020	On or before April 24, 2020
Term	5 years		
Minimum Loan Size	\$250,000	\$250,000	\$10,000,000
Maximum Loan Size	Lesser of \$35M, or an amount that, when added to outstanding and undrawn available debt, does not exceed 4.0x adjusted EBITDA	Lesser of \$50M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA	Lesser of \$300M, or an amount that, when added to outstanding or undrawn available debt, does not exceed 6.0x adjusted EBITDA
Risk Retention of Eligible Lender	5%		
Personal Guarantee	No personal guarantee		
Security	Secured or unsecured	Senior to or pari passu with other loans or debt instruments	Senior to or pari passu with other loans or debt instruments
Principal Repayment	Principal deferred for two years, years 3-5: 15%, 15%, 70%		
Interest Payments	Deferred for one year		
Interest Rate	LIBOR + 3%		
Prepayment	Permitted without Penalty		

Note - Information herein is based on term sheets issued by the Federal Reserve on June 8, 2020. Aprio will continue to monitor announcements from the Federal Reserve and will update terms as amendments and changes are announced.

**If you are a borrower or a lender and would like to discuss how Aprio can assist you with the Main Street Lending Program, contact [Michael Levy](mailto:michael.levy@aprio.com), Partner-in-Charge, Private Equity and Transaction Advisory Services or [Bill Dupee](mailto:bill.dupee@aprio.com), Director, Transaction Advisory Services.**

**For assistance with the Main Street Lending Program, contact:**



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## About Aprio

Since 1952, clients throughout the U.S. and across more than 40 countries have trusted Aprio for guidance on how to achieve what's next. As a premier, CPA-led professional services firm, Aprio delivers advisory, assurance, tax and private client services to build value, drive growth, manage risk and protect wealth. With proven expertise and genuine care, Aprio serves individuals and businesses, from promising startups to market leaders alike.

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