

UTAH ECONOMIC RESPONSE TASK FORCE

Main Street Business Lending Facility (MSBLF)

Revised April 14, 2020

	OVERVIEW
<p>WHO IS ELIGIBLE</p>	<p>The Federal Reserve announced two programs to promote lending to small and mid-sized businesses. The first, the Main Street New Loan Facility (MSNLF), applies to new loans. The second, the Main Street Expanded Loan Facility (MSELF), applies to upsized tranches on top of existing loans. To receive funds under MSNLF or MSELF, a business must:</p> <ul style="list-style-type: none"> • Employ up to 10,000 workers or with revenues less than \$2.5 billion; and • Be 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. <p>Prior to the program becoming operational, the Federal Reserve will clarify details regarding borrower eligibility, particularly those related to the borrower's financial condition.</p> <p>U.S. insured depository institutions, U.S. bank holding companies, and U.S. savings and loan holding companies are eligible lenders under MSNLF and MSELF.</p>
<p>LENDING TERMS</p>	<ul style="list-style-type: none"> • Four-year loans • Principal and interest payments deferred for one year • Rates are adjustable and are currently estimated to be around 0.5% (subject to change) • Prepayment is permitted without penalty • Banks will retain a 5% share, selling the remaining 95% to the Main Street facility. Banks will be compensated through a loan origination or upsizing fee and servicing fee.
<p>KEEP IN MIND</p>	<p>Borrowers must make "reasonable efforts," using the proceeds of the loan, to maintain their payroll and retain their employees during the term of the loan. Unlike the SBA's PPP program, MSBLF does not set specific levels of employment that must be maintained.</p> <p>Borrowers may not use the proceeds of the loan to repay other loan balances.</p> <p>Borrowers must also follow compensation, stock repurchase, and dividend restrictions that apply to direct loan programs under the CARES Act.</p> <p>The business must not also participate in the Primary Market Corporate Credit Facility. Businesses may only participate in one of the two Main Street facilities: MSNLF and MSELF. For example, a business that receives a new loan through the MSNLF may not also receive an expanded loan through MSELF.</p> <p>Firms that have taken advantage of the SBA's PPP are not prohibited from participating in the Main Street program.</p> <p>Please note the comment period for this program closes April 16, so aspects are subject to change. More information at https://home.treasury.gov/news/press-releases/sm968</p>

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