

COVID-19 NEWS OF INTEREST

# Federal Reserve's Recent Releases Further Clarify Key Terms of the Main Street Lending Program

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On May 27, 2020, the Federal Reserve System (the "Federal Reserve") released [updated guidance](#) on its Main Street Lending Program (the "Main Street Program"), as well as [form legal certifications and agreements](#) that eligible borrowers and lenders will be required to submit to participate in the Main Street Program (such updated guidance and legal forms, the "May 27 Releases"). Together, the May 27 Releases further clarify key terms of the Main Street Program, including:

- The eligibility of certain multinational entities or U.S. subsidiaries of foreign companies to participate in the Main Street Program (and restrictions on their use of loan proceeds);
- How the affiliation rules under the CARES Act will apply to applicants' eligibility under the thresholds for the Main Street Program, as well as the eligibility of private equity funds to participate in the Main Street Program;
- How lenders should select EBITDA adjustments to determine facility sizing, among other things;
- How requirements under the Expanded Loan Facility relating to existing lenders will be applied;
- More specific guidance on documentation, including covenants and terms that must be incorporated in Main Street Program loans relating to priority and security requirements, certain mandatory prepayment events, cross-acceleration and financial reporting; and

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## Federal Reserve's Recent Releases Further Clarify Key Terms of the Main Street Lending Program

- Guidance on the Federal Reserve's approach to managing Main Street Program loans after funding.

Notably, the Federal Reserve has not yet announced the launch date for the Main Street Program.

### I. The Main Street Program

As previously discussed in our [April 10, 2020](#) and [May 1, 2020](#) alerts, the Federal Reserve established the Main Street Program to facilitate lending to small and medium-sized businesses that were previously in sound financial condition but have been adversely impacted by the COVID-19 pandemic.

The Main Street Program consists of three loan facilities (collectively, the "Main Street Facilities" and the loans thereunder, the "Program Loans"), which in the aggregate provide for up to \$600 billion of eligible loans to be funded through participations to MS Facilities LLC (the "Main Street SPV"), a special purpose entity created by the Federal Reserve: (1) the Main Street New Loan Facility (the "New Loan Facility"), (2) the Main Street Priority Loan Facility (the "Priority Loan Facility"), both of which provide for new secured or unsecured term loans originated after April 24, 2020 to eligible borrowers, and (3) the Main Street Expanded Loan Facility (the "Expanded Loan Facility"), which provides for upsized term loan tranches to existing term loan or revolving credit facilities that were originated on or before April 24, 2020.

The Main Street Facilities are summarized in our prior alerts. In addition, Appendix A to the Updated FAQ (as defined below) summarizes the principal terms of each Main Street Facility.<sup>1</sup>

### II. The May 27 Releases

The documents issued on May 27, 2020 consist of:

- Updated responses to the Main Street Lending Program "Frequently Asked Questions" (the "Updated FAQ");
- The [Form of Certifications and Covenants](#) that eligible lenders must submit to register to participate in the Main Street Facilities;
- The Form of Participation Agreement, which consists of certain [Standard Terms and Conditions](#) and [Transaction Specific Terms](#), pursuant to which Main Street SPV purchases a participation in an eligible loan under the Main Street Program;
- The Form of Borrower Certifications and Covenants (for each of the [New Loan Facility](#), [Priority Loan Facility](#) and [Expanded Loan Facility](#)), pursuant to which an eligible borrower makes required certifications and agrees to be

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<sup>1</sup> All appendices to the Updated FAQ are attached to this memo.

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bound by covenants that are required by statute, regulations and the applicable Main Street Facility term sheets ("Borrower Certifications");

- The Form of Lender Certifications and Covenants (for each of the [New Loan Facility](#), [Priority Loan Facility](#) and [Expanded Loan Facility](#)), pursuant to which an eligible lender certifies to the eligibility of the loan and agrees to be bound by certain covenants required under the applicable Main Street Facility term sheets;
- Certain other form transaction-related documents, including a [Form of Assignment Executed in Blank](#) (to allow for elevation of the Main Street SPV's participation in certain limited circumstances), a Form of Co-Lender Agreement ([Standard Terms and Conditions](#) and [Transaction Specific Terms](#)) (to provide for necessary agency and operational mechanics under a bilateral facility) and the [Form of Servicing Agreement](#) (to provide for the eligible lender's 25 basis point annual servicing fee and enhanced reporting services); and
- [Instructions](#) for completing the required documents.

Notably, the term sheets for the [New Loan Facility](#), [Priority Loan Facility](#) and [Expanded Loan Facility](#), which were last updated on April 30, 2020, have not been modified.

This memo summarizes certain key features of the May 27 Releases below, focusing on new or clarifying information that the Federal Reserve has provided about the Main Street Program.

### III. Documentation

Rather than relying on standard loan documents, the Federal Reserve is directing eligible lenders to use their own loan documentation for the Program Loans. These loan documents should be substantially similar to the documentation that eligible lenders use in their "ordinary course lending to similarly situated borrowers" with appropriate adjustments to reflect the Main Street Program requirements.

The Updated FAQ includes three new appendices with guidance on documentation: (1) Appendix A, consisting of a checklist of items that must be reflected in the Program Loan documentation, (2) Appendix B, which contains new model provisions for reference in drafting loan documentation (which eligible lenders are not required to use but are provided as examples), including priority and security covenants, mandatory prepayment provisions triggered by a breach of the Borrower Certifications, cross-acceleration and financial reporting and (3) Appendix C, which outlines required financial reporting under the Program Loans. These terms are discussed further below.

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### IV. Borrower Eligibility

#### A. *U.S. Business Requirement*

Under the CARES Act, an eligible borrower under the Main Street Program must be created or organized in the United States (U.S.) or under U.S. law and have significant operations in and a majority of its employees based in the U.S. The Updated FAQ clarifies that to determine if an eligible borrower has “significant operations in the U.S.,” its operations should be evaluated on a consolidated basis together with its subsidiaries, but not its parent companies or sister affiliates. As an example, the Updated FAQ states that this requirement would be met if, when consolidated with its subsidiaries, more than 50% of a borrower’s:

- assets are located in the U.S.,
- annual net income is generated in the U.S.,
- annual net operating revenues are generated in the U.S., or
- annual operating expenses (excluding debt service expenses) are generated in the U.S.

The Updated FAQ provides that the list above is not exhaustive and other criteria could be applied in the determination.

The Updated FAQ clarifies that a U.S. subsidiary of a foreign company may be an eligible borrower, but the proceeds of the Program Loans may be used only to benefit the eligible borrower, its U.S. subsidiaries, and other U.S. affiliates, and cannot be used for the benefit of the borrower’s foreign parents, affiliates or subsidiaries.

#### B. *Private Equity Funds and Their Portfolio Companies*

The Updated FAQ clarifies that private equity funds are not eligible to borrow under the Main Street Facilities, based on the Small Business Administration’s (“SBA”) determination that such funds are primarily engaged in speculation.

Moreover, the Federal Reserve confirmed that portfolio companies the voting stock of which is majority-owned or controlled by the same private equity fund are “affiliates” of one another for the purposes of the Main Street Program. This could affect a portfolio company’s eligibility to participate in the Main Street Program. Because the CARES Act requires that a borrower *and its affiliated entities* have either (a) 15,000 or fewer employees in the aggregate or (b) aggregate 2019 annual revenues of \$5 billion or less, a portfolio company that would otherwise satisfy these requirements on its own

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could nevertheless be ineligible to participate in the Main Street Program if the aggregate employee headcount or revenues of it and its sister-affiliate portfolio companies exceed the statutory thresholds.<sup>2</sup>

The Updated FAQ confirmed that the method for counting employees is in accordance with 13 C.F.R. § 121.106, which is the same standard utilized by the SBA to determine employee numbers under the Paycheck Protection Program.

### **C. Other Affiliate Limitations**

The Updated FAQ includes specific guidance that an affiliated group of companies can participate in only one Main Street Facility. Thus, for example, even if a portfolio company and its affiliates satisfy the above eligibility requirement, if the portfolio company previously utilized the New Loan Facility program, its affiliated portfolio companies could only participate in the same program (not the Priority Loan Facility or Expanded Loan Facility). In addition, each affiliated company is subject to a shared aggregate cap on maximum loan size under the applicable Main Street Facility. Thus, the amount that one affiliate could borrow under any Main Street Facility program would be reduced dollar-for-dollar by the amount that any affiliated companies had previously borrowed under that Main Street Facility. The Updated FAQ also provides that an eligible borrower's maximum loan size will be limited not only by its own leverage level, but the leverage level of its affiliate group on a consolidated basis.

### **D. Unavailability of Credit**

The Updated FAQ clarifies that borrowers may demonstrate that they are "unable to secure adequate credit accommodations from other banking institutions" as required under the Main Street Program by certifying that the amount, price or terms available from other sources are inadequate for their needs during the current unusual and exigent circumstances. Borrowers will not be required to demonstrate that applications for credit have been denied or that no other credit is available for their purposes.

### **V. Facility Sizing—Adjusted EBITDA**

The Federal Reserve has acknowledged that EBITDA, which is used to determine potential sizing of the Program Loans, may be subject to adjustment. The May 27 Releases provide further guidelines on the criteria by which eligible lenders select an appropriate EBITDA adjustment methodology. Notably, the Federal Reserve declines to outline whether any

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<sup>2</sup> To determine its 2019 annual revenues, a borrower must aggregate its revenues with those of its affiliates. A borrower may use either of the following methods to calculate 2019 annual revenues for purposes of determining eligibility: (1) its (and its affiliates') annual "revenue" per its 2019 Generally Accepted Accounting Principles-based (GAAP) audited financial statements; or (2) its (and its affiliates') annual receipts for the fiscal year 2019, as reported to the Internal Revenue Service. For purposes of the Main Street Program, the term "receipts" has the same meaning as that used by the SBA in 13 C.F.R. § 121.104(a).

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specific types of adjustments are appropriate, opting instead to rely on EBITDA adjustment methodologies that the eligible lender has utilized previously with the specific borrower or “similarly situated borrowers.”

- *General Principles.* If a lender has employed multiple EBITDA adjustment methods before, it must choose the most conservative method. The lender must select a single method that was used at a point in time in the recent past (before April 24, 2020) and may not “cherry pick” or apply adjustments used at different times or for a range of different purposes.
- *New Loan Facility/Priority Loan Facility.* Eligible lenders that make loans to a new customer under the New Loan Facility or Priority Loan Facility must size the loan based on an adjusted EBITDA methodology that the lender previously used when extending credit to “similarly situated borrowers” on or before April 24, 2020.
  - o *Similarly Situated Borrowers.* “Similarly situated borrowers” are borrowers in similar industries with comparable risk and size characteristics.
- *Expanded Loan Facility.* For the Expanded Loan Facility, an eligible lender must use the adjusted EBITDA methodology that is used in the existing loan documentation or in any internal risk analysis it performed when originating the underlying loan. If neither are available, the eligible lender must use an adjusted EBITDA methodology that it has required in other contexts with the borrower or, if there is no such calculation, for “similarly situated borrowers.”

### VI. Expanded Loan Facility

Among the three Main Street Facilities, the Updated FAQ provides the most extensive additional clarification to the terms of the Expanded Loan Facility.

- *Existing Lender.* An eligible lender is not required to be the same lender that originally extended the underlying loan. However, it must have acquired an interest in the underlying loan as of December 31, 2019 and, as of that date, must have assigned an internal “pass” risk rating to the underlying loan in the FFIEC’s supervisory rating system. Therefore, an entity that was not previously a lender cannot simply purchase an underlying loan in order to qualify under the Expanded Loan Facility. Moreover, a borrower will not have access to the internal risk rating on its loans, and must rely on the eligible lender to make the determination.
- *Amendments to Existing Facility.* If the underlying credit agreement does not contain an “accordion” or similar feature that already allows additional loans to be extended thereunder, the existing lenders would be required to amend the credit agreement to allow it to be upsized.

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- *Loan Retention.* Under the Expanded Loan Facility, the eligible lender must retain at least 5% of the upsized Expanded Loan Facility loans. The Updated FAQ clarifies that the eligible lender must retain the whole 5% by itself, instead of collectively with other lenders, even if the loans are part of a multi-lender facility.

### VII. Priority and Security Covenants

#### A. *New Loan Facility*

Loans under the New Loan Facility cannot include, whether at origination or any time thereafter, “any provisions” that would cause the loans to be contractually subordinated “in terms of priority” to the borrower’s other outstanding debt. This does not prevent the borrower from having or issuing other debt that is secured, even if the New Loan Facility loans are unsecured or secured on a junior-lien-priority basis. It also does not prevent the borrower from incurring obligations that would be afforded “mandatory priority” under the Bankruptcy Code or other insolvency laws.

#### B. *Priority Loan Facility*

Loans under the Priority Loan Facility are required to be senior to or pari passu with – both in terms of priority and security – the borrower’s other outstanding debt, except for mortgage debt (which the Updated FAQ provides is any debt secured by real property at the time of the loan’s origination).

The requirement that such loans be senior or pari passu “in security” consists of two requirements if such loans are secured. First, at the time any secured loan under the Priority Loan Facility is originated, the “Collateral Coverage Ratio” (the aggregate value of relevant collateral security, including the pro rata value of any shared collateral, divided by the outstanding aggregate principal amount of the relevant debt) must be *either*: (i) at least 200% or (ii) not less than the aggregate Collateral Coverage Ratio for all of the borrower’s other secured debt (other than mortgage debt). Second, if the loans are secured by the same collateral as any of the borrower’s other debt (other than mortgage debt), the lien securing the Priority Loan Facility loans must be senior to or pari passu with the liens of the other creditors. However, as long as the Collateral Coverage Ratio requirement is met, the Priority Loan Facility loans are not required to be secured by all of the same collateral securing the borrower’s other secured debt.

Moreover, during the life of the loan, it cannot be contractually subordinated in terms of priority to any of the borrower’s other loans, and it must contain a lien covenant or negative pledge (including exceptions, limitations, carve-outs, baskets, materiality thresholds and qualifiers) of the type consistent with those used by the lender in its ordinary course lending to “similarly situated borrowers.” Appendix B to the Updated FAQ includes a model lien covenant for reference.

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### **C. Expanded Loan Facility**

Loans under the Expanded Loan Facility are required to be senior to or pari passu with – both in terms of priority and security – the borrower's other outstanding debt, except for mortgage debt. However, the requirements with respect to secured loans differ from those of the Priority Loan Facility. Under the Expanded Loan Facility:

- If any other debt of the borrower is secured by collateral (except mortgage debt) at the time that the upsized Expanded Loan Facility tranche is originated, such upsized loans must be (and remain) secured by the same collateral on a pari passu basis (except with respect to any revolving tranche).
- Upsized Expanded Loan Facility tranches that are secured cannot be contractually subordinated in terms of priority to other debt of the borrower, at origination or thereafter.
- As with the Priority Loan Facility, the upsized Expanded Loan Facility tranche must contain a lien covenant or negative pledge. However, as long as the underlying loan has multiple lenders, any lien covenant negotiated in good faith prior to April 24, 2020 satisfies this requirement.

### **D. Guarantees**

The Borrower Certification further requires that if the Borrower is a holding company, it must certify that the Program Loan is fully guaranteed on a joint and several basis by certain "Selected Subsidiaries" (each of whom must also meet the qualifications to borrow under the applicable Main Street Facility and have their financials included in relevant compliance calculations) and, for the Priority Loan Facility and the Expanded Loan Facility, in the event the Program Loans are secured, the subsidiary guarantors' obligations are also secured.

## **VIII. Other Terms**

### **A. Cross-Acceleration**

The Program Loans are also required to contain cross-acceleration provisions which trigger an event of default with respect to such loans if a borrower's other indebtedness owing to the eligible lender (or an affiliate thereof) is accelerated. However, for upsized tranches under the Expanded Loan Facility where the underlying loan is part of a multi-lender facility, any cross-default or cross-acceleration provision that was negotiated in good faith prior to April 24, 2020 as part of the underlying loan will be deemed sufficient.



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### ***B. Mandatory Prepayment Upon Breach of Certain Borrower Certifications and Covenants***

Under Appendix B to the Updated FAQ, the Federal Reserve requires<sup>3</sup> that the Program Loans include a provision that permits the Federal Reserve to cause such loans to be mandatorily prepaid within two (2) business days if the Board determines that the borrower made a material misstatement or materially breached certain covenants in the Borrower Certification.

Additionally, under the Borrower Certifications, the borrower is required to indemnify certain beneficiaries thereof from any liabilities or claims that result or arise from the borrower's breach thereof.

### ***C. Financial Reporting***

The Main Street Program also contains requirements for new and quite detailed reporting that borrowers must deliver annually and quarterly until the loans mature. The list of required financial reporting is attached as Appendix C to the Updated FAQ. The reporting requirements generally relate to borrower financial information (much of which would typically appear in financial statements), but also include various financial calculations, as well as disclosures relating to the collateral, other debt of the borrower and covenant compliance.

### ***D. Repayment of Other Debt***

While the Program Loans are outstanding, the borrower is generally prohibited from repaying principal or paying interest on any debt unless such payments are "mandatory and due." For debt that predates the applicable Program Loans, principal and interest payments are "mandatory and due" when they are paid as scheduled (as of April 24, 2020) or as automatically triggered under mandatory prepayment provisions (as of April 24, 2020). However, prepayments that are triggered by the incurrence of new debt may only be paid to the extent they are de minimis or under the Priority Loan Facility at the time of origination of such loan.

The requirement that the payment terms have existed prior to April 24, 2020 prevents existing lenders from building in payment terms after such date in contemplation of the Main Street Facility. Moreover, under the New Loan Facility and the Expanded Loan Facility, if the existing debt arrangement requires prepayment of more than a de minimis amount upon the incurrence of such Main Street Facility, the requirement must be waived or reduced to a de minimis amount by the existing lenders.

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<sup>3</sup> This provision must be included in any bilateral facility, and for loans under the Expanded Loan Facility, in any multi-lender facility, if the percentage of lenders required to approve the provision consent to any other changes to the loan documents in the process of upsizing the applicable tranche.

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### ***E. Fees and Interest***

The Updated FAQ clarifies that Program Loans must have an interest rate of LIBOR (1 or 3 months) plus 300 bps and that lenders may not charge borrowers additional fees beyond those specified in the Main Street Program term sheets other than de minimis fees for services that are “customary and necessary” in the lender’s underwriting of loans for similar borrowers. The Updated FAQ explicitly prohibits lenders from charging any servicing fees to borrowers.

### ***F. Restrictions on Compensation, Dividends, and Stock Buy-Backs***

The May 27 Releases affirm that a borrower must make certifications taken from the CARES Act that it will impose limitations on compensation and generally not pay dividends or buy back equity shares for the life of the loan plus 12 months. The Borrower Certifications clarify how the restrictions on employee compensation should be applied by the eligible borrower.

Those restrictions require a borrower to: (1) pay any employee or officer who made between \$425,000 and \$3 million in 2019 no more than their total compensation in 2019, and (2) pay any employee or officer who made over \$3 million in 2019 no more than \$3 million plus 50% of the amount earned over \$3 million. Notably, the compensation caps apply only to employees who receive a W-2 tax form as well as partners in partnerships and members of limited liability companies. The caps do not apply to independent directors or contractors.

Additionally, for employees hired during 2019 and 2020 who have not had a full 12 months of employment with the eligible borrower, the compensation subject to the cap is based on the total compensation received 12 months after the end of the month the employee commenced employment. Finally, for high-earning employees whose compensation first exceeds the \$425,000 or \$3 million thresholds in 2019 or later, the reference period is the 12-month period starting from the end of the month in which the total compensation first exceeded the \$425,000 or \$3 million threshold.

### **IX. Waiver of Administrative Priority Under Bankruptcy Code**

The Federal Reserve has clarified that Main Street SPV will waive and disclaim its right to assert any administrative priority under Section 507(a)(2) of the Bankruptcy Code, which would otherwise grant the Federal Reserve a second-priority administrative expense claim for certain unsecured claims, fees and charges. The Federal Reserve believes this will provide reassurance to existing lenders that their existing loans will be effectively subordinated to the Program Loans, and prevent unintended complications in the event of a borrower’s restructuring or workout.

### **X. Federal Reserve’s Approach to Managing the Program Loans Going Forward**

The Updated FAQ also contains several statements that – while not all binding – provide valuable insight into the approach that borrowers and lenders can expect the Federal Reserve to take with respect to the Program Loans.

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- Generally, unless the borrower is distressed, the Federal Reserve – through the Main Street SPV – intends to take a limited role in administering the credit, relying instead on the eligible lender to service the loan in accordance with the standard of care and duties set forth in the Participation Agreement and the Servicing Agreement. These agreements govern the eligible lender's obligations with respect to collections, the forwarding of borrower information and other servicing terms. In addition, these agreements hold the eligible lender to the same duty of care that the eligible lender would exercise if it held the Program Loans solely for its own account, and relieves the eligible lender from liability for errors in judgment or for its acts or omissions except for losses that result from such lender's bad faith, gross negligence, willful misconduct or breach of express terms and provisions of such agreements. In addition, the Main Street SPV will have limited rights to assign or elevate its participation interests.
- If the Program Loan experiences a payment default or the borrower or eligible lender enters into bankruptcy proceedings, among other events, the Main Street SPV will have the option to elevate its participation to an assignment and/or to sell or transfer its loan participation. Nevertheless, the Updated FAQ provides that the Federal Reserve does not expect to exercise this option as a matter of course unless the loan constitutes a relatively large proportion of the Main Street SPV's portfolio or its interests are misaligned with the eligible lender. Instead, the Federal Reserve expects eligible lenders to follow "market-standard workout processes" and to exercise the same duty of care in such process they would exercise if they retained a beneficial interest in the entire loan.
- In the event Main Street SPV is required to make a decision under its voting rights, the Federal Reserve has put parties on notice that the program is "not a grant program" and that it will "make commercially reasonable decisions to protect taxpayers from losses."
- Notably, the CARES Act prohibits loan forgiveness with respect to the Program Loans. The Updated FAQ notes, however, that the Main Street SPV can, in the event of a restructuring or workout, agree to reductions in interest (including capitalized interest), extend amortization schedules and maturities and allow for "priming" loans.

### **XI. Operational Details**

No specific date for the launch of the Main Street Program has yet been determined. Once launched, the Federal Reserve will provide periodic reports on the size of the program and its remaining capacity.

Eligible lenders will have the option to extend and fund the applicable Program Loan prior to selling a participation in such loan to the Main Street SPV. Alternatively, eligible lenders can commit to providing such loans but condition the funding thereof on receipt of a binding commitment from Main Street SPV to purchase a participation of the loan.

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## **Federal Reserve's Recent Releases Further Clarify Key Terms of the Main Street Lending Program**

### **Appendices to Updated FAQ**

**Appendix A: Loan Document Checklist**

**Appendix B: Required Covenants in Loan Documentation**

**Appendix C: Required Financial Reporting**

Effective: May 27, 2020

### Appendix A: Loan Document Checklist

Each participating Eligible Lender should use its own loan documentation in relation to Main Street loans. Such documentation should be substantially similar, including with respect to required covenants, to the loan documentation that the Eligible Lender uses in its ordinary course lending to similarly situated borrowers, adjusted only as appropriate to reflect the requirements of the Program. In order for the Main Street SPV to participate in a loan, the loan documentation must reflect the required components set out in the charts below.

	Term	MSNLF	MSPLF	MSELF	
				Upsized Tranche	Underlying Loan
1	Maturity	4 years	4 years	4 years	remaining maturity of at least 18 months (taking into account any adjustments made to the maturity of the underlying loan after April 24, 2020, including at the time of upsizing)
2	Principal and Interest Deferral	1 year	1 year	1 year	no requirements applicable under the Program
3	Capitalization of Unpaid Interest	Yes	Yes	Yes	no requirements applicable under the Program
4	Interest Rate	adjustable rate of LIBOR (1 or 3 month) + 300 basis points	adjustable rate of LIBOR (1 or 3 month) + 300 basis points	adjustable rate of LIBOR (1 or 3 month) + 300 basis points	no requirements applicable under the Program
5	Principal Amortization Schedule	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	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	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	no requirements applicable under the Program

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	Term	MSNLF	MSPLF	MSELF	
				Upsized Tranche	Underlying Loan
6	Minimum Loan Size	\$500,000	\$500,000	\$10 million	no requirements applicable under the Program
7	Maximum Loan Size	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 EBITDA	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 EBITDA	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 MSELF Upsized Tranche (and underlying 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 EBITDA	no requirements applicable under the Program
8	Priority / Security Requirement	May not include any provisions that would cause the MSNLF Loan to be contractually subordinated to other debt in or outside of bankruptcy.	May not include any provisions that would cause the MSPLF Loan to be contractually subordinated to other debt in or outside of bankruptcy.  Must include a standard lien covenant or negative pledge that is of the type and that contains the exceptions, limitations, carve-outs,	May not include any provisions that would cause the MSELF Upsized Tranche to be contractually subordinated to other debt in or outside of bankruptcy.  Must include a standard lien covenant or negative pledge that is of the type and that contains the exceptions, limitations, carve-outs, baskets, materiality thresholds, and qualifiers that are consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers. <ul style="list-style-type: none"> <li>• See Appendix B for a model covenant.</li> <li>• For MSELF Upsized Tranches where the underlying loan is part of a multi-lender facility, any lien covenant or negative pledge that was negotiated in good faith prior to</li> </ul>	

**Effective: May 27, 2020**

	Term	MSNLF	MSPLF	MSELF	
				Upsized Tranche	Underlying Loan
			baskets, materiality thresholds, and qualifiers that are consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers. See Appendix B for a model covenant.	April 24, 2020, as part of the underlying loan shall be deemed sufficient.	
9	Prepayment	permitted without penalty	permitted without penalty	permitted without penalty	no requirements applicable under the Program
10	Type	term loan	term loan	term loan	term or revolving credit facility
11	Origination Date	after April 24, 2020	after April 24, 2020	after April 24, 2020	on or before April 24, 2020
12	Borrower Certifications and Covenants Material Breach Mandatory Prepayment	Must include a Borrower Certifications and Covenants material breach mandatory prepayment provision (see model provision in Appendix B).	Must include a Borrower Certifications and Covenants material breach mandatory prepayment provision (see model provision in Appendix B).	Must include a Borrower Certifications and Covenants material breach mandatory prepayment provision to the extent feasible in light of existing voting arrangements (see Appendix B for more information).	
13	Cross-Acceleration Provision	Must include a cross acceleration provision (see model provision in Appendix B).	Must include a cross acceleration provision (see model provision in Appendix B).	Must include a cross acceleration provision (see model provision in Appendix B).  For MSELF Upsized Tranches where the underlying loan is part of a multi-lender facility, any cross-default or cross-acceleration provision that was negotiated in good faith prior to April 24, 2020, as part of the underlying loan shall be deemed sufficient.	



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	Term	MSNLF	MSPLF	MSELF	
				Upsized Tranche	Underlying Loan
14	Collateral	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation.	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation.	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation	
15	Financial Reporting	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C (see model covenant in Appendix B)	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C (see model covenant in Appendix B)	<p>Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C (see model covenant in Appendix B).</p> <p>For MSELF Upsized Tranches where the underlying loan is part of a multi-lender facility, any financial reporting provision that was negotiated in good faith prior to April 24, 2020, as part of the underlying loan shall be deemed sufficient.</p>	

In addition to the above, any Eligible Lender that elects to make receipt of a binding commitment letter from the Main Street SPV a condition of closing (see question [L.4](#) above), should include language similar to the model provision below in its loan documentation:

*In the "Conditions to All Borrowings" section:*

"(i) the [Eligible Lender] shall have received a commitment letter from MS Facilities LLC that it will purchase a participation interest in \$[PRINCIPAL AMOUNT TO BE PARTICIPATED] aggregate principal amount of the [APPLICABLE LOAN DEFINITION].

## **Appendix B: Required Covenants in Loan Documentation**

Each participating Eligible Lender should use its own documentation for Main Street loans. Such documentation should be substantially similar, including with respect to required covenants, to the loan documents that the Eligible Lender uses in its ordinary course lending to similarly situated borrowers, adjusted only as appropriate to reflect the requirements of the Program. Appendix A sets out the components that must be reflected in such documentation. Model covenants are provided below in relation to #8, #12, #13, and #15 of Appendix A.

*Please note:* Eligible Lenders are not required to use the model covenants provided; these are provided only as examples for the convenience of Eligible Lenders. Eligible Lenders are permitted to use variations of such provisions to the extent they serve the same substantive purpose and are otherwise substantially similar to provisions that the Eligible Lender uses in its ordinary course lending to similarly situated borrowers.

### **I. Priority and Security Covenant**

Each Main Street facility includes a requirement concerning the priority and/or security of the loan, which must be reflected in the loan documentation through the presence or absence of certain covenants.

#### **I.A. MSNLF Loans**

MSNLF Loans must not be, at the time of origination or at any time during the term of the MSNLF Loan, contractually subordinated in terms of priority to any of the Eligible Borrower's other loans or debt instruments. See question [B.3](#) for more information about how to interpret this term. In accordance with this term, the loan documentation should not include any provisions that would cause the MSNLF Loan to be contractually subordinated to any other debt whether in or outside of bankruptcy. For the avoidance of doubt, prohibitions on contractual subordination do not prevent the incurrence of obligations that have mandatory priority under the Bankruptcy Code or other insolvency laws, or other relevant law or regulation, that apply to entities generally.

#### **I.B. MSPLF Loans and MSELF Upsized Tranches that are Part of Bilateral Facilities**

MSPLF Loans and MSELF Upsized Tranches must be, at the time of origination and at all times thereafter, 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). See questions [C.6](#) and [D.12](#) for more information about how to interpret these terms in the context of the MSPLF and MSELF, respectively.

In accordance with this term, the loan documentation for MSPLF Loans and MSELF Upsized Tranches that are part of bilateral facilities (i.e., where the Eligible Lender is the only lender)

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should not include any provisions that would cause the MSPLF Loan or MSELF Upsized Tranche to be contractually subordinated to any other debt whether in or outside of bankruptcy. See section I.A of this Appendix B for more information.

In addition, the loan documentation for MSPLF Loans and MSELF Upsized Tranches that are part of bilateral facilities must contain a lien covenant or negative pledge that is of the type – and that contains exceptions, limitations, carve-outs, baskets, materiality thresholds, and qualifiers – that is consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers. A model lien covenant is set out below for the convenience of Eligible Lenders.

*In the “Negative Covenants” section:*

“The Borrower will not, nor will it permit any subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, securing any debt for borrowed money or any obligations evidenced by a bond, debenture, note, loan agreement or other similar instrument, or any guarantee of the foregoing, other than the following:

- (a) Liens securing obligations under the [MSPLF Loan][MSELF loan];
- (b) [Liens on real property in connection with loans with respect to which substantially all of the proceeds were used for acquisition, construction, fit-out, and/or renovation of the property];
- (c) [Junior Liens securing permitted Indebtedness]; or
- (d) [Liens on receivables assets and related assets incurred in connection with a receivables facility, provided that such debt is secured only by the newly acquired property].

Lien covenants included in Main Street loan documentation may include carve-outs at the discretion of the Eligible Lender in accordance with its customary underwriting practices with respect to similarly situated borrowers. The carve-outs from the lien covenant listed above illustrate the types of carve outs, among others, that Eligible Lenders may choose to include in a Main Street loan’s lien covenant.

### **I.C. MSELF Upsized Tranches that are Part of Multi-Lender Facilities**

MSELF Upsized Tranches must be, at the time of origination and at all times thereafter, 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). See question [D.12](#) for more information about how to interpret this term.

In accordance with this term, the loan documentation for MSELF Upsized Tranches that are part of multi-lender facilities (i.e., where there are multiple lenders) should not include any provisions that would cause the MSELF Upsized Tranche to be contractually subordinated to

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any other debt whether in or outside of bankruptcy. See section I.A of this Appendix B for more information.

For MSELF Upsized Tranches that are part of multi-lender facilities, the facility must include a provision like the one described in section I.B of this Appendix B, unless the loan documentation has a lien covenant that was negotiated in good faith prior to April 24, 2020.

## **II. Borrower Certifications and Covenants Material Breach Mandatory Prepayment Provision**

Each participating borrower must submit signed Borrower Certifications and Covenants in connection with the Main Street Loan. If the Board determines that the borrower made a material misstatement in certifications, or materially breached covenants, relating to CARES Act, the Federal Reserve Act, or the Board’s Regulation A, the Board will notify the Eligible Lender to trigger a mandatory prepayment requirement under the Main Street loan. To implement these measures, the Borrower Certifications and Covenants should be referenced in loan documents for Main Street loans as set out below.

### **II.A. MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are Part of Bilateral Facilities**

For all MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are part of a bilateral facility, the loan documents must contain a mandatory prepayment provision related to a material breach of the Eligible Borrower certifications in Section 2 (CARES Act Borrower Eligibility Certifications and Covenants) and Section 3 (FRA and Regulation A Borrower Eligibility Certifications) of the Borrower Certifications and Covenants. A model provision is set out below for convenience.

*In the “Mandatory Prepayment” section:*

“If, on any date (such date, a “Trigger Date”), the Board of Governors of the Federal Reserve System or a designee thereof has, after consultation with [the Administrative Agent][the Eligible Lender], notified [the Administrative Agent][the Eligible Lender] in writing that the Borrower has materially breached, made a material misrepresentation with respect to or otherwise failed to comply with certifications in Section 2 (CARES Act Borrower Eligibility Certifications and Covenants) or Section 3 (FRA and Regulation A Borrower Eligibility Certifications) of the Borrower Certifications and Covenants in any material respect or that any such certification has failed to be true and correct in any material respect, then [the Administrative Agent][the Eligible Lender] shall promptly so notify the Borrower and the Borrower shall, no later than two (2) Business Days after such Trigger Date, prepay the [Eligible Loan] in full, along with any accrued and unpaid interest thereon.”

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## II.B. MSELF Upsized Tranches that are Part of Multi-Lender Facilities

For MSELF Upsized Tranches that are part of multi-lender facilities, a mandatory prepayment provision substantially similar to the model mandatory prepayment provision set out in section II.A of this Appendix B must be included if the percentage (or number) of lenders required to consent to a new mandatory prepayment provision under the existing agreements (typically a simple majority) consents to any other changes to the loan documents in the process of upsizing the loan or selling the participation to the Main Street SPV. Further, if 100% of the lenders agree to any other changes to the loan documents in the process of upsizing the loan or selling the participation to the Main Street SPV, this mandatory prepayment provision must be inserted into the loan documents and treated as a “sacred right,” the amendment, waiver, or modification of which would require 100% lender consent.

## III. Cross-Acceleration Provision

Each Main Street loan should contain a cross-acceleration provision that would trigger an event of default under the Main Street loan if a different loan extended to the Eligible Borrower by the Eligible Lender or the Eligible Lender’s commonly controlled affiliate is accelerated.

### III.A. MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are Part of Bilateral Facilities

For all MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are part of a bilateral facility, the loan documents must contain a cross-acceleration provision that would be triggered if other debt owed by the Eligible Borrower to the Eligible Lender or any commonly controlled affiliate of the Eligible Lender is accelerated. A model provision is set out below for the convenience of Eligible Lenders.

*In the “Event of Default” section:*

“(i) [the Borrower or any Subsidiary shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness under the Loan Documents) owing to the [ELIGIBLE LENDER] or any commonly controlled Affiliate of the [ELIGIBLE LENDER], in each case beyond the applicable grace period with respect thereto, if any; or (ii) the Borrower or any Subsidiary shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which failure to make a payment, default or other event described in cause (i) or (ii) is to cause such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that clause (ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is

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permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;”

### III.B. MSELF Upsized Tranches that are Part of Multi-Lender Facilities

For MSELF Upsized Tranches that are part of multi-lender facilities, the facility must include a provision like the one described in section III.A of this Appendix B, unless the loan documentation has a cross-default or cross-acceleration provision that was negotiated in good faith prior to April 24, 2020.

## IV. Financial Reporting Covenant

Each Main Street loan should contain a financial reporting covenant requiring the regular delivery of certain financial information and calculations.

### IV.A. MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are Part of Bilateral Facilities

For MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are part of a bilateral facility, the loan documents must contain a financial reporting covenant requiring the quarterly delivery of Borrower financial information and calculations set out in Appendix C. A model covenant is set out below for the convenience of Eligible Lenders.

*In the “Affirmative Covenants” section:*

“as soon as available, but in any event within [60] days after the end of each fiscal quarter of the Borrower, the Borrower shall deliver to the [Administrative Agent] [Eligible Lender] financial reporting in a form and substance reasonably acceptable to the [Administrative Agent] [Eligible Lender] setting forth the financial information, and where applicable reasonably detailed calculations of the required data, set forth in [See Appendix C to these FAQs] as at the end of such fiscal quarter of the Borrower, which financial reporting and calculations, in each case, shall be true and accurate in all material respects and, where applicable, present fairly in all material respects the financial condition of the Borrower for the period covered thereby in accordance with GAAP, consistently applied.”

### IV.B. MSELF Upsized Tranches that are Part of Multi-Lender Facilities

For MSELF Upsized Tranches that are part of multi-lender facilities, the facility must include a provision like the one described in section IV.A of this Appendix B, unless the loan documentation has a financial reporting covenant that was negotiated in good faith prior to April 24, 2020.

## Appendix C: Required Financial Reporting

Each Main Street loan should contain a financial reporting covenant requiring the regular delivery of certain financial information and calculations. The items listed in Table I below must be provided by each Main Street borrower to their Eligible Lender at least annually. The items listed in Table II must be provided by each Main Street borrower to their Eligible Lender at least quarterly; the quarterly requirements vary based on the Main Street facility in which the borrower is participating.

<b>Table I: Data Required <u>Annually</u> from All Main Street Borrowers</b>	
<b>Required Data</b>	<b>Definition</b>
Total Assets	The sum of current assets, fixed assets, and other non-current assets (including, but not limited to, intangible assets, deferred items, investments, and advances).
Current Assets	Cash, accounts receivable, inventory, and other short-term assets that are likely to be converted into cash, used, sold, exchanged, or otherwise expensed in the normal course of business within one year.
Cash & Marketable Securities	Cash, depository accounts, and marketable securities that can be easily sold and readily converted into cash.
Tangible Assets	Assets having a physical existence, measured as total assets less intangible assets. Tangible assets are distinguished from intangible assets, such as trademarks, copyrights, and goodwill.
Total Liabilities	The total amount of all outstanding obligations, both current and noncurrent.
Current Liabilities	Short term debt, accounts payable, and other current liabilities that are due within one year.
Total Debt (Incl. Undrawn Available Lines of Credit)	Existing outstanding and committed debt (including any undrawn available amounts).
Total Equity	Measured as total assets minus total liabilities.
Total Revenue	Total income generated by the sale of goods or services from ongoing operations. Total Revenue excludes any non-recurring sales or gains.
Net Income	The income (or loss) after expenses and losses have been subtracted from all revenues and gains for the fiscal period, including discontinued operations.
Unadjusted EBITDA	Earnings before interest expense, income tax expense, depreciation expense, and amortization expense. The starting point is net income.
Adjusted EBITDA	Unadjusted EBITDA adjusted for any non-recurring, one-time, or irregular items. The Adjusted EBITDA measurement should align with the relevant facility's term sheet.
Depreciation Expense	Non-cash expense measured based on the use of fixed assets, recognized over the useful life of the fixed assets.
Amortization Expense	Non-cash expense measured based on the use of intangible assets, recognized over the life of the intangible asset.
Interest Expense	The periodic finance expense of short term and long term debt.
Tax Expense	Federal, state and local income tax expenses.
Rent Expense	The contractual costs of occupying leased real estate.
Dividends / Equity Distributions	Distributions to equity owners.

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<b>Table I: Data Required Annually from All Main Street Borrowers</b>	
<b>Required Data</b>	<b>Definition</b>
Accounts Receivable (net of allowances)	Amounts owed to the borrower resulting from providing goods and/or services. Accounts receivable will be net of any allowances for uncollectible amounts.
Inventory (net of reserves)	Value of the raw materials, work in process, supplies used in operations, finished goods, and merchandise bought which are intended to be sold in the ordinary course of business. Inventory should be net of reserves.
Fixed Assets, Gross	Tangible property used in the business and not for resale, including buildings, furniture, fixtures, equipment, and land. Report fixed assets gross of depreciation.
Accumulated Depreciation	Cumulative depreciation of all fixed assets up to the Date of Financial Information.
Accounts Payable (A/P)	The obligations owed to the borrower's creditors arising from the entity's ongoing operations, including the purchase of goods, materials, supplies, and services. Accounts payable excludes short term and long term debt.
Short Term Debt	Debt obligations of the borrower due with a term of less than one year, including the current portion of any Long Term Debt.
Long Term Debt	Debt obligations of the borrower that are due in one year or more, excluding the current portion that is otherwise captured in Short Term Debt.
Description of EBITDA Adjustments	Description of items that are added to Unadjusted EBITDA to determine Adjusted EBITDA.
Total Expenses	All money spent and costs incurred, both recurring and non-recurring, to generate revenue. Expenses exclude items capital in nature (i.e., expenses that are allowed to be capitalized and included in the cost basis of a fixed asset).
Operating Expenses	Money spent and costs incurred related to normal business operations including selling, general & administrative expenses, depreciation, and amortization (i.e., total expenses less non-recurring expenses). Exclude capital expenditures.
Operating Income	Profit (or loss) realized from continuing operations (i.e., revenue less operating expenses).
Fixed Charges	Expenses that recur on a regular basis, regardless of the volume of business (i.e., lease payments, rental payments, loan interest payments, or insurance payments).
Capitalized Expenditures	Non-operating expenditures capitalized to fixed assets.
Guarantor Net Assets	Total assets less total liabilities of the guarantor (also referred to as net worth).
Sr. Debt Balance	Debt amount ranking senior to the Main Street loan.
Additional Pari Passu Debt Balance	Debt amount ranking pari passu to the Main Street loan.
Collateral Type (Non-Real Estate)	If the loan is secured by collateral that is not predominantly real estate, including if the collateral provided is different types, report the predominant type of collateral (e.g., inventory, receivables, securities, etc.) by aggregate value.
Collateral Type (Real Estate)	If the loan is secured by real estate collateral, indicate the property type (e.g., hotel, multifamily, residential, industrial, etc.). If the loan is secured by multiple real estate property types, report the predominant property type by aggregate value.
Collateral Value Reporting	For loans that require ongoing or periodic valuation of the collateral, report the market value of the collateral as of the reporting date.
Collateral Value Date	Define the as-of date that corresponds with the Collateral Value Reporting field.
Covenant Status (Pass / Fail)	Yes/no, indicating if the facility has satisfied covenant tests.
Date of Covenant Default	If applicable, report the date when borrower defaulted covenants.
Nature of Covenant Default	If applicable, describe the covenant default (i.e., missing financial statements, ratio trigger).



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Table I: Data Required <u>Annually</u> from All Main Street Borrowers	
Required Data	Definition
Date of Covenant Cure	If applicable, report the date when borrower cured previous defaults.

Table II: Data Required <u>Quarterly</u> from Main Street Borrowers by Main Street Facility				
Required Data	MSELF	MSNLF	MSPLF	Definition
Total Assets	Yes	Yes	Yes	The sum of current assets, fixed assets, and other non-current assets (including, but not limited to, intangible assets, deferred items, investments, and advances).
Current Assets	Yes	Yes	Yes	Cash, accounts receivable, inventory, and other short term assets that are likely to be converted into cash, used, sold, exchanged, or otherwise expensed in the normal course of business within one year.
Cash & Marketable Securities	Yes	Yes	Yes	Cash, depository accounts, and marketable securities that can be easily sold and readily converted into cash.
Tangible Assets	Yes	No	No	Assets having a physical existence measured as total assets less intangible assets. Tangible assets are distinguished from intangible assets, such as trademarks, copyrights, and goodwill.
Total Liabilities	Yes	Yes	Yes	The total amount of all outstanding obligations, both current and noncurrent.
Current Liabilities	Yes	Yes	Yes	Short term debt, accounts payable, and other current liabilities that are due within one year.
Total Debt (Incl. Undrawn Available Lines of Credit)	Yes	Yes	Yes	Existing outstanding and committed debt (including any undrawn available amounts).
Total Equity	Yes	Yes	Yes	Measured as total assets minus total liabilities.
Total Revenue	Yes	Yes	Yes	Total income generated by the sale of goods or services from ongoing operations. Total Revenue excludes any non-recurring sales or gains.
Net Income	Yes	Yes	Yes	The income (or loss) after expenses and losses have been subtracted from all revenues and gains for the fiscal period, including discontinued operations.
Unadjusted EBITDA	Yes	Yes	Yes	Earnings before interest expense, income tax expense, depreciation expense and amortization expense. The starting point is net income.
Adjusted EBITDA	Yes	Yes	Yes	Unadjusted EBITDA adjusted for any non-recurring, one-time or irregular items. The Adjusted EBITDA measurement should align with the relevant facility's term sheet.
Depreciation Expense	Yes	No	No	Non-cash expense measured based on the use of fixed assets, recognized over the useful life of the fixed assets.
Amortization Expense	Yes	No	No	Non-cash expense measured based on the use of intangible assets, recognized over the life of the intangible asset.
Interest Expense	Yes	Yes	Yes	The periodic finance expense of short term and long term debt.
Tax Expense	Yes	No	No	Federal, state and local income tax expenses.
Rent Expense	Yes	No	No	The contractual costs of occupying leased real estate.

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Table II: Data Required Quarterly from Main Street Borrowers by Main Street Facility				
Required Data	MSELF	MSNLF	MSPLF	Definition
Dividends / Equity Distributions	Yes	Yes	Yes	Distributions to equity owners.
Accounts Receivable (net of allowances)	Yes	No	No	Amounts owed to the borrower resulting from providing goods and/or services. Accounts receivable will be net of any allowances for uncollectible amounts.
Inventory (net of reserves)	Yes	No	No	Value of the raw materials, work in process, supplies used in operations, finished goods, and merchandise bought which are intended to be sold in the ordinary course of business. Inventory should be net of reserves.
Fixed Assets, Gross	Yes	No	No	Tangible property used in the business and not for resale, including buildings, furniture, fixtures, equipment, and land. Report fixed assets gross of depreciation.
Accumulated Depreciation	Yes	No	No	Cumulative depreciation of all fixed assets up to the Date of Financial Information.
Accounts Payable (A/P)	Yes	No	No	The obligations owed to the borrower's creditors arising from the entity's ongoing operations, including the purchase of goods, materials, supplies, and services. Accounts payable excludes short term and long term debt.
Short Term Debt	Yes	No	No	Debt obligations of the borrower due with a term of less than one year, including the current portion of any Long Term Debt.
Long Term Debt	Yes	No	No	Debt obligations of the borrower that are due in one year or more, excluding the current portion that is otherwise captured in Short Term Debt.
Description of EBITDA Adjustments	Yes	No	No	Description of items that are added to Unadjusted EBITDA to determine Adjusted EBITDA.
Total Expenses	Yes	No	No	All money spent and costs incurred, both recurring and non-recurring, to generate revenue. Expenses exclude items capital in nature (i.e., expenses that are allowed to be capitalized and included in the cost basis of a fixed asset).
Operating Expenses	Yes	Yes	Yes	Money spent and costs incurred related to normal business operations, including selling, general & administrative expenses, depreciation, and amortization (i.e. total expenses less non-recurring expenses). Exclude capital expenditures.
Operating Income	Yes	Yes	Yes	Profit (or loss) realized from continuing operations (i.e., revenue less operating expenses).
Fixed Charges	Yes	No	No	Expenses that recur on a regular basis, regardless of the volume of business (i.e., lease payments, rental payments, loan interest payments, or insurance payments).
Capitalized Expenditures	Yes	Yes	Yes	Non-operating expenditures capitalized to fixed assets.
Guarantor Net Assets	Yes	No	No	Total assets less total liabilities of the guarantor (also referred to as net worth).
Sr. Debt Balance	Yes	Yes	Yes	Debt amount ranking senior to the Main Street loan.
Additional Pari Passu Debt Balance	Yes	Yes	Yes	Debt amount ranking pari passu to the Main Street loan.

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Table II: Data Required <u>Quarterly</u> from Main Street Borrowers by Main Street Facility				
Required Data	MSELF	MSNLF	MSPLF	Definition
Collateral Type (Non-Real Estate)	Yes	No	No	If the loan is secured by collateral that is not predominantly real estate, including if the collateral provided is different types, report the predominant type of collateral (e.g., inventory, receivables, securities, etc.) by aggregate value.
Collateral Type (Real Estate)	Yes	No	No	If the loan is secured by real estate collateral, indicate the property type (e.g., hotel, multifamily, residential, industrial, etc.). If the loan is secured by multiple real estate property types, report the predominant property type by aggregate value.
Collateral Value Reporting	Yes	No	No	For loans that require ongoing or periodic valuation of the collateral, report the market value of the collateral as of the reporting date.
Collateral Value Date	Yes	No	No	Define the as-of date that corresponds with the Collateral Value Reporting field.
Covenant Status (Pass / Fail)	Yes	Yes	Yes	Yes/no, indicating if the facility has satisfied covenant tests.
Date of Covenant Default	Yes	Yes	Yes	If applicable, report the date when borrower defaulted covenants.
Nature of Covenant Default	Yes	Yes	Yes	If applicable, describe the covenant default (i.e., missing financial statements, ratio trigger).
Date of Covenant Cure	Yes	Yes	Yes	If applicable, report the date when borrower cured previous defaults.