

Federal Reserve Expands Main Street Lending Program; Reduces Some Minimum Loan Amounts, Raises Maximum Loan Amounts, Extends Loan Term

June 9, 2020

On June 8, the Federal Reserve announced a number of changes to the Main Street Lending Program (“MSLP”), involving all three facilities, the Main Street New Loan Facility (“MSNLF”), the Main Street Priority Loan Facility (“MSPLF”), and the Main Street Expanded Loan Facility (“MSELF”). The changes are designed to make MSLP loans available to more borrowers and to reduce the lender’s “skin in the game” on higher-leverage loans. The changes are:

- Lowering the minimum loan amounts for MSNLF and MSPLF to \$250,000 from \$500,000.
- Increasing the maximum loan amounts as follows:
 - MSNLF: \$35 million, up from \$25 million.
 - MSPLF: \$50 million, up from \$25 million.
 - MSELF: \$300 million, up from \$200 million.
- Extending the loan term for all three loan facilities from 4 years to 5 years.
- Principal deferral increased from 1 year to 2 years for all three facilities. The repayment schedules for MSNLF, MSPLF and MSELF are now 15% in years 3 and 4, and 70% in year 5.
- Reducing the amount of retention the lender must hold for MSPLF from 15% to 5%, the same level as MSNLF and MSELF (even though MSPLF has a higher maximum leverage ratio of 6 x EBITDA, compared to 4 X EBITDA for the other loan facilities).

The Federal Reserve's announcement can be found [HERE](#).

Please feel free to contact any of the following attorneys in Buchalter's Commercial Finance Group if you have any questions regarding the MSLP or to discuss the various options and details thereunder.

**Robert Gillison**

Commercial Finance, Practice Chair
(213) 891-5014
rgillison@buchalter.com

**Anthony Callobre**

Shareholder
(213) 891-5024
acallobre@buchalter.com

**Matthew Kavanaugh**

Shareholder
(213) 891-5449
mkavanaugh@buchalter.com

**William Schoenholz**

Shareholder
(213) 891-5004
wschoenholz@buchalter.com

**Michael C. Flynn**

Mortgage Banking Practice Co-Chair
(213) 891-5262 or mflynn@buchalter.com

This communication is not intended to create or constitute, nor does it create or constitute, an attorney-client or any other legal relationship. No statement in this communication constitutes legal advice nor should any communication herein be construed, relied upon, or interpreted as legal advice. This communication is for general information purposes only regarding recent legal developments of interest, and is not a substitute for legal counsel on any subject matter. No reader should act or refrain from acting on the basis of any information included herein without seeking appropriate legal advice on the particular facts and circumstances affecting that reader. For more information, visit www.buchalter.com.