The Federal Reserve’s Main Street Lending Program

MAY 4, 2020

BASED ON APRIL 30 ANNOUNCEMENTS
WILL BE UPDATED AS PROGRAM DEVELOPS
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COVID-19 Davis Polk Resources

CARES Act Memo for Gig Workers and Others Who Work for Themselves

• Our Gig Workers memo describes the government’s programs for people who work for themselves. This memo helps with navigating these programs and is aimed at a large and diverse audience.

Government Support for Business

• Our Government Support for Business page centralizes all of the government materials related to the numerous support programs announced by the Federal Reserve and others enacted as part of the CARES Act in one convenient place.

• You can also contact any of Davis Polk’s Government Support for Business Task Force members at stimulus.taskforce@davispolk.com

FinReg Tracker

• Our morning FinReg Tracker email is a simple list, with hyperlinks, of all developments from the day before from Congress and the federal financial agencies. View a recent FinReg Tracker and sign up to receive the Tracker at 7:00 a.m. ET Monday-Saturday.

Coronavirus Updates

• Our Coronavirus Updates page contains a compendium of Davis Polk content related to the pandemic’s economic fallout and government responses, organized by topic.
Overview of Main Street Lending Program
April 30 Main Street Announcements

• On April 30, 2020, the Federal Reserve released the following Main Street Lending Program documents.
  − Updated term sheets for the Main Street New Loan Facility (MSNLF) and the Main Street Expanded Loan Facility (MSELF)
    • MSNLF Term Sheet
    • Blackline of MSNLF Term Sheet against April 9 version
    • MSELF Term Sheet
    • Blackline of MSELF Term Sheet against April 9 version
  − Announcement of a third Main Street facility, the Main Street Priority Loan Facility (MSPLF)
    • MSPLF Term Sheet
    • Blackline of MSPLF Term Sheet against MSNLF Term Sheet
  − Issued a single, consolidated set of Frequently Asked Questions on all three facilities
    • FAQs
• Our chart summarizing the changes to the Main Street Lending Program term sheets announced on April 9 can be found here.
Support for Small and Medium-Sized Businesses and their Employees

- The Fed established the Main Street Lending Program to support small and medium-sized businesses and their employees by making it easier for these businesses to access credit on commercially reasonable terms.
- The structure of the Main Street program allows the Fed to work with the U.S. banking sector to channel credit to small and medium-sized businesses across the country.
  - Loans are made by Eligible Lenders (see slide 36).
  - Eligible Lenders sell a participation in each loan – 95% or 85%, depending on the type of loan – to the Main Street SPV set up by the Federal Reserve Bank of Boston (FRB Boston).

Main Street Loans

- The Main Street program includes three types of loans: New, Priority and Expanded Loans.
- Main Street is not a forgivable loan program – its purpose is to help companies that were in sound financial condition before the pandemic continue to have access to credit on commercially reasonable terms in order to maintain their operations until conditions normalize.
  - A company must satisfy certain requirements to be an Eligible Borrower (see slide 24).
  - Eligible Lenders are expected to assess the financial condition and creditworthiness of potential borrowers, and to approve loans only to borrowers that they believe will be able to repay.
- Fed Chair Powell has stated that the Fed intends to expand Main Street over time to add more products and reach different kinds of borrowers. In addition, while the program is currently limited to $600 billion of loans, the Fed and Treasury may adjust that limit in the future.

Throughout the remainder of this deck, unless otherwise required by the context, references to lenders and borrowers refer to Eligible Lenders and Eligible Borrowers under the Main Street program.
Structure of the Main Street Lending Program

Federal Reserve Bank of Boston

Treasury

$75 Billion Investment: First-Loss Protection

SPV

FRB Boston creates and lends to SPV on a secured, recourse basis

SPV pledges participations in Main Street loans to FRB Boston at par value

Lender

Lender makes Main Street loan to Borrower

Borrower

Borrower signs the note

Combined size: Up to $600 billion (8:1 ratio of loans to first-loss protection)

See slides 15 to 39 for more details on the lenders, borrowers and terms of the Main Street loans

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The Fed will publicly issue a form loan participation agreement, form borrower and lender certifications, and other form agreements that are necessary to implement the Main Street program in accordance with the term sheets.

- Timing and whether there will be public comments are unknown.

The Fed will not provide form loan documents for lenders to use when making Main Street loans to borrowers.

- Lenders are permitted to use their own forms.

Each of these agreements must address the requirements of Section 13(3) of the Federal Reserve Act, its implementing regulations, the CARES Act and the term sheets (see slide 9).

The participation agreement between lenders and the SPV will be important in setting out the obligations and risks of each party. Issues that will need to be dealt with include: pro rata loss sharing, limits on any recourse by the SPV to the lender, treatment of interests in a bankruptcy of the borrower, put-back rights, limited recourse to violations of specified representations and warranties, non-reliance on borrower certifications and voting rights of the SPV, among others.

The FAQs state that the Main Street SPV may sell its participation, which we believe implies a securitization. Whether lenders could also sell into the securitization is unknown.
The Main Street Lending Program will be governed by a combination of statutes, binding regulations, guidance and contractual arrangements with the Main Street SPV. As the program develops, it will be important to understand the hierarchy of the governing legal framework because it tells us what the Fed can change in the programs and what it cannot. It is also a reminder that there are requirements that do not appear in the term sheets or FAQs.

**Statutes:** Statutory requirements apply automatically whether or not they are repeated in the lower hierarchy regulations, Term Sheets or FAQs. Only Congress can change requirements in a statute.

**Regulations:** Regulations are binding upon the agency and the public. In normal times, regulations require prior notice and comment. In a crisis, regulations may be adopted as interim final rules that become effective immediately, without prior notice or comment.

**Term Sheets and FAQs:** Term Sheets and FAQs for the programs are regulatory guidance. Until incorporated into a contract, they can be changed by the Federal Reserve at will. They must fit within the requirements of pre-existing statutes and regulations even if those requirements are not repeated or cross-referenced in the Term Sheets or FAQs.

**Selected Relevant Sources of Law**
- The CARES Act
- Section 13(3) of the Federal Reserve Act
- Section 507 of the Bankruptcy Code
- All pre-existing statutes that apply to lending

- Regulation A—The 13(3) Regulations
- Regulation B—Notices on Adverse Decisions
- All pre-existing regulations that apply to lending
- Any applicable interim final rule issued during the crisis

- The Federal Reserve’s decision to import the SBA regulations on affiliation, the calculation of employees and revenues and the SBA definitions for an ineligible business are not binding regulations but guidance, because they are imported from another agency via the Term Sheets and FAQs and do not otherwise apply.

If there is a conflict between a statute, regulation, or Term Sheet or FAQ, the higher legal authority in this hierarchy controls.
Unable to Secure Adequate Credit Accommodations

• Section 13(3) of the Federal Reserve Act requires the Federal Reserve to obtain evidence that each participant in a Federal Reserve program or facility under 13(3) is “unable to secure adequate credit accommodations from other banking institutions.”

• 13(3)’s implementing regulations require a Federal Reserve Bank to obtain evidence that, under prevailing circumstances, participants in the Main Street Lending Program would meet this requirement based on:
  − economic conditions in the market that the Main Street program is intended to address,
  − written certification from a borrower’s CEO or other officer at the time of borrowing, or
  − other evidence from other sources.

• We believe this standard is less onerous than the Paycheck Protection Program’s (PPP) requirement for a business to certify that “current economic uncertainty makes this loan request necessary to support [its] ongoing operations.”
  − It is noteworthy that the Fed has dropped the requirement in the proposed term sheets for a borrower to “attest that it requires financing due to the exigent circumstances presented by” the pandemic.

• Lenders and borrowers should expect, since obtaining evidence is a statutory requirement, that some form of statement regarding the need for government financing will appear in the Main Street contractual arrangements.

• The Fed is willing to give the pandemic significant weight in how borrowers may fulfill this obligation, as shown in the Fed’s reading of the statutory text for purposes of the Paycheck Protection Program Liquidity Facility’s (PPPLF) borrower certifications.
  − PPPLF borrowers were not small businesses, but PPP lenders borrowing funds to make PPP loans.
  − To access the PPPLF, borrowers do not need to establish that credit is unavailable, but only that it may be available “but at prices or on conditions that are inconsistent with a normal, well-functioning market.”
Entering into Contracts with the Main Street SPV

- The Main Street SPV, like other Federal Reserve SPVs, will enter into contracts with private actors.
  - The direct contract will be the participation agreement between lenders and the Main Street SPV.
  - But certificates by borrowers will be entered into with the clear knowledge that they will be delivered to the Main Street SPV.
- There is a risk that the False Claims Act (FCA) might apply to the loan applications, loan agreements and the participation agreement.
  - For example, in 2019, the Second Circuit determined that, in the context of the Fed’s emergency lending programs, loan requests may be “claims” under the FCA because Reserve Banks act as “agents of the United States” within the meaning of the FCA when operating the Fed’s emergency lending facilities. 943 F.3d 588 (2d Cir. 2019).
- There is also a statute that makes it a crime to make any false statement or report, or to overvalue any land, property or security, on a loan or credit application.
  - This statute (18 U.S.C. § 1014) applies to both statements made to Reserve Banks and to statements made to insured banks, credit unions and branches of foreign banks.
- We do not believe that the Main Street SPV’s contract would be treated as a “written agreement” with, or a “condition imposed in writing” by, the Fed in connection with its enforcement powers under 12 U.S.C. § 1818.
- As a result, breaches of the contract should be subject to the usual remedies between contracting parties and not arise to an enforceable event.
Relationship with Other Lending Programs
### Key Differences Between the Paycheck Protection Program and the Main Street Lending Program

<table>
<thead>
<tr>
<th></th>
<th>Paycheck Protection Program</th>
<th>Main Street Lending Program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligible Borrower Size</strong></td>
<td>• 500 employees or fewer or meet other SBA standards for a small business</td>
<td>• 15,000 employees or fewer or 2019 annual revenues of $5 billion or less</td>
</tr>
<tr>
<td><strong>Loan Forgiveness</strong></td>
<td>• Loans can be completely or partially forgiven if used for specified purposes</td>
<td>• No loan forgiveness</td>
</tr>
<tr>
<td><strong>Use of Funds and Employee Retention</strong></td>
<td>• 75% of the proceeds of the loan must be used for payroll and loan forgiveness; is reduced if payroll declines</td>
<td>• Use of funds is not prescribed but borrower should make commercially reasonable efforts to maintain payroll • No certification to that effect required</td>
</tr>
<tr>
<td><strong>Credit Underwriting</strong></td>
<td>• Loans are 100% guaranteed by the SBA and no credit underwriting by the lender is required</td>
<td>• 5% or 15% of the loan must be retained by the lender during the term of the loan or until the SPV sells its 95% or 85% participation interest in the loan • Lenders are to apply their own credit underwriting standards</td>
</tr>
<tr>
<td><strong>Size of Program</strong></td>
<td>• Capped at total funding of $659 billion; would require legislation to expand further</td>
<td>• Program is currently limited to $600 billion, but the Fed and Treasury may adjust that limit without legislation</td>
</tr>
</tbody>
</table>
This flowchart shows the Fed facilities that are available to businesses seeking funding. The chart on the right shows the combination of programs that cannot be accessed simultaneously. A red X indicates that a business cannot double-dip into the facilities listed in that row and column.

Start

- Do you have fewer than 15k employees or less than $5bn in revenue?
  - Yes: Do you have existing credit that was:
    - (1) originated on or before Apr 24, 2020;
    - (2) from a U.S. banking organization; and
    - (3) can be upsized to meet the terms of the new facility?
      - Yes: MSELF
      - No: Can you meet the terms for a new loan (originated after Apr 24) from a U.S. banking organization?
        - Yes: MSNLF
        - No: Are you a U.S. commercial paper issuer who is rated A1/P1/F1?**
          - Yes: CPFF
          - No: Can you issue new bonds or get a syndicated loan?
            - Yes: PMCCF
            - No: Did you have an investment grade issuer credit rating as of Mar 22?
              - Yes: Do you still have an issuer credit rating of at least BB+/Ba3?
                - Yes: PMCCF
                - No: Sorry, no program applies
              - No: No

Program Exclusions

Direct Loans From Treasury* MSELF MSNLF MSPLF CPFF PMCCF PPP

* In the CARES Act or subsequent federal legislation. Specifically, this column refers to companies that have received support under section 4003(b)(1)-(3) of the CARES Act, which authorizes Treasury to provide loans or guarantees to air carriers, certain related companies and businesses that are critical to national security. A company may, however, receive assistance through the PPP or the Payroll Support Program for air carriers and remain eligible.

** A one-time sale is permitted for issuers who were rated at least A1/P1/F1 on Mar 17, 2020 and are still rated at least A2/P2/F2.
Loans
## Terms of Main Street Loans

<table>
<thead>
<tr>
<th></th>
<th>Main Street New Loan Facility (MSNLF)</th>
<th>Main Street Priority Loan Facility (MSPLF)</th>
<th>Main Street Expanded Loan Facility (MSELF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maturity</strong></td>
<td>• 4 years</td>
<td>• Same</td>
<td>• Same</td>
</tr>
<tr>
<td><strong>Payment Deferral</strong></td>
<td>• Principal and interest payments deferred for one year—unpaid interest will be capitalized</td>
<td>• Same</td>
<td>• Same</td>
</tr>
<tr>
<td><strong>Principal Amortization</strong></td>
<td>• One-third at end of second year</td>
<td>• 15% at end of second year</td>
<td>• Same as MSPLF</td>
</tr>
<tr>
<td></td>
<td>• One-third at end of third year</td>
<td>• 15% at end of third year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• One-third at maturity</td>
<td>• Balloon payment of 70% at maturity</td>
<td></td>
</tr>
<tr>
<td><strong>Interest rate</strong></td>
<td>• LIBOR* (1-month or 3-month) + 300 basis points</td>
<td>• Same</td>
<td>• Same</td>
</tr>
<tr>
<td><strong>Prepayment</strong></td>
<td>• Permitted without penalty</td>
<td>• Same</td>
<td>• Same</td>
</tr>
</tbody>
</table>

* Consistent with the recommendations of the Alternative Reference Rates Committee, lenders and borrowers should include fallback contract language to be used should LIBOR become unavailable during the term of the loan.
### Types of Main Street Loans

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Main Street New Loan Facility (MSNLF)</th>
<th>Main Street Priority Loan Facility (MSPLF)</th>
<th>Main Street Expanded Loan Facility (MSELF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Must be a term loan originated after April 24, 2020, and may be secured or unsecured subject to the priority features described on slide 18</td>
<td>• Same as MSNLF, subject to the priority features described on slide 18</td>
<td>• Must be an upsized term loan tranche on an existing secured or unsecured term loan or revolving credit facility that:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- was originated on or before April 24, 2020;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- has a remaining maturity of at least 18 months (taking into account any adjustments made to the maturity of the loan after April 24, 2020, including at the time of upsizing); and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- may be secured or unsecured subject to the priority features described on slide 18</td>
</tr>
</tbody>
</table>
## Priority and Security of Main Street Loans

<table>
<thead>
<tr>
<th><strong>Main Street New Loan Facility (MSNLF)</strong></th>
<th><strong>Main Street Priority Loan Facility (MSPLF)</strong></th>
<th><strong>Main Street Expanded Loan Facility (MSELF)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ranking and Priority</strong></td>
<td><strong>At the time of origination and at all times the loan is outstanding, the loan must be senior to or pari passu with, in terms of payment priority and security, the borrower’s other loans or debt instruments, other than mortgage debt</strong></td>
<td><strong>At the time of upsizing and at all times the upsized tranche is outstanding, the upsized tranche must be senior to or pari passu with, in terms of payment priority and security, the borrower’s other loans or debt instruments, other than mortgage debt</strong></td>
</tr>
<tr>
<td>• Must <strong>not</strong>, at the time of origination or at any time during the term of the loan, be <strong>contractually subordinated</strong> in terms of priority to any of the borrower’s other loans or debt instruments (i.e., may not be junior in right of payment priority in bankruptcy to the borrower’s other unsecured loans or debt instruments)*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Collateral and Security</strong></td>
<td><strong>Must be senior or pari passu in terms of security with all other debt, other than mortgage debt</strong></td>
<td><strong>Same as MSPLF, however an upsized tranche under the MSELF must be secured if the underlying loan is secured, and any collateral securing the underlying loan (at the time of upsizing or on any subsequent date) must secure the upsized tranche on a pro rata basis</strong></td>
</tr>
<tr>
<td>• May be a secured or unsecured term loan (including on a second lien basis) regardless of the term or secured or unsecured status of the borrower’s existing indebtedness</td>
<td>• Unclear whether &quot;mortgage debt&quot; includes, among other things, existing purchase money indebtedness secured by existing first priority liens</td>
<td></td>
</tr>
<tr>
<td>• Does not preclude the borrower from taking on new secured or unsecured debt after receiving an MSNLF Loan, provided the new debt would not have higher contractual payment priority in bankruptcy than the MSNLF Loan</td>
<td></td>
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</tr>
</tbody>
</table>

* The revised terms do not specifically address whether structurally subordinated loans (i.e., loans incurred at upper tier holding companies) could be eligible. We believe that being junior to other debt by virtue of a senior lien securing the other debt is not “contractual subordination,” even if it results in the being effectively junior in right of payment in bankruptcy.
## Size of Main Street Loans

<table>
<thead>
<tr>
<th></th>
<th>Main Street New Loan Facility (MSNLF)</th>
<th>Main Street Priority Loan Facility (MSPLF)</th>
<th>Main Street Expanded Loan Facility (MSELF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum Loan Size</strong></td>
<td>• $500,000</td>
<td>• $500,000</td>
<td>• $10,000,000</td>
</tr>
<tr>
<td><strong>Maximum Loan Size</strong></td>
<td>• The lesser of:</td>
<td>• The lesser of:</td>
<td>• The lesser of:</td>
</tr>
<tr>
<td></td>
<td>− $25 million; or</td>
<td>− $25 million; or</td>
<td>− $200 million;</td>
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<tr>
<td></td>
<td>− the amount, that when added to</td>
<td>− the amount, that when added to the</td>
<td>− 35% of the borrower’s existing</td>
</tr>
<tr>
<td></td>
<td>the borrower’s existing outstanding</td>
<td>borrower’s existing outstanding and</td>
<td>outstanding and undrawn available debt</td>
</tr>
<tr>
<td></td>
<td>and undrawn available debt, does</td>
<td>undrawn available debt, does not exceed</td>
<td>that is pari passu in priority with the</td>
</tr>
<tr>
<td></td>
<td>not exceed <strong>4 times</strong> its adjusted</td>
<td><strong>6 times</strong> its adjusted <strong>2019</strong></td>
<td>up-sized tranche and equivalent in</td>
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<tr>
<td></td>
<td>EBITDA*</td>
<td>EBITDA*</td>
<td>secured status (i.e., secured or</td>
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<td></td>
<td></td>
<td></td>
<td>unsecured); or</td>
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<td></td>
<td>− the amount, that when added to the</td>
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<td></td>
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<td>borrower’s existing outstanding and</td>
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<td></td>
<td>undrawn available debt, does not exceed</td>
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<td></td>
<td></td>
<td></td>
<td><strong>6 times</strong> its adjusted <strong>2019</strong></td>
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<td></td>
<td></td>
<td></td>
<td>EBITDA*</td>
</tr>
</tbody>
</table>

* The Fed noted in FAQs that the EBITDA metric is generally not applied to non-profits or asset-backed borrowers and stated that the Fed and Treasury will evaluate the feasibility of adjusting the loan eligibility metrics for the Main Street program for such borrowers.
# Maximum Loan Size Calculation

<table>
<thead>
<tr>
<th>Methodology for Existing Outstanding and Undrawn Available Debt Calculation</th>
<th>Main Street New Loan Facility (MSNLF)</th>
<th>Main Street Priority Loan Facility (MSPLF)</th>
<th>Main Street Expanded Loan Facility (MSELF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Should be calculated as of the date of the loan application.</td>
<td>• Includes all amounts borrowed under any loan facility, including unsecured or secured loans from any bank, non-bank financial institution, or private lender, as well as any publicly issued bonds or private placement facilities.</td>
<td>• Also includes all unused commitments under any loan facility, excluding:</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• any undrawn commitment that serves as a backup line for commercial paper issuance;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• any undrawn commitment that is used to finance receivables (including seasonal financing of inventory);</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• any undrawn commitment that cannot be drawn without additional collateral; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• any undrawn commitment that is no longer available due to change in circumstance.</td>
</tr>
<tr>
<td>Methodology for Adjusted 2019 EBITDA Calculation</td>
<td>• Lender must use a methodology it previously used for adjusting EBITDA when extending credit to the borrower or to similarly situated borrowers on or before April 24, 2020</td>
<td>• Same as MSNLF</td>
<td>• Lender must use the methodology it previously used for adjusting EBITDA when originating or amending the underlying loan on or before April 24, 2020</td>
</tr>
<tr>
<td></td>
<td>• Adjustments will not necessarily include all EBITDA adjustments in a borrower’s existing credit agreement, to the extent such adjustments are beyond the scope of the lender’s underwriting metrics</td>
<td></td>
<td>• Adjustments will not necessarily include all EBITDA adjustments in a borrower’s existing credit agreement, to the extent such adjustments are beyond the scope of the lender’s underwriting metrics</td>
</tr>
</tbody>
</table>
### Participations

<table>
<thead>
<tr>
<th>Participation by SPV</th>
<th>Main Street New Loan Facility (MSNLF)</th>
<th>Main Street Priority Loan Facility (MSPLF)</th>
<th>Main Street Expanded Loan Facility (MSELF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPV will purchase at par value a 95% participation in the loan</td>
<td>SPV will purchase at par value an 85% participation in the loan</td>
<td>SPV will purchase at par value a 95% participation in the upsized tranche, provided that it is upsized on or after April 24, 2020</td>
<td></td>
</tr>
<tr>
<td>Apart from the Main Street program’s size and time limitations, there is no limit on the amount of participations the SPV is permitted to purchase from a single lender</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Retention by Lender</th>
<th>Main Street New Loan Facility (MSNLF)</th>
<th>Main Street Priority Loan Facility (MSPLF)</th>
<th>Main Street Expanded Loan Facility (MSELF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender must retain its 5% of the loan until the loan matures or the SPV sells all of its participation, whichever comes first</td>
<td>Lender must retain its 15% of the loan until the loan matures or the SPV sells all of its participation, whichever comes first</td>
<td>Lender must retain its 5% portion of the upsized tranche until the upsized tranche matures or the SPV sells all of its 95% participation, whichever comes first</td>
<td></td>
</tr>
<tr>
<td>Lender must also retain its interest in the underlying loan until the underlying loan matures, the upsized tranche matures, or the SPV sells all of its 95% participation, whichever comes first</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Sharing</th>
<th>SPV and lender will share risk in the Main Street loan on a pari passu basis</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Structure and Timing of Participation</th>
<th>Will be structured as a true sale</th>
<th>Must be completed expeditiously after the loan’s origination (for MSNLNF and MSPLF) / the upsizing of the underlying loan (for MSELF)</th>
</tr>
</thead>
</table>

The participation agreement between lenders and the SPV will be important in setting out the obligations and risks of each party. Issues that will need to be dealt with include: pro rata loss sharing, limits on any recourse by the SPV to the lender, treatment of interests in a bankruptcy of the borrower, put-back rights, limited recourse to violations of specified representations and warranties, non-reliance on borrower certifications and voting rights of the SPV, among others.
## Facility Fees and Termination

<table>
<thead>
<tr>
<th>Facility Fees and Termination</th>
<th>Main Street New Loan Facility (MSNLF)</th>
<th>Main Street Priority Loan Facility (MSPLF)</th>
<th>Main Street Expanded Loan Facility (MSELF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction Fee</strong></td>
<td>Lender pays SPV 100 bps of the principal amount of the loan at time of origination</td>
<td>Same as MSNLF</td>
<td>Lender pays SPV 75 bps of the principal amount of the upsized tranche of the loan at time of upsizing</td>
</tr>
<tr>
<td></td>
<td>Lender may require borrower to pay this fee</td>
<td></td>
<td>Lender may require borrower to pay this fee</td>
</tr>
<tr>
<td><strong>Origination Fee</strong></td>
<td>Borrower pays lender up to 100 bps of the principal amount of the loan at time of origination</td>
<td>Same as MSNLF</td>
<td>Borrower pays lender up to 75 bps of the principal amount of the loan at time of origination</td>
</tr>
<tr>
<td><strong>Servicing Fee</strong></td>
<td>SPV pays lender 25 bps of the principal amount of its participation per annum</td>
<td>Same</td>
<td>Same</td>
</tr>
<tr>
<td><strong>Facility Termination</strong></td>
<td>SPV will cease purchasing participations in loans on September 30, 2020 unless extended by the Fed and Treasury</td>
<td>Same</td>
<td>Same</td>
</tr>
<tr>
<td></td>
<td>FRB Boston will continue to operate the SPV after September 30, 2020 until the SPV’s assets mature or are sold</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Borrowers
Eligible Borrowers

- For all three Main Street facilities, an Eligible Borrower is a Business (see slide 25) that:
  - Was established before March 13, 2020;
  - Is not an Ineligible Borrower (see slide 26);
  - Meets at least one of the following two conditions after application of the affiliation rules (see slide 27):
    - has 15,000 or fewer employees; or
    - had 2019 annual revenues of $5 billion or less;
  - Is created or organized in the U.S. or under the laws of the U.S. with significant operations in and a majority of its employees based in the U.S.;
  - Participates in only one of the three Main Street lending facilities, but an Eligible Borrower may receive more than one loan under one Main Street facility, provided that the sum of those loans does not exceed the maximum loan size per Eligible Borrower;
  - Does not participate in the Primary Market Corporate Credit Facility; and
  - Has not received specific support under the CARES Act programs for air carriers, certain related companies and businesses critical to national security, but an Eligible Borrower is permitted to receive support from other programs, e.g., payroll support for airlines and the Paycheck Protection Program.
Eligible Borrowers

Loan Classification

• An Eligible Borrower must have been in sound financial condition before the onset of the COVID-19 pandemic.
  – For the MSNLF and MSPLF, if the borrower had other loans outstanding with the lender as of December 31, 2019, those loans must have had an internal risk rating (based on the lender’s risk rating system) equivalent to a “pass” in the Federal Financial Institutions Examination Council’s (FFIEC) supervisory rating system on that date.
  – For the MSELF, the underlying loan must have had an internal risk rating (based on the lender’s risk rating system) equivalent to a “pass” in the FFIEC’s supervisory rating system as of December 31, 2019.

Definition of Business

• A Business is a legally formed entity that is organized for profit as:
  – a partnership;
  – a limited liability company;
  – a corporation;
  – an association;
  – a trust cooperative;
  – a joint venture with no more than 49% participation by foreign business entities; or
  – a tribal business concern that is either:
    • wholly owned by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments, or
    • owned in part by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments, if all other owners are either U.S. citizens or Businesses.

• Non-profits are currently ineligible to borrow, but the Fed and Treasury will be evaluating the feasibility of adjusting the borrower eligibility criteria and loan eligibility metrics of the program for non-profits and asset-backed borrowers.

The Fed may in its discretion consider including other forms of organization as Eligible Borrowers.
Ineligible Borrowers

The following businesses are currently ineligible for the Main Street Lending Program:

- Non-profit businesses;
- Firms engaged in investment or speculation, such as oil wildcatting, hedge funds, and private equity firms;
- Financial businesses primarily engaged in the business of lending, such as banks and finance companies;
- Passive businesses owned by developers and landlords, subject to limited exceptions;
- Life insurance companies;
- Businesses located outside of the U.S.;
- Pyramid sale distribution plans;
- Businesses that are insolvent, i.e., in bankruptcy, or have not paid debts due during the 90 days preceding the date of borrowing;
- Businesses primarily engaged in political or lobbying activities;
- Businesses engaged in any activity that is illegal under state or federal law;
- Private clubs and businesses which limit the number of memberships for reasons other than capacity;
- Government-owned entities, except for:
  - businesses owned or controlled by a Native American tribe; and
  - hospitals that receive less than 50% of their funding from state or local government sources, excluding Medicaid;
- Businesses with an officer, director, owner of more than 20% of the equity, or key employee who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude;
- Businesses in which the lender, or any of its officers, directors, owners of more than 20% of the equity, or key employees owns an equity interest, except for businesses owned by an outside director of, or holder of less than a 30% equity interest in, the lender who is not an officer or key employee of the lender;
- Businesses which present live performances of a prurient sexual nature or derive revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature;
- Loan packagers earning more than one third of their gross annual revenue from packaging SBA loans; and
- Unless waived for good cause, businesses that have previously defaulted on a federal loan or federally assisted financing.

**Gaming Businesses.** While businesses which derive more than one-third of gross annual revenue from legal gambling activities are ordinarily ineligible for SBA business loans, the SBA modified this bar in an Interim Final Rule. For purposes of the PPP, and thus for purposes of the Main Street programs, a business that is otherwise eligible is not rendered ineligible due to its receipt of legal gaming revenues. Businesses that received illegal gaming revenue remain categorically ineligible.
Affiliation Rules for Eligible Borrowers

- The Main Street program imports the SBA's affiliation rules, which generally require a potential borrower to aggregate its employees or revenues with those of its affiliates when determining eligibility for the PPP and other SBA programs.
  - Under SBA rules, entities are affiliates when one entity controls or has the power to control the other, or a third party or parties controls or has the power to control both entities. This includes, among other circumstances:
    - where one entity owns or has the power to control more than 50% of another entity’s voting equity;
    - where a minority shareholder of an entity has the ability, under the entity’s charter, by-laws, or shareholder’s agreement, to prevent a quorum or otherwise block action by the board of directors or shareholders; and
    - where a single individual, concern, or entity that controls the board of directors or management of one entity also controls the board of directors or management of another entity.
  - The SBA rules also include exceptions to affiliation.

- Therefore, to determine whether it meets either of the size thresholds for the Main Street program, a Business will need to:
  - aggregate its employees with those of its affiliates for purposes of the 15,000 employee threshold; and
  - aggregate its 2019 revenues with the 2019 revenue of its affiliates for purposes of the $5 billion or less of annual revenue threshold.

- The application of the affiliation rules may differ under the PPP versus the Main Street program.
  - The CARES Act exempts certain hospitality businesses, franchisees, and SBIC borrowers from the SBA affiliation rules for the PPP. These statutory exemptions were not applied to the Main Street program.
  - The Main Street FAQs refer to counting all employees of affiliates, without regard to residence. Thus, it is unclear whether unlike the PPP, the affiliation rules for Main Street loans consider both U.S. and non-U.S. resident employees.

Calculating 2019 Revenues

- To calculate 2019 annual revenues for eligibility purposes, a Business may use either its and its affiliates’ (1) annual revenue per its 2019 GAAP audited financial statements or (2) annual receipts for the fiscal year 2019, as reported to the IRS.
- If a potential borrower or its affiliate does not yet have audited financial statements or annual receipts for 2019, the borrower or its affiliate should use its most recent audited financial statements or annual receipts.
Eligible Borrowers must be organized in the United States with significant operations in and a majority of their employees based in the United States.

- This requirement is in the CARES Act text and is binding as a statutory matter.
- The Main Street FAQs provide no gloss on the meaning of “significant operations in the United States,” but in a set of FAQs on the Primary Market Corporate Credit Facility (PMCCF) and the Secondary Market Corporate Credit Facility (SMCCF), the Fed provided a non-exhaustive list of examples of what constitutes significant operations in the United States for purposes of those facilities. An Eligible Issuer or Eligible Seller (the equivalent of an Eligible Borrower under the Main Street program) under those facilities would meet that condition if, as reflected in its most recent audited financial statements:
  - greater than 50% of its consolidated assets were in the United States; or
  - greater than 50% of any of the following were generated in the United States:
    - annual consolidated net income;
    - annual consolidated net operating revenues; or
    - annual consolidated operating expenses (excluding interest expense and any other expenses associated with debt service).
- There is no gloss on how to calculate a “majority” of employees.
Treatment of Foreign-Owned Borrowers

• Businesses that are joint ventures must have no more than 49% participation by foreign business entities.
  – This requirement is imported from the SBA regulations into the term sheets and therefore it is guidance that the Federal Reserve could change or clarify.
• Whether foreign parent ownership of more than 49% for businesses other than joint ventures is disqualifying remains unclear.
  – The PMCCF and SMCCF FAQs state that an Eligible Issuer under that facility (the equivalent of an Eligible Borrower under the Main Street program) **may be a subsidiary of a foreign company**, provided that:
    • the Eligible Issuer itself is created or organized in the United States or under the laws of the United States, and
    • the Eligible Issuer on a consolidated basis has significant operations in and a majority of its employees based in the United States.
  – An Eligible Issuer in the PMCCF that is a subsidiary of a foreign company must use the proceeds derived from participation in the PMCCF only for the benefit of the Eligible Issuer, its consolidated U.S. subsidiaries, and other affiliates of the Eligible Issuer that are U.S. businesses, and not for the benefit of its foreign affiliates.
  – The applicability of the PMCCF and SMCCF guidance on foreign subsidiaries in the Main Street context is unclear, particularly given that the SBA affiliation rules described on slide 27 do not apply to Eligible Issuers in the PMCCF or SMCCF.
  – The Main Street program’s employee and revenue limitations, combined with the affiliation rules, may also work to exclude U.S. subsidiaries of large multi-national companies.
Required Certifications and Covenants by Borrowers

In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants will be required from a borrower:

**Repayment of Existing Debt**
- The borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the Main Street loan is repaid in full, unless the debt or interest payment is mandatory and due.
  - *Only for the MSPLF:* The borrower may, at the time of origination of the loan, refinance existing debt owed by the borrower to a lender that is not the Eligible Lender.
  - This covenant does not prohibit a borrower from:
    - repaying a line of credit in accordance with the normal course of business;
      - The FAQs state elsewhere that a lender may accept *regularly scheduled, periodic* repayments on a line of credit from a borrower in accordance with the borrower’s normal course of business usage for such line of credit, which reflects a slightly different standard.
    - taking on and paying additional debt obligations required in the normal course of business and on standard terms; or
    - refinancing maturing debt.

**Committed Lines of Credit**
- The borrower must commit that it will not seek to cancel or reduce any of its committed lines of credit with the Eligible Lender or any other lender.
  - This requirement does not prohibit:
    - the reduction or termination of uncommitted lines of credit;
    - the expiration of existing lines of credit in accordance with their terms; or
    - the reduction of availability under existing lines of credit in accordance with their terms due to changes in borrowing bases or reserves in asset-based or similar structures.
## Required Certifications and Covenants by Borrowers

### Ability to Meet Financial Obligations

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<thead>
<tr>
<th>Item</th>
<th>Description</th>
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<tbody>
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<td>•</td>
<td>The borrower must certify that it has a reasonable basis to believe that, as of the date of origination/upsizing of the loan and after giving effect to such loan/upsizing, it has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period.</td>
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### Payout Restrictions

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<tr>
<th>Item</th>
<th>Description</th>
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<tbody>
<tr>
<td>•</td>
<td>The borrower must commit that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act (see slide 33 for details), <strong>except that</strong> an S corporation or other tax pass-through entity that is a borrower may make distributions to the extent reasonably required to cover its owners’ tax obligations in respect of the entity’s earnings.</td>
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<td>– These restrictions apply for the life of the loan plus 12 months.</td>
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</table>

### Eligibility

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<th>Item</th>
<th>Description</th>
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<td>•</td>
<td>The borrower must certify that it is eligible to participate in the facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act (see slide 34 for details).</td>
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</tbody>
</table>

### Role of Lenders

- A lender is expected to collect the required certifications and covenants from a borrower at the time of origination or upsizing.

- A lender may rely on a borrower’s certifications and covenants, as well as any subsequent self-reporting by the borrower, and is not expected to independently verify the certifications or monitor ongoing compliance with the covenants.

- If a lender becomes aware that a borrower made a material misstatement or otherwise breached a covenant during the term of a Main Street loan, the FAQs state that the lender should notify the FRB Boston.
Employee Retention by Borrowers

**Retaining Employees**

- The Main Street facility term sheets state that each borrower should make commercially reasonable efforts to maintain its payroll and retain its employees during the time the Main Street loan is outstanding.

- Specifically, a borrower should undertake good-faith efforts to maintain payroll and retain employees, in light of its capacities, the economic environment, its available resources, and the business need for labor.

- However, **no certification or covenant** on employee retention is required from the borrower.

- Borrowers that have already laid-off or furloughed workers as a result of the disruptions from COVID-19 are eligible to apply for Main Street loans.
Payout Restrictions

**Borrower Covenant**
- The Main Street Lending Program term sheets require a borrower to commit that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act, except that an S corporation or other tax pass-through entity that is a borrower may make distributions to the extent reasonably required to cover its owners’ tax obligations in respect of the entity’s earnings.

**CARES Act Payout Restrictions**
- The payout restrictions under section 4003(c)(3)(A)(ii) of the CARES Act, which apply for the life of the loan plus 12 months, are:
  - No repurchases of equity securities of the business or any parent company of the business that are listed on a national securities exchange, except to the extent required by a contractual obligation in effect as of March 27, 2020;
  - No dividends or other capital distributions on common stock;
  - Restrictions on compensation of officers and employees, excluding employees whose compensation is determined through an existing collective bargaining agreement entered into before March 1, 2020:
    - If an officer or employee’s calendar year 2019 total compensation exceeded $425,000, his or her total compensation during any 12-month period is limited to calendar year 2019 total compensation (i.e., no raises);
    - If an officer or employee’s calendar year 2019 total compensation exceeded $3 million, his or her total compensation during any 12-month period is limited to the sum of $3 million plus 50% of the excess over $3 million of calendar year 2019 total compensation (i.e., pay cuts); and
    - For both categories above, severance pay or other benefits upon termination of employment are capped at two times the officer or employee’s calendar year 2019 total compensation.
      - Total compensation includes salary, bonus, equity awards and other financial benefits; the calculation method is not clear.

While these restrictions have been applied to borrowers under the Main Street Lending Program, that has been done as a policy matter, not as a statutory requirement. Accordingly, the Federal Reserve is able to vary from the statutory terms.
Conflicts of Interest Prohibition

Borrower Certification of Eligibility

• The Main Street Lending Program term sheets require a borrower to certify that it is eligible to participate in the facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act.
  − This provision applies as a statutory matter and the Federal Reserve has no power to vary it.

Conflicts of Interest Prohibition

• Section 4019(b) prohibits the use of CARES Act economic stabilization funds to provide financial assistance to any entity in which a Covered Individual directly or indirectly holds a controlling interest.
  − A controlling interest is owning, controlling or holding 20% or more, by vote or value, of any class of equity.
  − Covered Individual means the United States President, the Vice President, the head of an Executive Department or a Member of Congress (or a spouse, child, daughter-in-law or son-in-law of any of the foregoing).
    • A “Member of Congress” includes a member of the Senate or House of Representatives, a Delegate to the House of Representatives and the Resident Commissioner from Puerto Rico.
  − In determining whether the 20% threshold is crossed, the securities owned, controlled, or held by two or more individuals who are related (i.e., spouse, child, daughter-in-law or son-in-law) must be aggregated.
Lenders
Eligible Lenders

**Definition of Eligible Lender**

• For all three Main Street facilities, an Eligible Lender is:
  – a U.S. federally insured depository institution (including a bank, savings association, or credit union);
  – a U.S. branch or agency of a foreign bank;
  – a U.S. bank holding company or savings and loan holding company;
  – a U.S. intermediate holding company of a foreign banking organization; or
  – a U.S. subsidiary of any of the foregoing.

• For example, the following are not Eligible Lenders as currently defined:
  – direct lending funds;
  – foreign lenders, excluding U.S. branches or agencies of foreign banks;
  – customary term loan B lenders, including CLOs and institutional investors; and
  – affiliates (other than subsidiaries) of otherwise eligible lenders

• For the MSELF, if the underlying loan is a multi-lender or syndicated facility, an Eligible Lender must be one of the lenders that holds an interest in the underlying loan at the date of upsizing. Only the Eligible Lender, not the other lenders that hold interests in the underlying loan, is required to meet the eligibility criteria.

While nonbank financial institutions are not considered Eligible Lenders for purposes of the Main Street program now, the Fed is considering options to expand the list of Eligible Lenders in the future.
Credit Underwriting Standards

- A business that meets the Eligible Borrower criteria is **not automatically approved** for a Main Street loan, or to receive a particular amount if it is approved.

- The Fed expects a lender to **conduct an assessment** of each potential borrower and to apply its own credit underwriting standards.
  - Lenders evaluate the financial condition and creditworthiness of a potential borrower **at the time of its application**.
  - Lenders may require additional information and documentation in connection with their evaluation.
  - The **lender ultimately determines** whether a borrower is approved in light of these considerations.

New Normal

- Lenders will need to determine whether their pre-pandemic credit underwriting standards should be adjusted to reflect current conditions.
  - Any pre-existing loans from a lender to a borrower must have had an internal risk rating **as of December 31, 2019** that is equivalent to a “pass” supervisory rating in the FFIEC’s supervisory rating system, i.e., performing loans without an identified credit weakness.
  - The FAQs state that EBITDA is the key underwriting metric for Main Street loans.
    - A lender may use adjusted EBITDA, and must certify that its methodology is consistent with the one it previously used when extending credit to the same borrower or others similarly situated before April 24, 2020.
    - A lender is not bound by the definition of an adjusted EBITDA metric in any specific credit agreement; it may rely on an internally developed methodology previously used in making credit decisions.
  - Nonetheless, lenders are likely to also consider additional factors for credit underwriting, in light of their obligation to act in a safe and sound manner, including under the Interagency Guidelines Establishing Standards for Safety and Soundness.
  - Lenders will also take into account that, for many of them, the OCC and the FDIC will also be evaluating their credit underwriting policies and procedures.
## Required Certifications and Covenants by Lenders

In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants will be required from a lender:

<table>
<thead>
<tr>
<th>Certification Type</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Repayment of Existing Debt</strong></td>
<td>The lender must commit that it will not request that the borrower repay debt extended by the lender to the borrower, or pay interest on such outstanding obligations, until the Main Street loan is repaid in full, unless the debt or interest payment is mandatory and due, or in the case of default and acceleration. The commitment implies that the lender should put in place controls and procedures for the life of the loan.</td>
</tr>
<tr>
<td><strong>Committed Lines of Credit</strong></td>
<td>The lender must commit that it will not cancel or reduce any existing committed lines of credit to the borrower, except in an event of default.</td>
</tr>
<tr>
<td></td>
<td>- This does not prohibit the reduction or termination of uncommitted lines of credit, the expiration of existing lines of credit in accordance with their terms, or the reduction of availability of existing lines of credit in accordance with their terms due to borrowing bases or reserves in asset-based or similar structures.</td>
</tr>
<tr>
<td></td>
<td>- The commitment implies that the lender should put in place controls and procedures for the life of the loan.</td>
</tr>
<tr>
<td><strong>Methodology for Adjusted 2019 EBITDA Calculation</strong></td>
<td>The lender must certify that the methodology used for calculating the borrower’s adjusted 2019 EBITDA for the leverage requirement in the Main Street loan criteria is the methodology:</td>
</tr>
<tr>
<td></td>
<td>- for purposes of the MSNLF and the MSPLF, that it has previously used for adjusting EBITDA when extending credit to the borrower or similarly situated borrowers on or before April 24, 2020; or</td>
</tr>
<tr>
<td></td>
<td>- for purposes of the MSELF, that it previously used for adjusting EBITDA when originating or amending the underlying loan on or before April 24, 2020.</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>The lender must certify that it is eligible to participate in the facility, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act (see slide 34 for details).</td>
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</tbody>
</table>
The Fed clarified in its FAQs the regulatory capital treatment of an interest in a Main Street loan retained by a lender that is subject to the Fed/FDIC/OCC capital rules.*

**Exposure Amount**

- For purposes of risk-based capital rules and leverage rules, the exposure amount for the retained interest in a Main Street loan is equal to the retained percentage times the applicable loan balance, i.e., 15% of the outstanding MSPLF loan balance, 5% of the MSNLF loan balance or 5% of the MSELF upsized tranche balance.
  - With respect to the MSELF, this treatment applies only to the outstanding MSELF upsized tranche balance. The underlying loan or line of credit would be subject to the capital treatment that applied prior to the sale of the participation to the Main Street SPV.

**Risk Weight**

- For purposes of the risk-based capital rules, the lender’s retained interest in a Main Street loan is assigned the risk weight applicable to the counterparty for the loan, which is generally a 100% risk weight for a corporate exposure under the standardized approach.

**Collateral Recognition**

- Secured Main Street loans may be eligible for credit risk mitigation treatment for the recognition of collateral under the capital rules’ standardized approach, which requires that any collateral securing the loan be eligible financial collateral. We expect this to be a relatively rare occurrence.
- Lenders are not permitted to recognize collateral attributable to the Main Street SPV’s interest in a secured Main Street loan for purposes of credit risk mitigation treatment under the capital rule.

* Main Street loans made by lenders that are credit unions are subject to the NCUA’s requirements regarding capital treatment.
Applications
Application Process

- To obtain a loan under the Main Street Lending Program, a borrower must submit an application to a participating lender along with any other documentation required by that lender.
- No applications or other required documentation have yet been released, and the Fed has not announced the official launch date of the Main Street Lending Program or the date on which the Main Street SPV will begin purchasing participations.
- The Fed stated that it will provide more information on loan participation terms, credit administration, and loan servicing for each Main Street facility on its central [Main Street Lending Program webpage](#).
Disclosures under Main Street Lending Program

The Federal Reserve is committed to transparency and accountability by providing the public and Congress detailed information about our actions to support the economy during this difficult time.

—Chair Jerome H. Powell (April 23, 2020 Press Release)

• The Federal Reserve has obligations to make disclosures under multiple statutes.
  − These obligations include Section 13(3) of the Federal Reserve Act and its implementing regulation, as well as Section 11 of the Federal Reserve Act.
  − The Federal Reserve may, under the legal framework, choose to keep some information confidential from the public but disclose it to the Senate Committee on Banking, Housing and Urban Affairs or the House Committee on Financial Services or to delay its disclosure for a year.
  − The Federal Reserve Chair may waive the delayed disclosure for more immediate disclosure.

• In light of the Federal Reserve’s April 23rd press release, the Main Street Lending Program FAQs, and calls from the Congressional Oversight Commission for increased disclosure, we expect substantial transparency, as highlighted in the Federal Reserve Chair’s quote above.

• As a result, borrowers and lenders should expect that, over time, the following information will become public:
  − names and identifying details of each participant in the facilities;
  − the amount borrowed;
  − the interest rate or discount paid;
  − information concerning the types and amounts of collateral pledged or assets transferred in connection with participation in the facilities; and
  − the overall costs, revenues and other fees.
Davis Polk Contacts
If you have any questions regarding the matters covered in this publication, please contact any of the lawyers listed below, or your regular Davis Polk contact.

<table>
<thead>
<tr>
<th>Finance</th>
<th>Financial Institutions Group</th>
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<tbody>
<tr>
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