

MAIN STREET
LENDING PROGRAM

Playbook

A comprehensive plan to protect
your business and the families you serve



Welcome Letter

I hope you and your family are safe and well!

As fellow business owners, we understand that the turbulence caused by the Coronavirus has put all of us in a difficult spot. Without revenue, it's becoming increasingly more difficult to make payroll for employees and cover critical overhead costs. With this in mind, we created this Playbook and a website (Stimulus Planner) to help businesses get fast funding to keep the doors open and employees on the payroll.

The Playbook and website provides free tools, resources and a step-by-step action plan that outlines what you need to do to complete the application and approval process, so you can get funding faster. This playbook will explain all the rules of the program and best practices for maximizing the amount of funds you can receive through the Main Street Lending Program.

We sincerely hope this playbook helps you to protect your business, and more importantly, the families you serve.

We are in this together and will get through this, together!

Sincerely,

Sean Wolfington
Chairman | Wolfington Companies

David Boice
CEO | Team Velocity

Budd Blackburn
President | Level-5 Advertising

Chad Collier
CEO | CarSaver

“Tough times don't last, but tough people do. We're going through some tough times right now, but they won't last.”

Alonzo Mourning

Main Street Lending Program Playbook

A guide to get fast funding



The MSLP provides low-interest loans of up to \$25M – \$200M to borrowers. To be eligible you must be a U.S. based business with up to 15,000 employees or no more than \$5 billion in 2019 revenues. The loan terms are 4-year loans, adjustable interest rate (LIBOR plus 3%) with 12 months deferred payments while interest accrues. All new loans are unsecured, and the Federal Reserve will purchase loans made by Banks to make it easier for lenders to lend. Apply with your current bank or at any [FDIC insured bank](#) or U.S Bank holding company. The Fed’s MSLP is designed to reach larger firms that aren’t able to obtain funding from the PPP, but small businesses—including those that participate in the PPP—are also able to seek loans from the MSLP.

HIGHLIGHTS

- **Fast Funding:**
Businesses can borrow up to \$25M for new loans and up to \$200M to extend existing loans with lenders to fund operating expenses except paying off loans
- **Great Terms:**
Unsecured loans that are purchased from the bank by the Federal Reserve. 4-year loan adjustable interest rate (LIBOR + 3%)
- **Easy eligibility:**
Any U.S. based business with less than 10,000 employees or less than \$2.5B in revenue
- **Easy approval process:**
Apply with your current lender or any [FDIC bank](#)

Disclosure: This document is provided for information purposes only and is not intended as legal, tax, medical or any other professional advice. The document is provided “as is” and without any representations and warranties of any kind. Businesses should consult with their own legal and other professional advisors to determine their legal obligations in response to the Covid-19 crisis. Bottom line, we’re passing on what we have learned, in an attempt to help you, but you need to listen to your advisors because we don’t have all the information relevant to your business.

Playbook

Here are the questions you may be asking, and everything you need to know.

1 Am I **ELIGIBLE?**

The program is designed for businesses with as many as 15,000 employees or as much as \$5 billion in 2019 revenues.

The business must be created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States.

Loans originated on or after April 8, 2020 are eligible for the Main Street New Loan Facility (MSNLF).

Loans originated before April 8, 2020 are eligible for the Main Street Extended Loan Facility (MSELF).

2 How much can I **BORROW?**

For the new-loan facility, the maximum loan is \$25 million or an amount that, when added to the borrower's existing outstanding and committed debt, doesn't exceed four times the borrower's 2019 earnings before interest, taxes, depreciation and amortization, whichever is less.

Under a second new loan option, called a Priority Loan, lenders would retain a 15 percent share on loans up to \$25 million or an amount that when added to existing debt does not exceed six times 2019 earnings before interest, taxes, depreciation and amortization, whichever is less.

For the existing-loan facility, the maximum loan amount is the lesser of \$200 million; or 35% of the borrower's existing outstanding and committed but undrawn bank debt; or an amount that, when added to the borrower's existing outstanding and committed but undrawn debt, doesn't exceed six times the borrower's 2019 earnings before interest, taxes, depreciation and amortization.

3 Will this loan be **FORGIVEN?**

No, this loan will not be forgiven.



ELIGIBLE

- U.S. based business
- Less than 15,000 employees or less than \$5B in revenue

Playbook

4 What are the **TERMS?**

- 4-year loans
- Principal and interest payments can be deferred for a year
- Loans will be priced using the adjustable LIBOR + 3%, and there is also an upfront origination fee of 1 percentage point
- Loans can be paid off early without a penalty

What other restrictions come with these loans?

- Banks must attest that the proceeds of any loans won't be used to repay or refinance pre-existing loans or lines of credit they've extended to the borrower.
- Borrowers must commit to refrain from using the proceeds of the new loan to repay other loan balances.
- Borrowers must attest that they require financing due to challenges prompted by the Coronavirus pandemic and that they will make reasonable efforts to maintain payroll and employees during the term of the loan.
- Recipients cannot pay dividends or buy back stock during the course of the loan or for 12 months after it has been paid off.
- Highly paid executives and officers are also prohibited from increasing the pay of any employee whose compensation exceeded \$425,000 in 2019.

5 What will lenders be **LOOKING FOR?**

How will the program work?

The Main Street Lending Program established by the Federal Reserve will leverage U.S. banks to originate eligible loans in which the Federal Reserve will immediately acquire a 85-95% interest allowing the banks to make loans with almost no risk.

The Fed is creating three different lending facilities—two for new loans and one for existing loans. Businesses can obtain financing only from one of the two facilities. Under the programs, an eligible bank will make a loan or reissue part of an existing loan.

This program is available for businesses that were in good financial standing before the crisis, and lenders will be expected to use customary underwriting standard to ensure that these loans are prudently incurred.



MSLP 3 LENDING FACILITIES

The Fed is creating three different lending facilities—two for new loans and one for existing loans.

Businesses can obtain financing only from one of the three facilities.

Playbook

5 What will lenders be **LOOKING FOR?** (Continued)

Will businesses apply directly to the government for loans?

No. Businesses will work through banks to obtain loans.

Is there anything I can do now to prepare?

Contact your bank and ask if they are participating in the program. If you have an existing line of credit or loan from a bank, contact your bank to ask how the process will work to increase or extend your loan.

To get prepared now, start gathering:

- Payroll filings reported to the IRS for 2019
- Payroll records supporting your compensation expenses and total workforce numbers
- Company financials
- General corporate info:
 - Business legal name and taxpayer identification number (EIN, SSN)
 - Primary contact (business phone and email address)
 - Certificate of formation
 - Bylaws and Operating Agreements

How is this different from the Paycheck Protection Program?

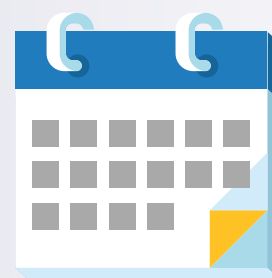
The PPP is being administered through the Small Business Administration to provide forgivable loans for businesses with fewer than 500 employees, so that they can pay up to eight weeks of payroll costs.

Can small businesses use the Main Street Lending Program?

Yes. The Fed's MSLP is designed to reach larger firms that aren't able to obtain funding from the PPP, but small businesses—including those that participate in the PPP—are also able to seek loans from the MSLP. Some very small businesses may decide it's not attractive to use the MSLP because the minimum loan size is \$500,000 and the rates will be higher than on PPP loans.

Where can I find other information about these programs?

The Fed has published the term sheets for the [new loan](#) and [existing loan](#) programs.



MSLP HOW TO PREPARE

Contact your bank and ask if they are participating in the program.

If you have an existing line of credit or loan from a bank, contact your bank to ask how the process will work to increase or extend your loan.

MAIN STREET LENDING PROGRAM

Action Plan & Resources



In this section, you will find the urgent actions you need to take as soon as possible to ensure you get funding. These action plans summarize the most important best practices in a format that makes it easy for you to assign actions to different team members along with a timeline for completion. We recommend that you review the action plans with your leadership team and customize them for your business. You will also find a list of resources, informative guides and tools that will help you and your team get more funding, faster.

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Main Street Lending Program ACTION PLAN

Action	Who	When
Review the MSLP with your leadership team and advisors.		
Ask your leadership team and financial advisors to gather all loan documentation now so you can save time later.		
Forward the Guide to Applying for MSLP to your advisors.		
Review your 2019 financials to calculate your potential loan amount based on 2019 EBITDA.		
Contact your current lender or local FDIC bank to ask them if they are participating in the program.		
Continue to monitor announcements for program details from Federal Reserve website		

Main Street Lending Program RESOURCES

- [Guide to Applying for MSLP](#)
- [Federal Reserve](#)
- [Term sheet for new loan](#)
- [Term sheet for existing loan](#)

Guide to Applying for MSLP

Purpose

The purpose of this guide is to help you get funding faster by collecting all the documents you need to apply for a loan under the MSLP.

Collecting these documents now will help you save time so you can get your funds faster.

Application Process:

Step 1: Review the Main Street Lending Program with your leadership team and advisors. Write down all your questions and discuss them with your leadership team and advisors. Some of the questions you may want to discuss are:

- What Is the maximum amount of money we can borrow?
- Should we extend our current loan or apply for a new loan?

Step 2: Contact your financial advisors and ask them to gather all loan documentation now so you can save time later.

Step 3: Review your 2019 financials to calculate your potential loan amount based on 2019 EBITDA. You can borrow up to 4x EBITDA for New loan, up to 6X EBITDA for Priority Loan, or up to 6x EBITDA or 35% of existing but undrawn bank debt for Existing loan. If you have an existing line of credit or loan, review your current loan terms and outstanding balance or availability.

Step 4: Contact your current lender or local [FDIC bank](#) to ask them if they are participating in the program.

Step 5: Continue to monitor announcements for program details from [Federal Reserve website](#)