

# Update on the Main Street Lending Program (MSLP)

The Federal Reserve recently announced a further expansion of the MSLP, a program that encourages up to \$600B of loans to eligible small- and medium-sized businesses. Wyndham's summary of the latest program terms follows, and additional details- including a launch date for the program- will be announced as they are available.



## WHAT IS THE MAIN STREET LENDING PROGRAM (MSLP)?

- Through three types of loans, MSLP will support up to \$600B in lending to businesses that were in good financial standing prior to COVID-19.
  - New loans originated after 4/24/20 (**New Loans**).
  - New loans to higher-leverage businesses originated after 4/24/20 (**Priority Loans**).
  - Upsized tranches of existing term loans originated prior to 4/24/20 with a remaining maturity of at least 18 months (**Expanded Loans**).
- Businesses will obtain loans under MSLP from banks and other eligible lending institutions that choose to participate in the program.



## AM I ELIGIBLE TO APPLY FOR A LOAN UNDER THE MSLP?

- Your business is eligible to apply for a loan if:
  - It was formed prior to March 13, 2020;
  - It and its affiliates together have <15,000 employees or <\$5.0B in 2019 revenues; and
  - It was created or organized in the U.S. or under U.S. law with significant operations in and a majority of its employees based in the U.S.
- You can only apply for one type of loan under the MSLP.
- Receiving a PPP or EIDL loan does not affect your eligibility for a loan under the MSLP, however you cannot use an MSLP loan to pay the same expenses as PPP borrowings.



## WHAT ARE THE TERMS OF A LOAN UNDER THE MSLP?

	New Loan	Priority Loan	Expanded Loan
<b>Loan Size</b>	From \$250K to the lesser of i) \$35M or ii) 4.0x EBITDA*, less existing outstanding and available debt.	From \$250K to the lesser of i) \$50M or ii) 6.0x EBITDA*, less existing outstanding and available debt.	From \$10M to the lesser of i) \$300M or ii) 6.0x EBITDA*, less existing outstanding and available debt.
<b>Term</b>	5 years		
<b>Interest Rate</b>	LIBOR + 3.0%		
<b>Payment Deferral</b>	Principal payments deferred for the first two years. Interest payments deferred for the first year.		
<b>Amortization</b>	Year 3: 15%; Year 4: 15%; Year 5: 70%		
<b>Priority &amp; Collateral</b>	Cannot be contractually subordinated to any existing debt.  May be secured or unsecured.	Must be senior to or pari passu with all other debt except mortgage debt.  May be secured or unsecured. Must be secured if existing non-mortgage debt is secured. If secured, requires collateral coverage ratio of i) at least 2x or ii) no less than ratio on existing non-mortgage debt.	Must be senior to or pari passu with all other debt except mortgage debt.  May be secured or unsecured. Any collateral that secures the existing loan must secure the upsized tranche on a pari passu basis.
<b>Prepayment</b>	No prepayment penalties		
<b>Borrower Fees</b>	Up to a 100bps transaction fee and up to a 100bps origination fee.	Up to a 100bps transaction fee and up to a 100bps origination fee.	Up to a 75bps transaction fee and up to a 75bps origination fee.

\* EBITDA to be defined according to lender's past methodology for similarly-situated borrowers.



## WHAT MUST I DO TO GET A LOAN UNDER THE MSLP?

- Borrowers must apply through and be approved by eligible participating lenders to obtain loans under the MSLP.
- Borrowers must make certain certifications and covenants, including that they:
  - Will not use the MSLP loan to refinance or repay existing debt, except that i) mandatory principal or interest payments on existing debt are allowed and ii) Priority Loans can be used to refinance existing debt owed to a different lender than the lender of the Priority Loan.
  - Need funds due to COVID-19.
  - Have the ability to meet their financial obligations for the next 90 days and do not expect to file for bankruptcy during that period.
  - Will use commercially reasonable efforts to maintain payroll and retain employees during the loan term.
  - Will follow restrictions around executive compensation, stock repurchase, and capital distributions outlined in section 4003(c)(3)(A)(ii) of the CARES Act.
- The Federal Reserve will publish the names of all borrowers and amounts borrowed under the MSLP.
- Visit the [Federal Reserve Bank of Boston website](#) to access an FAQ document, required legal forms and agreements, and a full list of Borrower Certifications and Covenants.
- Reach out to your preferred lender to learn more, determine eligibility and get prepared to apply.**

Based on information available as of June 9, 2020. This does not constitute legal, financial or tax advice. Please consult your legal, financial and tax advisors.

Wyndham Hotels & Resorts offers these suggestions for your consideration. You have full and complete control over your contracts, operations, employment practices and the safety and security of your property. We do not represent, warrant or make any guaranty regarding the accuracy or completeness of the information provided.

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