PROPOSAL SUMMARY

The Federal Reserve established the Main Street Lending Program (*the* "***Program***") to help aid small and medium-sized for profit businesses and nonprofit organizations who were in sound financial condition before the onset of the COVID-19 pandemic and who were unable to get aid under any of the other COVID-19 related relief programs (*e.g. under the "PPP" program*).

The Program was launched under Title IV of the CARES Act and was initially allocated approximately **$600 Billion** to make eligible loans (*with **$75 Billion** being initially made available by the Treasury*). Given the very tepid response to the Program however, the Program was officially terminated as of January 8, 2021. While multiple banks signed up to participate in making loans under the Program, very few actually made a significant number of Program loans. In fact, according to the Treasury's most recent "Periodic Report" released on January 9, 2021, only roughly **$16.5 Billion** in Program loans were actually made and outstanding as of December 31, 2020. This leaves a ton of available resources that could be easily re-directed by the Treasury to help other hard-hit borrowers.

Many previously sound small and medium-sized commercial property owners have suffered heavily from the COVID-19 pandemic, whether as a result of lost rents or outright tenant closures and departures. All while being virtually shut-out from being able to get aid under any of the current federal or even state COVID-19 related relief programs (*including the "PPP" program*). As a result, many of these previously sound commercial property owners have been unable to satisfy their revenue related loan covenants and now find themselves on the brink of commercial foreclosure. While many banks have shown flexibility regarding such loan covenants during the pandemic, that flexibility is quickly ending and most banks are now refusing to renew these loans as they mature; even where the borrower/property was highly desirable from a credit perspective before the pandemic and where they most likely will be again after the pandemic.

If nothing is done to intervene, we will undoubtedly see a wave of commercial foreclosures that will rival, if not surpass, the 2008 real estate crisis. This will hurt not only the property owners themselves but also the small and mid-sized businesses that will need space to rent once this pandemic subsides. **To prevent this inevitable collapse of the commercial real estate market, we propose that the Treasury both re-open the Program and establish a new loan facility to incentivize banks to refinance/extend existing loans that were made to borrowers, or otherwise backed by commercial properties, that were in sound financial condition prior to the onset of the COVID-19 pandemic**. More specifically, we are proposing that the Treasury create a new loan facility under the Program to incentivize banks to extend the maturity of eligible loans which are coming due (*or which are in default solely as a result or a revenue related covenant*) in 2021 for an additional 5-years by agreeing to purchase a 50% participation in such extended eligible loans. **An initial "term sheet" (*in form substantively similar to the other Program term sheet*s) outlining the basic terms of our proposed extended loan facility, including the related loan eligibility requirements, is attached for reference and discussion**.

This new proposed facility will go a long way in both aiding sound small and medium-sized commercial property owners and in helping to avoid the inevitable wave of commercial foreclosures that is on the horizon.

Main Street Extended Loan Facility

Effective **[INSERT]**[1]

Program: The Main Street Extended Loan Facility ("Facility"), which has been authorized under section 13(3) of the Federal Reserve Act, is intended to facilitate lending to small and medium-sized Businesses by Eligible Lenders. Under the Main Street Lending Program ("Program"), including the Facility, the Main Street Priority Loan Facility ("MSPLF"), the Main Street New Loan Facility ("MSNLF"), the Main Street Expanded Loan Facility ("MSELF"), the Nonprofit Organization New Loan Facility ("NONLF"), and the Nonprofit Organization Expanded Loan Facility ("NOELF"), the Federal Reserve Bank of Boston ("Reserve Bank") will commit to lend to a single common special purpose vehicle ("SPV") on a recourse basis. The SPV will purchase 50% participations in Eligible Loans which are extended by Eligible Lenders. Eligible Lenders will retain 50% of each extended Eligible Loan. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), has committed to make a $75 billion equity investment in the single common SPV in connection with the Program. The combined size of the Program will be up to $600 billion.

Eligible Lenders: 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, a U.S. 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.

Eligible Borrowers: An Eligible Borrower is a Business[2] that:

1. has been in continuous operation since January 1, 2019;
2. is not an Ineligible Business;[3]
3. meets at least one of the following two conditions: (i) has 15,000 employees or fewer, or (ii) had 2019 annual revenues of $50 million or less;
4. is 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;
5. was in sound financial condition prior to the onset of the COVID-19 pandemic;
6. has experienced a reduction of 25% or greater in the total annual amount of revenues received with respect to the commercial real property(ies)[4] securing the subject Eligible Loan in 2020 relative to 2019;
7. does not also participate in the MSPLF, the MSNLF, the MSELF, the NONLF, the NOELF, or the Primary Market Corporate Credit Facility; and
8. has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act).[5]

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[1] The Board of Governors of the Federal Reserve System ("Board") and the Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

[2] For purposes of the Facility, a Business is an entity that is organized for profit as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49 percent participation by foreign business entities; or a tribal business concern as defined in 15 U.S.C. § 657a(b)(2)(C), except that "small business concern" in that paragraph should be replaced with "Business" as defined herein. Other forms of organization may be considered for inclusion as a Business under the Facility at the discretion of the Federal Reserve, and such determinations may be found in the Program's Frequently Asked Questions ("FAQs").

[3] For purposes of the Facility, an Ineligible Business is a type of business listed in 13 CFR 120.110(b)-(j) and (m)-(s), as modified by regulations implementing the Paycheck Protection Program established by section 1102 of the CARES Act ("PPP") on or before April 24, 2020. The application of these restrictions to the Facility may be further modified at the discretion of the Federal Reserve through FAQs.

[4] For purposes of the Facility, a "commercial real property" means any real property which is zoned, and used principally for, commercial/business purposes (including zoned mixed-use properties but specifically excluding all portions of real property, however zoned, which are used principally for residential purposes).

[5] For the avoidance of doubt, Businesses that have received PPP loans or Economic Injury Disaster Loans are permitted

Eligible Loans: An Eligible Loan is a term loan or revolving credit facility made by an Eligible Lender(s) to an Eligible Borrower, that was originated on or before January 1, 2020, that is secured (in whole or in part) by one or more commercial real properties, and that either has a stated maturity date prior to (or as of) December 31, 2021 or (at the time of the origination of the extended loan) is in default solely as a result of the failure of the Eligible Borrower to satisfy one or more affected revenue related covenants,[6] provided that the extended loan is a term loan that has all of the following features:

1. 5 year maturity;
2. principal payments deferred for two years and interest payments deferred for one year (unpaid interest will be capitalized);
3. adjustable interest rate equal to the greater of: (i) the current adjustable rate under the subject Eligible Loan; or (ii) LIBOR (1 month) + 300 basis points;
4. financial and other covenants substantively identical to those applicable to the subject Eligible Loan provided that the testing of all affected revenue related covenants are deferred until at least June 30, 2022;
5. principal amortization of 15% at the end of the third year, 15% at the end of the fourth year, and a balloon payment of 70% at maturity at the end of the fifth year;
6. minimum loan size of $1,000,000;
7. maximum loan size of $100,000,000;
8. at the time of extending the subject loan, and at all times while the extended loan is outstanding, the extended loan (and all collateral liens and security interests granted in connection therewith) will be: (i) senior, in terms of priority and security, to all debt encumbering the commercial real property(ies) securing the extended loan (including with respect to any other debt extended by the originating Eligible Lender to the subject Eligible Borrower which is cross-collateralized with the subject Eligible Loan); and (ii) senior to or pari passu with, in terms of priority and security, all of the subject Eligible Borrower's other loans or debt instruments (including any other then outstanding credit facilities extended by the originating Eligible Lender to the subject Eligible Borrower); and
9. prepayment permitted without penalty.

Loan Classification: The Eligible Loan must have had an internal risk rating equivalent to a "pass" in the Federal Financial Institutions Examination Council's supervisory rating system as of December 31, 2019.

Assessment of Financial Condition: Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the potential borrower's application.

Loan Participations: The SPV will purchase at par value a 50% participation in the extended loan, provided that it is extended on or after January 1, 2021. The SPV and the Eligible Lender will share risk in the extended loan on a pari passu basis. The Eligible Lender must be one of the lenders that holds an interest in the underlying Eligible Loan at the date of the loan extension. The Eligible Lender must retain its 50% portion of the extended loan until the extended loan matures or the SPV sells all of its 50% participation, whichever comes first. Any collateral securing the Eligible Loan (at the time of the loan extension or on any subsequent date), including all commercial real properties, must secure the extended loan. The sale of a participation in the extended loan to

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to borrow under the Facility, provided that they are Eligible Borrowers.

[6] For purposes of the Facility, an "affected revenue related covenant" means and includes any financial covenant which is calculated with respect to, or otherwise takes into account (in whole or in material part), the aggregate amount of revenues received from the real property(ies) securing the subject loan/credit facility for any period occurring as of or after January 1, 2020. For the avoidance of doubt: (a) to be considered an "Eligible Loan" under the Facility, the Borrower must have been in full compliance with all covenants (including all affected revenue related covenants) under the subject loan/credit facility as of December 31, 2019; and (b) any loan/credit facility which is in default for any reason other than as a result of the Eligible Borrower to satisfy one or more affected revenue related covenants will not be considered an "Eligible Loan" under the Facility.

Businesses that have received PPP loans or Economic Injury Disaster Loans are permitted to borrow under the Facility, provided that they are Eligible Borrowers.

the SPV will be structured as a "true sale" and must be completed expeditiously after the Eligible Loan's extension.

Required Lender Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants will be required from Eligible Lenders:

- The Eligible Lender must commit that it will not request that the Eligible Borrower repay debt extended by the Eligible Lender to the Eligible Borrower, or pay interest on such outstanding obligations, until the extended loan is repaid in full, unless the debt or interest payment is mandatory and due, or in the case of default and acceleration.

- The Eligible Lender must commit that it will not cancel or reduce any existing committed lines of credit to the Eligible Borrower, except in an event of default.

- The Eligible Lender must certify that the methodology used for calculating the Eligible Borrower's adjusted 2019 EBITDA for the leverage requirement in section 6(ii) of the Eligible Loan paragraph above is the methodology it previously used for adjusting EBITDA when originating or amending the Eligible Loan on or before January 1, 2020.

- The Eligible Lender must certify that it has a reasonable basis to believe that, as of the date of the extension of the Eligible Loan and after giving effect to such loan extension, the Eligible Borrower will have the ability to meet its financial obligations for at least the next 180 days and does not have reason to believe that the Eligible Borrower will file for bankruptcy during that time period.

- The Eligible 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.

Required Borrower Certifications and Covenants: In addition to other certifications required by applicable statutes and regulations, the following certifications and covenants[7] will be required from Eligible Borrowers:

- The Eligible Borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the extended loan is repaid in full, unless the debt or interest payment is mandatory and due.

- The Eligible 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.

- The Eligible Borrower must certify that it has a reasonable basis to believe that, as of the date of the extension of the Eligible Loan and after giving effect to such loan extension, it has the ability to meet its financial obligations for at least the next 180 days and does not expect to file for bankruptcy during that time period.

- The Eligible 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, except that an S corporation or other tax pass-through entity that is an Eligible Borrower may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the entity's earnings.

- The Eligible 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.

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[7] An Eligible Lender is expected to collect the required certifications and covenants from each Eligible Borrower at the time of upsizing of the Eligible Loan. Eligible Lenders may rely on an Eligible Borrower's certifications and covenants, as well as any subsequent self-reporting by the Eligible Borrower.

Retaining Employees: Each Eligible Borrower that participates in the Facility should make commercially reasonable efforts to maintain its payroll and retain its employees during the time the extended loan is outstanding.

Transaction Fee: An Eligible Lender will pay the SPV a transaction fee of 100 basis points of the principal amount of the Eligible Loan at the time of loan extension. The Eligible Lender may require the Eligible Borrower to pay this fee.

Loan Extension Fee: An Eligible Borrower will pay the Eligible Lender, at the time of and as a condition to the extension: (i) an origination fee of up to 100 basis points of the principal amount of the Eligible Loan; and (ii) an amount equal to the aggregate amount of all costs and expenses (including attorneys' fees) incurred by or on behalf of the Eligible Lender in connection with the drafting and negotiation of all amendments to the existing loan documentation reasonably determined necessary or desirable by the Eligible Lender in the context of extending the subject Eligible Loan for participation in, or to otherwise comply with the terms of, the Facility.

Loan Servicing Fee: The SPV will pay an Eligible Lender 25 basis points of the principal amount of its participation in the extended per annum for loan servicing.

Facility Termination: The SPV will cease purchasing participations in Eligible Loans on June 30, 2021. The Reserve Bank will continue to fund the SPV until the SPV's underlying assets mature or are sold.