

LEGAL UPDATES

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(Another) Main Street Lending Program Update

It's a new month, which means new updates to the "Main Street Lending Program" (Program) established by the Federal Reserve pursuant to authority and funding granted by the CARES Act. The Program is comprised of three loan facilities through which eligible small and medium-sized businesses may apply for loans to combat the financial impact of the COVID-19 pandemic. For additional background on the Program, please see our earlier guidance:

[Main Street Lending Program: An Overview \(April 9, 2020\)](#)

[Changes to the Main Street Lending Program \(May 1, 2020\)](#)

An official launch date for the Program has yet to be announced. However, on May 27, 2020, the Federal Reserve Bank of Boston (FRB Boston) published the relevant forms and agreements that eligible lenders and eligible borrowers will need to complete to participate in the Program, including the Program loan participation agreement and form certifications. FBR Boston will administer the Program and has established the special purchase vehicle that will be used to purchase loan participations from eligible lenders in any of the Federal Reserve districts. In addition to the form documents, FBR Boston also updated the Program FAQs which provide additional detail on various requirements of the Program, particularly for eligible lenders. Links to these updates are below.

[Main Street Lending Program Forms and Agreements – Federal Reserve Bank of Boston](#)

[Main Street Lending Program: Frequently Asked Questions \(updated May 27, 2020\)](#)

The revised FAQs include the following notable updates for borrowers:

Businesses receiving Paycheck Protection Program (PPP) loans are also eligible for Program loans so long as they meet the applicable eligibility criteria. This is a clarification, as nothing in prior guidance precluded such dual eligibility and most commentators anticipated businesses could be eligible for both programs.

Borrowers may be subsidiaries of a foreign company, so long as the borrower itself is organized under U.S. law, meets various threshold criteria for operation within the United States, and uses the Program loan solely for the benefit of the borrower and its U.S. affiliates.

Private equity funds are ineligible to receive Program loans.

While borrowers may not receive a loan below the minimum loan size for the applicable loan facility, the Federal Reserve continues to evaluate whether the loan amounts under the Expanded Loan Facility require adjustment.

Next Steps

Lenders who wish to participate in the Program need to affirmatively register as participating lenders, but the process and timing for that registration is not yet known.

Once the Program opens, an eligible borrower will submit its application to an eligible lender. Borrowers are encouraged to reach out to their existing lenders to discuss the Program and whether their lenders intend to participate. Each participating lender will follow its own established underwriting procedures and will document the main street loan with its own loan documentation (adjusted only as appropriate to reflect the requirements of the Program). Borrowers that have existing credit facilities will need to evaluate the need for amendments to those existing agreements and the need for intercreditor agreements if multiple lenders are involved.

Eligible borrowers and participating lenders will need to negotiate and execute the various documents required by the Program and the lender.

Contact Us

The Husch Blackwell team continues to monitor these developments. For further information regarding this update, please contact Kate Bechen, Robin Lehninger, Nate Volz, or your Husch Blackwell attorney.

Comprehensive CARES Act and COVID-19 Guidance

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Husch Blackwell's CARES Act resource team helps clients identify available assistance using industry-specific updates on changing agency rulemakings. Our COVID-19 response team provides clients with an online legal Toolkit to address challenges presented by the coronavirus outbreak, including rapidly changing orders on a state-by-state basis. Contact these legal teams or your Husch Blackwell attorney to plan a way through and beyond the pandemic.