

## Service

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# Successfully Navigating the Main Street Lending Program

Since its launch in July 2020, the Main Street Lending Program (MSLP) has gained traction across the country. As of August 31, 2020, the total outstanding amount of loans under the MSLP exceeded \$1 billion. Husch Blackwell has advised both lenders and borrowers through the complicated process of applying for and securing MSLP financing. As a result of our unique experience, we have learned the program's benefits and disadvantages and have developed strategies to avoid delays in the closing process.

## Benefits and disadvantages

The MSLP provides inexpensive financing for borrowers who may not be otherwise able to secure adequate credit. Though MSLP loans are not eligible for loan forgiveness, credit extended through the MSLP comes with deferred interest payments for one year and deferred principal payments for two years. However, with these benefits come several disadvantages when entering into MSLP financing, including:

Burdensome restrictions on borrowers, such as a prohibition on payment of dividends/distributions for the life of the loan plus one year;

Extensive reporting requirements for borrowers;

Complexity regarding borrower eligibility (e.g., Paycheck Protection Program affiliation rules apply); and

Frequent changes from the Federal Reserve to the rules and guidelines.

## Strategies to avoid delays in closing

The MSLP submission process is nuanced, with very specific documentation requirements. If those specific requirements are not met, the Federal Reserve

will not accept the MSLP submission. Because many program participants require emergency liquidity, a fast and smooth closing process is imperative. To ensure that the exact MSLP requirements are met, and that applications are submitted correctly and approved in a timely fashion, it is important for both lenders and borrowers to engage experienced counsel, such as Husch Blackwell. We have been involved with the successful closing of numerous MSLP loans and we have developed loan document provisions that the Federal Reserve has repeatedly accepted. Because of our deep experience, we are able to quickly and accurately document a loan transaction that will comply with the requirements of the MSLP and provide borrowers with the emergency liquidity they require.

### **Contact us**

Husch Blackwell's Banking & Finance team can assist both lenders and borrowers in capitalizing on the MSLP. For further information regarding this Alert or our experience in successfully navigating the MSLP, please contact Steve Camp, Nate Volz, or your Husch Blackwell attorney.

### **Comprehensive CARES Act and COVID-19 guidance**

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.