

## Federal Reserve's Main Street Loan Program is Officially Launched; Buchalter Announces Main Street Lending Team

June 15, 2020

The Federal Reserve's Main Street Lending Program (the "MSLP"), which is designed to help credit flow to small and medium-sized businesses impacted by the COVID-19 pandemic, was officially launched today, Monday, June 15th. As a result, the MSLP is now open and ready for registration by lenders looking to participate in the program. All eligible lenders are encouraged to register with the Federal Reserve Bank of Boston (the "Boston Fed"), which is the administrator for the \$600 billion program. Lenders can register and provide information directly through the program's lender portal via the Boston Fed's website. There is a link to the portal at the end of this Alert. Pursuant to the Boston Fed's announcement today *"Lenders can find the necessary registration documents on the program site and are encouraged to begin making Main Street program loans immediately."*

There are three separate facilities offered under the MSLP for eligible loans ranging from \$250,000 up to (i) \$35 million for the Main Street New Loan Facility, (ii) \$50 million for the Main Street Priority Loan Facility, and (iii) \$300 million for the Main Street Expanded Loan Facility. All three facilities mature in five years (with principal payments deferred for the first two years) and have an adjustable interest rate equal to LIBOR (one to three month) plus 300 basis points. Pursuant to recent changes made to the MSLP, the Boston Fed intends to purchase 95% of each eligible loan submitted to the program. At the end of this Alert are links to the Federal Reserve's current Frequently Asked Questions regarding the MSLP and its current Term Sheets for all three facilities.

In order to be eligible to participate in the MSLP, lenders must either be a U.S. federally insured depository institution, a U.S. bank holding company, a U.S. savings and loan holding company, a U.S. branch or agency of a foreign bank, a U.S. intermediate holding company of a foreign banking organization, or a U.S. subsidiary of any of the foregoing. All approved lenders are expected to conduct an assessment of each applicant's financial condition and creditworthiness, and to apply their own underwriting standards. To conduct such evaluations, lenders may require additional documents and information from applicants.

Coinciding with the launch of the MSLP, Buchalter is announcing that its Commercial Finance Practice Group has organized its attorneys to create in-depth expertise in every aspect and requirement of the

MSLP. Buchalter's Commercial Finance Practice Group is comprised of attorneys with extensive transactional and regulatory expertise, and is one of the largest creditor-focused practice on the West Coast. Thus, our commercial finance attorneys are uniquely positioned to advise clients on the MSLP and help structure and document any of the three credit facilities that are offered under the program. Please feel free to contact any of the attorneys in Buchalter's Commercial Finance Group if you have questions regarding the MSLP or would like to discuss the various options and details under the program.

### ***MSLP Lender Portal (Registration)***

<https://www.bostonfed.org/supervision-and-regulation/supervision/special-facilities/main-street-lending-program.aspx>

### ***MSLP Frequently Asked Questions (FAQs)***

<https://www.bostonfed.org/mslp-faqs>

### ***MSLP Term Sheets***

#### *Main Street New Loan Facility*

<https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200608a1.pdf>

#### *Main Street Priority Loan Facility*

<https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200608a2.pdf>

#### *Main Street Expanded Loan Facility*

<https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200608a3.pdf>



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