

Federal Reserve Issues New Main Street Lending Program FAQs Regarding Restrictions on Underlying Credit Facilities for MSELF Loans; Co-Borrower Requirements; Obtaining Information About Core Rights Acts; and Requiring Disclosure of LIBOR Reset Information when Selling Loan Participations to the Main Street SPV

November 19, 2020

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The Federal Reserve has issued amended FAQs for the for-profit and non-profit Main Street Lending Programs. The FAQs address the following:

- Restrictions on underlying credit facilities for MSELF Upsize Tranches;
- Requiring MSELF Co-Borrowers to be Co-Borrowers on Underlying Credit Facilities;
- Obtaining Information From the Main Street SPV Regarding Core Rights Acts;
- Requiring Disclosure of Information about LIBOR Resets

The specific details of these amendments are:

- Restrictions on underlying credit facilities for MSELF Upsize Tranches: Clarified that Eligible Lenders and Eligible Borrowers may not:
 - Reduce or restructure the underlying credit facility prior to the origination of the MSELF Upsized Tranche in order to evade the requirement that collateral deemed sufficient by the bank prior to April 24, 2020, be shared on a *pari passu* basis with the Main Street SPV. (For-Profit FAQs D.6, footnote 3; Non-Profit FAQs D.6, footnote 3.)
 - Create a new term loan tranche in what was solely a revolving credit facility prior to April 24, 2020, in order to evade the requirement that collateral deemed sufficient by the bank prior to April 24, 2020, be shared on a *pari passu* basis with the Main Street SPV. (For-Profit FAQs D.11, footnote 5; Non-Profit FAQs D.11, footnote 5.)

- Requiring MSELF Co-Borrowers to be Co-Borrowers on underlying credit facilities: Stated that for an MSELF, all co-borrowers must be borrowers on the underlying credit facility being upsized. (For-Profit FAQs H.25; Non-Profit FAQs H.25.)
- Obtaining information from the Main Street SPV regarding Core Rights Acts: Explained the process for Eligible Lenders to obtain information from the Main Street Special Purpose Vehicle before undertaking (or refraining from undertaking) any of the enumerated “Core Rights Acts” set forth in Eligible Lenders’ Participation Agreements with the Main Street SPV. An Eligible Lender may not undertake a Core Rights Act without Main Street SPV approval. The Eligible Lender should complete the Eligible Lender Request for Loan Modification or Waiver Form (**Core Rights Request Form**) and submit the form to the Main Street SPV in accordance with its instructions. An Eligible Lender may also use the form to inquire as to whether a particular act constitutes a Core Rights Act. (For-Profit FAQs J.8; Non-Profit FAQs J.8.)
- Requiring disclosure of information about LIBOR resets: Added a requirement that information about the first date, second date and frequency of a LIBOR reset be included in an Eligible Lender’s submission to the Main Street Portal when submitting documentation for the sale of a Main Street Loan participation to the Main Street SPV. (For-Profit FAQs L.9; Non-Profit FAQs L.9.)

The Amended For-Profit FAQs can be found here: [MSNLF, MSPLF and MSELF \(for-profit facilities\) \(PDF\)](#)

The Amended Non-Profit FAQs can be found here: [MSNLF, MSPLF and MSELF \(for-profit facilities\) \(PDF\)](#)

The Core Rights Request Form can be found here: [Eligible Lender Request for Loan Modification or Waiver Form](#)

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