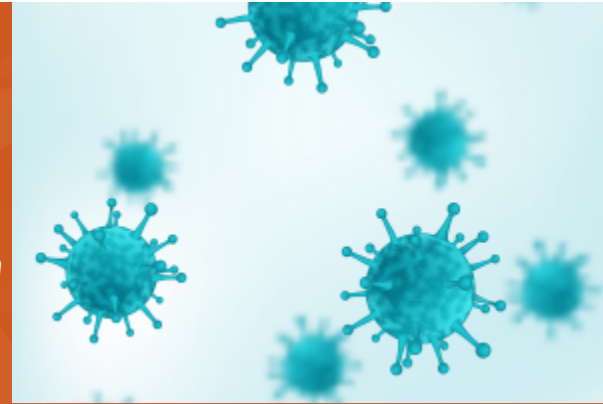


COVID-19 Alert: Additional Guidance for Main Street Lending Relief Program

Federal Reserve Provides Additional Guidance on the Main Street Lending Relief Program: *Program Slated to Commence in the Near Term*

By: Timothy P. Manning
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On May 27, 2020, the Federal Reserve Bank of Boston (the “Federal Reserve”) issued additional guidance, forms of borrower and lender certifications, forms of participation agreements and related agreements in connection with the Main Street Lending Program (the “Program”). No official launch date was announced for the Program, but it has been widely reported that the launch is imminent. The Federal Reserve also updated and expanded the Frequently Asked Questions document (“FAQ”). The links for these items can be found [here](#).

The term sheets for the Main Street New Loan Facility (MSNLF), the Main Street Expanded Loan Facility (MSELF) and the Main Street Priority Loan Facility (MSPLF) have not changed since the last update by the Federal Reserve. A summary of these terms can be found in our [prior Alert](#).

However, the FAQ contains additional information concerning the loan facilities. In particular, the FAQ details the mandatory covenants, financial reporting and other items that must be incorporated into the loan documentation for loans made under the Program. The FAQ also provides lenders detailed information on the participation process with the Federal Reserve SPV, including funding mechanics, terms and conditions of the participation agreement, special rights of the Federal Reserve SPV for Program loans that subsequently go into distress and related matters. This additional guidance clarifies some of the previously ambiguous aspects of the Program and will assist potential lenders determine whether or not they will participate in the Program.

Borrowers that want to explore obtaining a Program loan should contact their existing lenders to discuss the Program and determine if their existing lender intends to participate in the Program. While the FAQ details certain provisions that are required to be included in the loan documentation, the Federal Reserve has made it clear that Eligible Lenders will use their own loan documentation and follow their own underwriting procedures for Program loans.

After the launch of the Program, the Federal Reserve has stated that it will continue to evaluate a number of the Program features and make adjustments to further the purposes of the Program.

Morse will continue to follow developments related to the Program, and will report as appropriate.

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