

Pepper Hamilton and Troutman Sanders Submit Comment Letter on Main Street Lending Program

On April 16, Pepper Hamilton and Troutman Sanders submitted a comment letter in response to the solicitation of comments on the Main Street Lending Program announced by the Federal Reserve and the U.S. Department of the Treasury on April 9, 2020 and the related Main Street New Loan Facility and Main Street Expanded Loan Facility term sheets. Our firms have been working closely together as we keep up with the latest developments with this complex legislation for our clients. We are quite familiar with customary terms and provisions in lending facilities as well as the issues and concerns lenders and mid-size businesses seeking to participate in the Main Street Lending Program face.

While we applaud the efforts the Federal Reserve and the U.S. Treasury Department have taken to bolster the economy and ensure that credit continues to flow to small and mid-sized businesses in these unprecedented times due to the COVID-19 pandemic, as shown by the issues raised in our comment letter, there are a lot of uncertainties and issues raised by the Main Street New Loan Facility and Main Street Expanded Loan Facility term sheets that will need to be resolved before these loan facilities can achieve their stated goals.

Our comments to certain items that we believe need clarification and/or modifications include:

- EBITDA and size limitations
- upsized tranche loan eligibility
- eligible lenders, size and U.S. eligibility components
- exceptions to dividend restrictions, lender attestations, voting rights, assignability and lender liability and certainty.

[Our full letter can be viewed here.](#)