



TO: NAW Direct Members

FROM: NAW Government Relations Team

Main Street Lending Program – TIME SENSITIVE:

An issue in the MSLP has arisen that we need to call to your immediate attention.

There is a provision in MSLP New and Expanded Loan Facility term sheets that requires a borrower to calculate and deduct from its maximum loan the amount of its “committed but undrawn debt.” While the apparent intent of this provision is to require a business to use its available debt/credit before taking advantage of MSLP loans, it may have unintended consequences for many wholesaler-distributors.

We understand that the use of committed but undrawn debt to fund inventory needs is widespread in wholesale distribution, and have heard from NAW members that the exclusion of that credit from a maximum MSLP loan amount could make them ineligible for a loan because many banks do not allow the companies to draw the entire amount of that committed debt without incurring fees, penalties, restrictions on operations, etc.

The Federal Reserve is accepting comments on the MSLP provisions, but that comment period ends at **close of business today**. Brief comments may be submitted through a comment form, or a letter may be submitted as an attachment to an email message. Links to both of those options are included below.

NAW has submitted a letter to the Fed on this issue, with suggested modifications to the term sheets which would remedy the situation. **[Click here](#)** to read NAW’s letter and recommended modification to the term sheets.

If your company would be impacted by this restriction in the MSLP, please take a few minutes to send a letter or submit a comment to the Fed.

You can submit a brief comment directly via this link:

<https://www.federalreserve.gov/apps/contactus/feedback.aspx?refurl=%2Fmain%2F>

"Main Street Lending" comments that need to contain attachments or embedded graphics should be submitted via e-mail to: regs.comments@federalreserve.gov
Include "Main Street Lending" in the subject line of your message.

For your review or use, the suggested modifications NAW has submitted to the Fed are included below:

Option 1:

- Substitute "available" for "committed" in item 5. (Both terms are universally understood terms in asset-based lending, but they mean two very different things.)
- Add the following clarifying language: "For purposes of determining the eligible loan amount (or, for purposes of this provision), an eligible borrower's existing outstanding and available but undrawn bank debt does not include any amount that, if drawn, would cause the Borrower to suffer fees, penalties, restrictions, or limitations on its operations. Lease financing obligations are also excluded."

Option 2:

- No change to the term committed in item 5.
- Add the following clarifying language: "For purposes of determining the eligible loan amount (or, for purposes of this provision), an eligible borrower's existing outstanding and committed but undrawn bank debt does not include any amount that is not currently available under the terms of the facility, nor does it include any amount that, if drawn, would cause the Borrower to suffer fees, penalties, restrictions, or limitations on its operations. Lease financing obligations are also excluded."

Scroll down for links to Critical Updates sent previously.

Many thanks—

Jade West, Chief Government Relations Officer
Blake Adami, Vice President-Government Relations
Seth Waugh, Associate Vice President-Government Relations
National Association of Wholesaler-Distributors

The above information and links to other information has been prepared by NAW for the general information of NAW members. It is not intended to, and does not, provide tax, legal or professional advice concerning any specific matter. You should not act on the information without first obtaining professional advice and counsel.

Critical Update Number 25 on April 15 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-25.pdf>

Critical Update Number 24 on April 14 at 3:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-24.pdf>

Critical Update Number 23 on April 10 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-23.pdf>

Critical Update Number 22 on April 9 at 12:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-22.pdf>

Critical Update Number 21 on April 7 at 5:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-21.pdf>

Critical Update Number 20 on April 6 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-20.pdf>

Critical Update Number 19 on April 4 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-19.pdf>

Critical Update Number 18 on April 3 at 5:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-18.pdf>

Critical Update Number 17 on April 2 at 4:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-17.pdf>

Critical Update Number 16 on April 1 at 4:00 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-16.pdf>

Critical Update Number 15 on March 31 at 3:30 PM:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-15.pdf>

Critical Update Number 14 on March 30 at 4:00 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-14.pdf>

Critical Update Number 13 on March 29 at 3:45 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-13.pdf>

Critical Update Number 12 on March 29 at 12:00 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-12.pdf>

Critical Update Number 11 on March 28 at 3:30 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-11.pdf>

Critical Update Number 10 on March 27 at 3:00 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-10.pdf>

Critical Update Number 9 on March 26 at 5:30 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-9.pdf>

Critical Update Number 8 on March 26 at 10:45 AM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-8.pdf>

Critical Update Number 7 on March 25 at 6 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-7.pdf>

Critical Update Number 6 on March 25 at 1 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-6.pdf>

Critical Update Number 5 on March 24 at 3 PM:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-5.pdf>

Critical Update Number 4 on March 23:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-4.pdf>

Critical Update Number 3 on March 23:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-3.pdf>

Critical Update Number 2 on March 21:
<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-2.pdf>

Critical Update Number 1 on March 20:

<https://www.naw.org/wp-content/uploads/2020/04/Critical-Update-1.pdf>

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NAW

1325 G Street NW #1000

Washington, DC 20005