

Latest on the Fed's Lending Programs & Purchasing Facilities – June 3, 2020

Significant doubt exists about whether businesses will be eager to participate in the MSLP in part because of the interest rate and short 4-year loan term. In its hour-long webinar today for borrowers on the MSLP, the Fed officials answered several dozen questions, including queries about whether there might be changes in those loan terms. They still did not provide a date certain for the program to begin lending, saying it was still a matter of days.

Today's webinar will be archived and should be available this afternoon, with accompanying slide deck and FAQ on the program [HERE](#).

Yesterday, *Politico* reported that the Fed's Main Street Lending Program might be in danger of fizzling out before it even gets off the ground. According to the report, some borrowers complain that the program imposes interest rates that are too high and requires businesses to pay back loans too quickly. Companies will face unwelcome curbs, mandated by Congress, on stock buybacks, dividend payments and executive pay.

To read the full report, click [HERE](#).

According to a *Wall Street Journal* report, companies are now reluctant to sign up for Fed purchases because such a move could be seen as a sign of weakness during a market rebound, some bond fund managers and bank executives said.

To read the full *WSJ* report, click [HERE](#).

Latest on Paycheck Protection Program:

Efforts remain underway in the Senate to pass the House-passed PPP Flexibility Act, but there are objections on the Republican side, and likely on the Democrat side as well. Although debate is occurring on the bill, it is unclear when it will pass.

And in addition to other problems with the PPP, *The Hill* reported yesterday that a glitch in a U.S. government system caused numerous small businesses to receive coronavirus

aid loans twice or more. The money that was mistakenly distributed more than once could be upwards of hundreds of millions of dollars that the government and lenders are attempting to identify and recover.

To read the full report, click [HERE](#).