



Main Street Lending Program... Will it work for Tribes?

As tribes and their staff turn their attention to re-opening their economic enterprises, the unknown of what that means to tribal economies continues to loom large. Is their enough liquidity to make it through these uncharted waters?

To help provide additional access to liquidity, the Federal Reserve released the [Main Street Lending Program](#) (MSLP) in April 2020 which is designed to support small and medium sized businesses that were in sound financial position before the commencement of the COVID-19 Pandemic. The Main Street Lending Program is divided into three lending facilities: [Main Street New Loan Facility](#) (MSNLF), [Main Street Priority Loan Facility](#) (MSPLF), and [Main Street Expanded Loan Facility](#) (MSELF). The Fed's Main Street Special Purpose Vehicle (SPV) will be purchasing 85% to 95% of the eligible loan banks make to their customers. Treasury will be funding the initial \$75 billion in liquidity at the start of the program and the US Federal Reserve will provide up to a total of \$600 billion in conditional liquidity.

The Federal Reserve is in the process of creating the infrastructure necessary to launch the program. Currently, the Federal Reserve Board does not have an official program launch date or date when the Main Street SPV will begin the repurchasing process of the participating credit facilities. Updates to the Mains Street Lending Program will be provided [online](#) by the Federal Reserve Board.

Note, unlike the PPP, the MSLP credit facilities are **full-recourse** and **non-forgivable**. It is debt and must be paid back. We reviewed the terms and noted that the program is designed for corporate borrowers and carries several restrictions and requirements, with the most important condition being no distributions to shareholders for one year after the MSLP loan is repaid. While there may be some legal distinctions that may make transfers to tribal governments excepted, it certainly creates a gray area for possible loans to casino enterprises.

Seems like a better solution for providing additional liquidity to Indian Country would be for the Fed to utilize the existing BIA and USDA loan guarantee program, making an adjustment to policy to allow them to guaranty casino loans. Why not? These federal agencies are much better equipped to understand the nuances of Native American finance than forcing tribes to conform to term sheets designed for Corporate America.

Regards,

David Howard
Chief Executive Officer
(310) 341-2795
TFA Capital Partners