

116TH CONGRESS
2D SESSION

S. 4655

To make improvements to the Main Street Lending Program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 22, 2020

Mr. PERDUE introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To make improvements to the Main Street Lending Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Main Street Lending
5 Improvement Act of 2020”.

6 **SEC. 2. MAIN STREET LENDING PROGRAM.**

7 (a) SENSE OF CONGRESS.—It is the sense of Con-
8 gress that—

9 (1) the Main Street Lending Program should
10 serve as a “bad bank” to hold nonperforming and il-

1 liquid loans during the economic shock triggered by
2 the COVID–19 pandemic;

3 (2) the Department of the Treasury and the
4 Board of Governors of the Federal Reserve System
5 have served as strong guardians of taxpayer monies
6 and strived above and beyond their mandates in
7 launching the Main Street Lending Program;

8 (3) as of the date of enactment of this Act, the
9 Main Street Lending Program has not operated as
10 envisioned by Congress;

11 (4) with bankruptcies hitting record highs not
12 seen since the 2009 financial crisis, the Main Street
13 Lending Program should serve as a vital lifeline to
14 stave off a catastrophic wave of bankruptcies by
15 small- and medium-sized enterprises;

16 (5) earnings before interest, taxes, depreciation,
17 and amortization is not a generally accepted ac-
18 counting principal measurement and its calculations
19 can vary from one company to the next;

20 (6) the prominence of earnings before interest,
21 taxes, depreciation, and amortization only emerged
22 in the advent of the leveraged buyout in the 1980s;
23 and

24 (7) there are many companies outside of the
25 earnings before interest, taxes, depreciation, and

1 amortization leverage test that can still present
2 themselves as growing concerns in a non-COVID
3 economy.

4 (b) ALTERNATIVE ASSET TEST.—It is the sense of
5 Congress that, in carrying out the Main Street Lending
6 Program, the Department of the Treasury and the Board
7 of Governors of the Federal Reserve System should con-
8 sider—

9 (1) using earnings or cash flow metrics as a
10 metric for eligibility in the facilities of that Program;
11 and

12 (2) providing alternative tests for borrowers be-
13 cause earnings before interest, taxes, depreciation,
14 and amortization—

15 (A) is not a one size fits all equation;

16 (B) ignores the cost of assets and working
17 capital; and

18 (C) fails to appropriately measure the abil-
19 ity of an entity to generate cash as opposed to
20 an operating cash flow test.

21 (c) BOSTON FED HELPLINE.—The Federal Reserve
22 Bank of Boston shall, with respect to the operation of the
23 Main Street Lending Program—

24 (1) create a lender helpline to address lender-
25 specific questions; and

1 (2) consider additional guidance and informa-
2 tion with the focus aimed at addressing the concerns
3 of small and mid-size financial institutions.

4 (d) EXEMPTIONS FOR LOANS UNDER \$5,000,000.—
5 With respect to any loan, the amount of which is less than
6 \$5,000,000, a financial institution may collect interest on
7 the entirety of the loan if a participation in the loan is
8 sold to the special purpose vehicle under the Main Street
9 Lending Program.

10 (e) STREAMLINE MAIN STREET LENDER PARTICIPA-
11 TION PROGRAM.—With respect to the Main Street Lend-
12 ing Program, for financial institutions with less than
13 \$25,000,000,000 in assets—

14 (1) the Department of the Treasury and the
15 Board of Governors of the Federal Reserve System
16 will strive to reduce borrower reporting burdens by
17 limiting any reporting requirement to at most once
18 a quarter and reduce the amount of data points they
19 are required to submit;

20 (2) the Federal Reserve Bank of Boston shall
21 verify that the financial institution meets both the
22 asset test and is a well capitalized institution under
23 the Federal Deposit Insurance Act (12 U.S.C. 1811
24 et seq.) and the Federal Credit Union Act (12
25 U.S.C. 1751 et seq.);

1 (3) the special purpose vehicle under the Pro-
2 gram shall purchase 99 percent of the interest in a
3 loan participation originated by the financial institu-
4 tion under the Program;

5 (4) mortgage debt shall not be included in the
6 earnings before interest, taxes, depreciation, and
7 amortization leverage test;

8 (5) the financial institution shall collect interest
9 on the entirety of a loan, a participation in which is
10 sold under the Program; and

11 (6) the Federal Reserve Bank of Boston shall
12 provide—

13 (A) automatic preapproval for institutions
14 under the Program for loans up to \$5,000,000;
15 and

16 (B) that—

17 (i) the special purpose vehicle under
18 the Program shall wire 99 percent of the
19 participation amount to preapproved lend-
20 ers upon the lender's uploading of a bor-
21 rower's name, W-9, amount, type of Main
22 Street Loan, and certification of lender's
23 receipt of signed loan documents;

24 (ii) additional borrower and loan in-
25 formation and uploading of closing docu-

1 ments in the special purpose vehicle portal
2 may occur within 5 business days of fund-
3 ing; and

4 (iii) a borrower may only receive a
5 loan originated pursuant to the terms of
6 this subsection once.

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