

TO: NAW Direct Members

FROM: NAW Government Relations Team

DATE: April 9, 2020

1. Federal Reserve Announces Launch of the “Main Street Lending Program”

As you know, we have been working with our trade association allies to urge the Treasury Department and the Federal Reserve to move forward ASAP with guidance on the loan programs to help companies with more than 500 employees.

This morning the Fed finally announced its lending program for companies with 500-10,000 employees, with less than \$2.5 billion in revenue. Their press release includes links to numerous documents outlining the terms of loans under this program. We are all still analyzing this loan program and trying to understand how it would work, but we wanted to get this information into your hands as quickly as possible.

Among the key provisions in the program: “Eligible banks may originate new Main Street loans or use Main Street loans to increase the size of existing loans to businesses.” The maximum “new” loan is \$25 million, the maximum “expanded” loan is \$150 million.

Also of note: many of the conditions spelled out in the CARES Act will be required of borrowers under the Main Street Lending program, but there is no mention in the Fed material of requiring borrowers to remain neutral in union organizing campaigns: “The Eligible Borrower must attest that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act.”

Click here to read the Fed press release:

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm>

The loan term documents for “new” and “expanded” loans can be read here:

Term Sheet: Main Street New Loan Facility (PDF) -

<https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a7.pdf>

and here:

Term Sheet: Main Street Expanded Loan Facility (PDF) -

<https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a4.pdf>

We will of course continue to analyze this program and to seek answers from the Federal agencies to the questions that will inevitably arise in that process and will keep you apprised of what we learn.

Update on Paycheck Protection Program (PPP):

There are a couple of new resource documents on PPP that you might find useful, including an updated FAQ document from the Treasury Department. Links to both are below.

Finally, we have had several questions about the loan forgiveness provisions of PPP loans, especially in terms of retaining payroll headcount. Unfortunately, there are no conclusive answers on these matters yet. We are advised that the SBA will be releasing guidance soon.

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

Click the link below for an excellent update on the PPP:

<https://www.foley.com/en/insights/publications/2020/04/sba-loans-under-the-cares-act-updated>

2. Senate Democrats Block Additional Paycheck Protection Program Funding

This morning, Senate Majority Leader Mitch McConnell asked for unanimous consent to pass a bill approving an additional \$250 billion in new aid for the Paycheck Protection Program, which gives forgivable loans to small businesses. Both Maryland Democratic Senators Ben Cardin and Chris Van Hollen objected to the increased funding for small businesses during this COVID-19 crisis. The Senate adjourned this morning with no deal to deliver critical new funding for struggling small businesses.

Banks and the Small Business Administration have been overwhelmed by the number of applications since the program began operating last Friday and there are serious concerns regarding the funding quickly running out. We have been in constant discussions with both the Administration and our allies on Capitol Hill urging them to

provide clear guidance for our employers on the rollout of this program – as well as the “Main Street Lending Program” for larger businesses – as soon as possible.

Leader McConnell said on Wednesday evening, “I hope none of my colleagues object to my request for these urgently-needed funds. There is no reason why this bipartisan job-saving program should be held hostage for other priorities. Let’s re-fund the only program that’s already running dry and keep moving forward together.” Ten million Americans were laid off in just the last two weeks. If Senators delay this urgent paycheck support to insist on a broader bill, more Americans will lose their jobs unnecessarily.

Despite this, Senate Democrats blocked this urgent bill and offered their own plan seeking an additional \$250 billion in funding for hospitals and local governments as well as increased food aid. The provisions that Democrats are seeking are already included in the CARES Act but the programs are still getting set up and the funding has yet to be allocated.

Even if Leader McConnell had succeeded today, Speaker Nancy Pelosi said Leader McConnell’s bill wouldn’t move in the House on Friday anyway. House Democrats also want a significant tranche of the new small business aid earmarked for underbanked businesses.

3. Additional Webinars on Workplace Issues

As the Coronavirus Pandemic continues to impact the United States economy and businesses across the nation, it can be hard to decipher how new regulations and laws may impact your business. To help you manage these issues NAW has compiled a few webinars that you may find useful.

Little – Friday, April 10

COVID-19 in the Workplace: Compliance Challenges, Policy Options

11:30 a.m. – 1:00 p.m. Eastern

REGISTER HERE:

<https://engage.littler.com/15/339/landing-pages/webinar-rsvp-blank.asp?sid=422a13d3-1396-4e5e-8913-2d395d43678b>

This comprehensive webinar will explore the employment and labor law aspects of COVID-19 in the workplace. The speakers will discuss current thinking (which seems to change every 24 hours) about such topics as:

- *"Essential" and "non-essential" businesses under shelter in place orders*
- *OSHA obligations*
- *Temperature checks in the workplace*
- *What to do when an exposed employee/customer enters the workplace*
- *Employment law aspects of working from home*
- *Dealing with absent employees - leaves of absence, including the new federal emergency sick leave and family leave law*
- *Not enough work: Reducing hours and pay*
- *Closing shop: The WARN Act*

Ogletree Deakins – Monday, April 13

COVID-19 Update: Furloughs, Reduced Schedules, and Other Cost Saving Measures

12:00 p.m. – 1:00 p.m. Eastern

REGISTER HERE:

[https://clientservices.ogletree.com/39/594/landing-pages/complimentary-event-registration-form-\(blank\).asp](https://clientservices.ogletree.com/39/594/landing-pages/complimentary-event-registration-form-(blank).asp)

Employers are evaluating temporary and reversible measures such as furloughs and reduced schedules to scale back on payroll while maintaining a connection with employees whose help will be critical to restarting normal business operations. At a time when access to healthcare and financial support for impacted employees is more important than ever, these measures can present complex employment law and employee benefits issues. During this webinar, the speakers will discuss strategies for implementing furloughs and reduced schedules, and how to minimize the legal risks under federal and state law.

Properly Handling Reductions in Force During the COVID-19 Crisis – Monday, April 13

2:00 p.m. – 3:00 p.m. Eastern

REGISTER HERE:

[https://clientservices.ogletree.com/118/595/landing-pages/complimentary-event-registration-form-\(blank\).asp](https://clientservices.ogletree.com/118/595/landing-pages/complimentary-event-registration-form-(blank).asp)

Employers are currently faced with tough decisions, due in large part to government mandates and economic conditions caused by the COVID-19 pandemic. These decisions may include large or small reductions in an employer's workforce, even after wage reductions, furloughs, and other alternative work arrangements have been exhausted. During this webinar, the speakers will explore the issues that may

arise and strategies for reducing risk when contemplating and executing systemic employment terminations.

4. Update on Unemployment Insurance Program Implementation

Nearly a month ago, President Trump signed into law the Families First Coronavirus Response Act, the first of three bills to address the COVID-19 crisis. Within this bill were one billion dollars to help states modernize their unemployment filing systems so they would be better able to handle the anticipated influx of claims.

However, the Department of Labor has confirmed that less than half of the allocated money has been distributed to states. This is combined with the fact that states are still awaiting DOL guidance on how they can streamline claims so states can begin getting checks faster to those in need.

This chaos is causing the millions of newly unemployed workers to go without unemployment checks as they struggle to cope with the loss of their job and worrying about how they will pay their bills.

NAW / ITR Economics Webinar with Alan Beaulieu
“Distribution Industry: Navigating the Crisis” • April 9, 2020 • 3:00 PM EDT
Seats are limited -- Purchase your seat today at:
<https://www.naw.org/navigating-the-crisis/>

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.