

Federal Reserve to add up to \$2.3 trillion in loans

The Federal Reserve is adding up to \$2.3 trillion in loans to strengthen the US economy. These new loans will bolster state and local governments so that they will be able to supply critical services during the pandemic. Loans will also be made available to employers and households to help them in weathering the current crisis.

Congressional mandate requires the Federal Reserve to act to keep the economy on sound footing. To fulfill this function, the Federal Reserve will be taking the following actions today:

- Bolster the effectiveness of the Small Business Administration's Paycheck Protection Program (PPP) by supplying liquidity to participating financial institutions through term financing backed by PPP loans to small businesses. The Paycheck Protection Program Liquidity Facility (PPPLF) will extend credit to eligible financial institutions that originate PPP loans, taking the loans as collateral at face value.
- Ensure credit flows to small and mid-sized businesses with the purchase of up to \$600 billion in loans through the Main Street Lending Program. The Department of the Treasury, using funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) will supply \$75 billion in equity to the facility.
- Increase the flow of credit to households and businesses through capital markets, by expanding the size and scope of the Primary and Secondary Market Corporate Credit Facilities (PMCCF and SMCCF) as well as the Term Asset-Backed Securities Loan Facility (TALF). These three programs will now support up to \$850 billion in credit backed by \$85 billion in credit protection provided by the US Treasury: and
- Broaden the range of assets which can be used as collateral for TALF.
- Help state and local governments manage cash flow stresses caused by the coronavirus pandemic by establishing a Municipal Liquidity Facility that will offer up to \$500 billion in lending to states and municipalities. The Treasury will supply \$35 billion of credit protection to the Federal Reserve for the Municipal Liquidity Facility using funds appropriated by the CARES Act.



Knowing that businesses vary widely in their need for new funding and financial aid, the Federal Reserve has asked for comments from borrowers, lenders, and other stakeholders. Comments will be considered until April 16, 2020, prior to the finalization of the new program. Interested parties can give feedback here. <http://www.federalreserve.gov/apps/contactus/feedback.aspx?refurl=/main/>

The Federal reserve has made these documents available for download:

[Term Sheet: Term Asset-Backed Securities Loan Facility \(PDF\)](#)

[Term Sheet: Primary Market Corporate Credit Facility \(PDF\)](#)

[Term Sheet: Secondary Market Corporate Credit Facility \(PDF\)](#)

[Term Sheet: Municipal Liquidity Facility \(PDF\)](#)

[Term Sheet: Paycheck Protection Program Lending Facility \(PDF\)](#)

Main Street Lending Program

[Term Sheet: Main Street New Loan Facility \(PDF\)](#)

[Term Sheet: Main Street Expanded Loan Facility \(PDF\)](#)