

THE BOND BUYER

Fed, Treasury agree to extend four lending facilities to March 31

By

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WASHINGTON — The Federal Reserve and the Treasury Department have agreed to extend the life of four emergency lending facilities, created in response to the coronavirus pandemic, to March 31.

Treasury Secretary Steven Mnuchin sent a letter to Fed Chair Jerome Powell Monday approving the extension of the Fed's Commercial Paper Funding Facility, Money Market Mutual Fund Liquidity Facility, the Primary Dealer Credit Facility and the Paycheck Protection Program Liquidity Facility. The first two use funding from Treasury's exchange stabilization fund, while the other two do not.

"I am pleased that the Federal Reserve Board unanimously voted to approve these extensions, and I am proud of the work our teams have done to successfully execute these programs," Mnuchin said in a press release.

The 90-day extension "will facilitate planning by potential facility participants and provide certainty that the facilities will continue to be available through the first quarter of 2021 to help the economy recover from the COVID-19 pandemic," the Fed added in its own release.



*Treasury Secretary Steven Mnuchin, right, sent a letter to Fed Chair Jerome Powell Monday approving the extension of the programs. **Bloomberg News***

The agreement to lengthen the life of those facilities follows an exchange Mnuchin and Powell had earlier this month, in which Mnuchin requested that the Fed vote to extend the four programs for 90 days past Dec. 31.

Mnuchin also asked that the central bank return money appropriated by Congress for five separate emergency lending programs, which [will shut down](#) at the end of this year.

The Fed had pushed back against Treasury's request to return the funds, saying in a statement that the central bank “would prefer that the full suite of emergency facilities established during the coronavirus pandemic continue to serve their important role as a backstop for our still-strained and vulnerable economy.”

But Powell later agreed to return the unused money, which was used to fund the Main Street Lending Program, the Municipal Liquidity Facility, the Primary Market Corporate Credit Facility, the Secondary Market Corporate Credit Facility and the Term Asset-Backed Loan Facility.

The Federal Reserve Bank of Boston, which is administering the Main Street program, issued guidance to lenders last week that they should submit loans for approval by Dec. 14, adding that it would be unlikely that any loans submitted after that point would be processed in time to be purchased by the Main Street special-purpose vehicle.

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