

# Federal Reserve announces changes to municipal lending program

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The Federal Reserve announced key pricing details Monday for its emergency lending facility to help state and local governments gain access to up to \$500 billion in short-term credit.

State and local officials have been awaiting [a new term sheet that includes specific pricing information](#) for the Fed's so-called municipal liquidity facility, which is an emergency program [the central bank announced on April 9](#) that would purchase short-term debt with maturities of up to 36 months. The pricing formula was laid out in a new table at the end of the sheet, which bases interest rates on a government's credit quality.

Some other changes were included in the new terms. Those include a new provision to slightly broaden the category of eligible issuers as well as additional details related to prepayment.

The eligibility change broadens the number of state or local governments that can use the facility that had a qualifying credit rating on April 8, the day before the Fed's emergency facility was established, but was subsequently downgraded. It's a situation the Fed had already accounted for in [previous term sheets](#), but the central bank Monday provided new details for cases where a government had only gotten one rating from a nationally recognized credit rating firm instead of two, which is likely to help some smaller governments.