

Crapo Statement at Hearing on the Status of the Federal Reserve Emergency Lending Facilities
September 9, 2020

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a virtual hearing on the status of the Federal Reserve's emergency lending facilities.

The text of Chairman Crapo's remarks, as prepared, is below.

"Today we welcome to this virtual hearing the following witnesses: Mr. Hal Scott, President, Committee on Capital Markets Regulation; Mr. Jeffrey DeBoer, President and Chief Executive Officer, The Real Estate Roundtable; and The Honorable William Spriggs, Professor of Economics at Howard University and Chief Economist, AFL-CIO.

"It has been five months since the passage of the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, was signed into law.

"Title IV of the CARES Act provided a \$500 billion infusion into the Exchange Stabilization Fund, in order to support the Federal Reserve's emergency lending facilities.

"That amount has been leveraged to provide trillions of dollars in liquidity back into the markets, supporting credit flow and helping to stabilize the economy.

"Currently, there remains about \$250 billion left from the CARES Act funding.

"Today, we will receive testimony from each witness providing an update on the Federal Reserve 13(3) emergency lending facilities, including recommendations on how the Main Street Lending Program and Municipal Liquidity Facility could be changed to improve access to and demand for the programs moving forward.

"We will also hear an update on the state of the commercial real estate (CRE) market; why the CRE market lacks access to needed support, including through the Main Street Program; and recommendations for options to get support to commercial real estate.

"The Federal Reserve established the Main Street Facilities to support lending to small and medium sized businesses and non-profit organizations that were in sound financial condition before COVID-19.

"The Main Street program includes five facilities: the Main Street New Loan Facility, the Main Street Priority Loan Facility, the Main Street Expanded Loan Facility, the Nonprofit Organization New Loan Facility and the Nonprofit Organization Expanded Loan Facility.

"Treasury's equity investment of \$75 billion into the Main Street Program is estimated to provide up to \$600 billion in credit to eligible businesses.

"However, there has been broad concern around the lack of broad access to the Main Street Program, and so far its uptake has been slow.

"One of the most significant industries to lack access to the Main Street Program is the commercial real estate market.

"On July 31, I sent a letter to Secretary Mnuchin and Chairman Powell urging them to quickly expand the Main Street Program by setting up an asset-based lending facility, and to address commercial real estate either through access to the Main Street Program or in a separate facility.

"During this hearing, I look forward to hearing more about the state of small and medium-sized businesses in industry across the U.S. and their access to financing; additional ways that the facilities could be improved and expanded to provide access to more industries; and recommendations for use of the remaining Title IV funds.

"As I noted in the hearing on Title IV implementation this Committee held on June 2, I am still concerned that incorporating widespread restrictions in these facilities could render the facilities ineffective and leave businesses and their employees without critical resources they desperately need.

"The work to get these facilities up and running has been of immense importance, and now it must be ensured that they are structured to achieve the greatest impact for those in need.

"I appreciate each one of you joining us today to share your perspectives on these important issues."

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