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## **Community QE2: Newly Eased Terms and a New Game Plan For Use**

### **I. Introduction**

This week the Fed announced further easing of its three-week-old Municipal Liquidity Facility ('MLF,' 'Facility') for States and their Subdivisions struggling to address the national COVID-19 pandemic. Because this revised rendition of [Community QE](#), as I call it, will be functioning as a literal lifeline to States and their Subdivisions, and because it remains, in light of its novelty, as unfamiliar as it will be essential, I will in this column briefly summarize what the newly eased Facility enables now and will likely enable in future. I'll also elaborate an updated three-phase 'Game Plan' for States and Cities to put into operation with all deliberate speed - particularly if they have not yet acted on the earlier [Game Plan I](#) put out at the beginning of April.

### **II. The Revised MLF: Key Current Provisions**

The revised MLF will continue to operate under color of Section 13(3) of the Federal Reserve Act ('FRA'), which grants the Federal Reserve emergency lending authority in exigent circumstances. The Fed exercises this authority through purchase and hence 'monetization' of financial instruments. In this case the instruments in question will be what the MLF Term Sheet calls 'Eligible Notes' issued by 'Eligible Issuers.' The following provisions are of the most immediate importance. Present exceptions to, and likely future liberalizations of, terms are highlighted along the way.

[Continue reading.](#)

**Forbes**

by Robert Hockett

May 2, 2020