

Dow Jones Newswires: Fed Preparing to Purchase New Small Business Payroll Loans

Published on April 6, 2020

By Kate Davidson and Nick Timiraos

(Dow Jones) -- WASHINGTON -- The Federal Reserve and Treasury Department are planning to launch a new program to buy loans that financial firms make through the government's emergency small-business lending program, according to people familiar with the matter.

The move would establish a secondary market for loans guaranteed by the Small Business Administration's Payroll Protection Program, part of a \$2.2 trillion economic relief package the president signed last month to help individuals and businesses affected by the coronavirus pandemic.

The loans are designed to cover about two months of payroll expenses and other essential costs, and can be forgiven if businesses maintain the size of their workforce.

The banking industry has been pressing the Trump administration to set up a program to purchase the loans from lenders who originate them, which would help free up banks' balance sheets so they can make more of the loans.