

Term Asset-Backed Securities Loan Facility (TALF)

TALF 2008 to TALF 2020 Comparison

Second Edition | April 9, 2020

SFA Comparison of TALF Programs

	TALF 2008	TALF 2020 ¹	Comparison with SFA Proposal
TALF Program Criteria			
Types of Assets Eligible	<p>Initial eligibility:</p> <ul style="list-style-type: none"> - Auto Loans & Leases - Student Loans - CreditCard - SBA Loans <p>First expansion:</p> <ul style="list-style-type: none"> - Equipment Loans - Floorplan Loans - Insurance Premium Finance - Residential Mortgage Servicing Advances <p>Final expansion:</p> <ul style="list-style-type: none"> - CMBS 	<p>Initial eligibility²:</p> <ul style="list-style-type: none"> - Auto Loans & Leases - Static CLOs (excludes CRE CLOs) - CMBS (legacy only, excludes SASB) - Credit Card (consumer & corporate) - Equipment Loans & Leases - Floorplan Loans - Insurance Premium Finance - SBA Loans - Student Loans 	<p>All asset classes listed in TALF 2020 and all asset classes, including:</p> <ul style="list-style-type: none"> - Private Label RMBS - Unsecured Personal Loans - Renewable Energy - Whole Business - Transportation (aircraft, rail, shipping) - Credit Risk Transfer - Handset Device - Re-performing & Seasoned Mortgages - Triple Net Leases - Timeshares
Aggregate Size of TALF Program	Up to \$200B	Initially up to \$100B	No specific ask
Entity Participation Criteria	U.S. person or company	U.S. companies ³	No specific ask

¹ Information from Term Sheet released by the Federal Reserve on April 9, 2020

² Subcategories are available by viewing the [haircut schedule](#)

³ All U.S. companies that own eligible collateral and maintain an account relationship with a primary dealer are eligible to borrow under the TALF. For the purpose of this document, a U.S. company is defined as a business that is created or organized in the United States or under the laws of the United States and that has significant operations in and a majority of its employees based in the United States.

SFA Comparison of TALF Programs (continued)

	TALF 2008	TALF 2020 ⁴	Comparison with SFA Proposal
Asset and Loan Criteria			
Ratings Agency Criteria	<ul style="list-style-type: none"> - AAA tranche - Rated by two credit rating agencies⁵ 	Highest short-term or long-term rating level by at least two eligible NRSROs	<ul style="list-style-type: none"> - Any eligible NRSRO - <u>Highest rating of structure and investment grade</u> - <u>1 rating only</u>
Maturity	<ul style="list-style-type: none"> - 3 years - 5 years for SBA, SLABS and CMBS 	3 years max	<u>Non-specific ask for flexibility</u>
Haircuts	TALF 2008 Haircut Schedule	TALF 2020 Haircut Schedule ⁶	Asked Fed to review given current asset quality
Issuance Date Limitations	ABS issued on or after Jan. 1, 2009 [<i>~ 1 month after program announcement</i>]	On or after March 23, 2020 for all eligible ABS; CMBS must be issued BEFORE March 23, 2020	<u>Previously Issued</u> and New
Loan Origination Date Limits	Originated no earlier than 2007 (varied by asset class) [<i>~2 years before program announcement; CMBS exceptions</i>]	Substantially all must be newly originated; CMBS must be previously originated	<u>Previously Originated</u> and New
Public/Private Offering Criteria	Open to publicly registered offerings and 144A private placement transactions	[Not specified yet]	No change requested

⁴ Information from Term Sheet released by the Federal Reserve on April 9, 2020

⁵ AAA tranche as rated by two credit rating agencies. Eligible credit rating agencies for ABS included Moody's, Fitch, and Standard and Poor's. For new-issue and legacy CMBS, eligible credit rating agencies also included Realpoint and DBRS. Beginning with the February 2010 subscription, DBRS was an eligible credit rating agency for non-mortgage ABS. SBA Pool Certificates or Development Company Participation Certificates had an issuance cutoff date of January 1, 2008 and were exempt from the ratings requirements.

⁶ For auto, credit card, equipment, floorplan, and premium finance ABS, the weighted average life must be five years or less. For other new-issue eligible collateral, haircuts will increase by one percentage point for each additional year (or portion thereof) of average life beyond five years. For legacy CMBS with average lives beyond five years, base dollar haircuts will increase by one percentage point of par for each additional year (or portion thereof) of average life beyond five years. No securitization may have an average life beyond ten years.

SFA Comparison of TALF Programs (continued)

	TALF 2008	TALF 2020 ⁷	Comparison with SFA Proposal
Bond Trading Criteria	Bonds were required to be eligible for trade on DTC	[Not specified yet]	No change requested
Auditor Attestation	Required	[Not specified yet]	Request to remove or reduce time-consuming process
Pricing	TALF 2008 Interest Rates	TALF 2020 Interest Rates	No change requested
Administrative Fee	5bps of the loan amount	10bps of the loan amount	No change requested
Termination	<p>June 30, 2010 for newly issued CMBS</p> <p>March 31, 2010 for all other TALF-eligible ABS [~16 months]</p>	Sept 30, 2020, unless extended	No change requested

⁷ Information from Term Sheet released by the Federal Reserve on April 9, 2020