

Term Asset-Backed Securities Loan Facility (TALF)

TALF 2008 to TALF 2020 Comparison

Final Edition | August 27, 2020

SFA Comparison of TALF Programs

	TALF 2008	TALF 2020 ¹
TALF Program Criteria		
Types of Assets Eligible	<p><u>Initial eligibility:</u></p> <ul style="list-style-type: none"> - Auto Loans & Leases - Student Loans - Credit Card - SBA Loans <p><u>First expansion:</u></p> <ul style="list-style-type: none"> - Equipment Loans - Floorplan Loans - Insurance Premium Finance - Residential Mortgage Servicing Advances <p><u>Final expansion:</u></p> <ul style="list-style-type: none"> - CMBS 	<p><u>Initial eligibility²:</u></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 (includes commercial solar loans) - Floorplan Loans - Property and Casualty Insurance Premium Finance - Certain SBA Loans - Student Loans (including refis)
Aggregate Size of TALF Program	Up to \$200B	Initially up to \$100B
Entity Participation Criteria	U.S. person or company	U.S. businesses ³

¹ Information from TALF materials released by the Federal Reserve through August 27, 2020

² Subcategories are available by viewing the haircut schedule. All or substantially all of the credit exposures underlying the eligible ABS must (1) for newly issued ABS, except CLOs, be originated by U.S.-organized entities (including U.S. branches or agencies of foreign banks), (2) for CLOs, have a lead or a co-lead arranger that is a U.S.-organized entity (including a U.S. branch or agency of a foreign bank), and (3) for all ABS, (including CLOs and CMBS), be to U.S.-domiciled obligors or with respect to real property located in the United States or one of its territories.

³ Eligible borrowers include businesses that (a) are created or organized in the United States or under the laws of the United States, (b) have significant operations in and a majority of their employees based in the United States, and (c) maintain an account relationship with a TALF Agent. TALF Agents may be found [here](#).

SFA Comparison of TALF Programs (continued)

	TALF 2008	TALF 2020 ⁴
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 ⁶ ; CMBS must not be junior to other securities with claims on the same pool of loans
Maturity	<ul style="list-style-type: none"> – 3 years – 5 years for SBA, SLABS and CMBS 	3 years max
Haircuts	TALF 2008 Haircut Schedule	TALF 2020 Haircut Schedule ⁷
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. SBA Pool Certificates or SBA Development Company must be issued on or after January 1, 2019
Loan Origination Date Limits	Originated no earlier than 2007 (varied by asset class) [<i>~2 years before program announcement; CMBS exceptions</i>]	Substantially all ⁸ must be newly originated, date limits vary by asset class. In most cases, underlying assets must be originated on or after January 1, 2019 ⁹ ; CMBS must be previously originated

⁴ Information from TALF materials released by the Federal Reserve through August 27, 2020

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

⁶ Eligible NRSROs include Fitch Ratings, Inc., Moody's Investor Services, Inc., and S&P Global Ratings. DBRS, Inc., and KBRA, Inc. are also included only to the extent the collateral also has a qualifying rating from Fitch, Moody's or S&P.

⁷ 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.

⁸ Substantially all means 95% or more of the underlying assets; further specification by product can be found in the FAQs.

⁹ Loan origination date limits for each asset class may be found in the *Eligible Underlying Assets for ABS* section of the [TALF FAQs](#)

SFA Comparison of TALF Programs (continued)

	TALF 2008	TALF 2020 ¹⁰
Public/Private Offering Criteria	Open to publicly registered offerings and 144A private placement transactions	Open to publicly and privately placed ABS
Bond Trading Criteria	Bonds were required to be eligible for trade on DTC	Bonds are required to be eligible for trade on DTC
Attestations	Auditor Attestation Required	<p>Borrower must certify as to the conflicts of interest requirements of sec. 4019 of the CARES Act</p> <p>Borrower must certify that it is (i) unable to secure adequate credit accommodations from other banking institutions and (ii) it is not insolvent</p> <p>Auditor Attestation and Management Report on Compliance Required</p> <p>Issuer/Sponsor Certification that (i) ABS is “eligible collateral” and (ii) the sponsor has executed and delivered an indemnity undertaking to the TALF SPV and FRBNY indemnifying them from any losses if certs are untrue</p>
Pricing	TALF 2008 Interest Rates	TALF 2020 Interest Rates
Administrative Fee	5bps of the loan amount	10bps of the loan amount
Termination	<p>June 30, 2010 for newly issued CMBS</p> <p>March 31, 2010 for all other ABS [~16 months]</p>	<p>December 31, 2020, unless further extended</p> <p><i>Initially set for September 30, 2020 and extended</i></p>

¹⁰ Information from TALF materials released by the Federal Reserve through August 27, 2020