2020

STRUCTURED FINANCE ASSOCIATION

YEAR IN REVIEW

Contents

A Note from our CEO

One year ago, at the start of my second full year as CEO of SFA, I remember the excitement I had of the promise of what 2020 had in store for our organization.

We had just come off a rebrand, had completely retooled our advocacy and public relations strategies, and in February of 2020, held the largest Vegas conference ever. But, of course, things quickly changed. And even though the events of the year didn't go as any of us could have possibly anticipated, I'm incredibly encouraged, proud, and frankly moved by the work that we did. We encountered a once-a-century health emergency, a severe economic downturn, a tumultuous election season and confronted challenging but important conversations about justice and equality in our society — and through it all SFA never stopped working and advocating for our industry, our members and the general public on many incredibly important policy initiatives. In this extraordinary period, we took our role as advocates for our industry all the more seriously.

Much of the reason we were able to accomplish so much in 2020 was because of the groundwork we laid in 2019. As I mentioned, that came to fruition at the very beginning of the year (before the COVID-19 pandemic hit) with our best Vegas conference to date. Not only did a record-setting more than 8,200 registrants attend, but they saw firsthand the investment and effort we made to leverage new technologies and strengthen the network among members. While we didn't expect a year-long pandemic to hit within weeks, the conference met its aim of positioning our industry to meet the needs and overcome the challenges of an ever-changing financial and economic landscape.

Harnessing the brainpower of our organization and membership was invaluable for our advocacy in the weeks and months that followed. As policymakers and regulators grappled with the impact of COVID-19, our technical and operational expertise was called upon in the halls of Congress as well as at the Treasury Department and Federal Reserve. Our efforts helped lead to and operationalize the reinstatement of emergency lending programs from the central bank. We also advocated for support for the mortgage market and financial aid for consumers when it was needed most. The foundation of trust and knowledge that SFA has built has also positioned us to achieve more in the year ahead, a year which will include preparing for the end of LIBOR, among other priorities that we will bring to the Biden administration and a new Congress.

MICHAEL BRIGHT
CEO

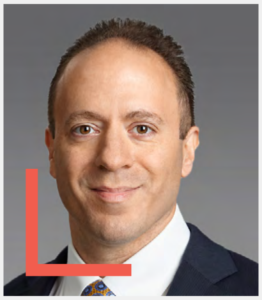
Another pledge from the previous year that we furthered in 2020 was our commitment to our comprehensive Diversity, Equity and Inclusion initiative, especially after reflecting on the lessons of the summer following the elevation of discussions focused on racial injustice. We launched a Steering Committee for the initiative and announced scholarship, internship, and mentorship partnerships with the University of the District of Columbia. We announced our most diverse leadership slate ever with our incoming Board of Directors class. And we look forward to announcing more formal programs throughout 2021 and the years beyond.

Our hope is that all of these efforts, among many others, can be celebrated and shared in person during our 2021 Vegas conference, scheduled for July. Knowing how much we all look forward to seeing our clients and partners and returning to business as usual, we continue to plan with health and safety precautions top of mind, including monitoring the virus and communicating frequently with our members and sponsors. We remain hopeful that we can all get together relatively soon.

In my letter in this report last year, I wrote that our goal for 2020 was "to turn SFA into a preeminent trade association in Washington, D.C." I have no hesitation in saying that we achieved that goal, as our impact in a historic year is recognized throughout the industry, with policymakers and the general public. This herculean effort is the result of the dedicated SFA staff and our national network of dedicated member companies, organizations that we are so proud to support. This past year showed that working together we can accomplish a great deal, even in trying times. And as Washington begins to write the next chapter of our country's history, I'm even more eager today for what's to come for SFA than I was at the start of 2020.

Michael Bright

A Note from SFA's Chair and Vice Chair



CHRIS ABATE
CHAIR

PAT SCHULZE
VICE CHAIR

"As the pandemic took hold ... many of us adjusted to remote life under stay-at-home orders, and SFA quickly re-calibrated toward advancing issues not just in the best interest of our industry, but of all Americans."

As we reflect on 2020, we are proud of what we were able to accomplish in service to our more than 370 members and look forward to taking these lessons into the future. In a year dominated by the COVID-19 pandemic, we faced unprecedented challenges as an industry. But we met those challenges with great resilience and unity, and we quickly adapted to ensure that our advocacy in Washington remained effective and at the forefront. The nimbleness and resolve shown by the SFA team, and their tireless efforts working with policymakers, encouraged the necessary actions to provide critical support to everyday Americans who struggled so greatly over these past several months.

We kicked off 2020 by executing on our most successful Vegas conference ever. We welcomed a record number of attendees — more than 8,200 — who benefited from our most substantive programming yet, including a diverse and impactful roster of keynotes, as well as the incorporation of innovative technology to enhance business and networking opportunities. This conference helped set a tone for success even as the unexpected came within weeks.

As the pandemic took hold in the months that followed, many of us adjusted to remote life under stay-at-home orders, and SFA quickly recalibrated toward advancing issues not just in the best interest of our industry, but of all Americans. We played a vital role in the reboot of the Term Asset Loan Facility (TALF) program and in addressing challenges in the mortgage market when many households were financially strapped due to the economic downturn. We also advanced our focus on ESG issuance, including the release of a market-wide survey in November and a symposium in December with the aim of increasing access to credit and providing affordable and responsible financial products to consumers and businesses. Relatedly, we furthered our work with our Diversity, Equity, and Inclusion initiative by seating SFA's most diverse Board ever, and launching new initiatives focused on promoting diversity in our industry, including the announcement of a new partnership with the The University of the District of Columbia. These efforts will continue into 2021, and beyond.

As we look ahead, we're already underway in our efforts and outreach to the Biden administration. A new administration offers new energy on policy initiatives, as well as influence over new regulations. As an organization, we are communicating the need for equitable access to capital for the betterment of the economy as it emerges from the aftermath of COVID-19.

Lastly, we remain optimistic that we will be able to see the SFA network at the Vegas conference currently scheduled for July 2021. We are working with all stakeholders to ensure that, if we're able to hold some version of the conference in person, it will protect the safety and health of attendees. Even after a year of so much accomplishment and growth conducted remotely, SFA and its members still believe in the value of in-person networking and discussions.

Whatever 2021 has in store for us as a nation and as an industry, 2020 proved that we are more than capable of adapting to the demands of the moment. This would not have been possible without the hard work of our entire SFA staff and their commitment to our members and their needs. This is why we're so confident that we'll achieve even more in 2021.

On behalf of the entire SFA Board, Pat and I appreciate your great support for our industry.

Chris Abate, Chair & Pat Schulze, Vice Chair

Looking Forward with the 117th Congress

The Structured Finance Association (SFA) spent much of the 116th Congress developing and strengthening relationships with policymakers, educating members of Congress and their staff on SFA's policy priorities and ensuring an open dialogue, all while facing the challenges presented by the global pandemic.

We look forward to building on those efforts as we move into the 117th Congress. With many new faces and a new administration coming to Washington, the relationships we have built over the past several years and the ability to develop new ones early in 2021 will pay dividends as we work on key areas of focus for SFA, including:

LIBOR Transition

With the regulators calling to end the use of the London Inter-bank Offered Rate (LIBOR) daily benchmark for new floating rate contracts at the end of 2021, **SFA will continue to work closely with Congress, the Biden administration and regulators to prioritize how best to facilitate the shift to a new benchmark rate.** One specific area of focus will be how best to deal with the legacy contracts that do not have adequate fallback contract language.

In 2020, SFA worked with the House Financial Services Committee Chairwoman Maxine Waters' (D-CA) and Investor Protection, Entrepreneurship and Capital Markets Subcommittee Chairman Brad Sherman's (D-CA) staff on evaluating potential legislation to provide a safe harbor for legacy contracts as we transition away from LIBOR. Waters' and Sherman's staff have communicated that LIBOR is among their capital markets related priorities for next year. Similarly, in the Senate, SFA has led outreach efforts with Senator Pat Toomey (R-PA), who will serve as Ranking Member on the Senate Banking Committee, and has also worked with Senator Jon Tester (D-MT), who has agreed to lead legislation in the Senate on a LIBOR fix for legacy contracts. SFA will work to educate members of both chambers and both parties on this critical issue, with the goal of working with members and staff to introduce a bicameral and bipartisan bill in the next Congress that has a clear path to passage and addresses legacy contracts and other outstanding transition issues not answered by the Federal Reserve's proposal.

Consumer Protection

With the resignation of Consumer Financial Protection Bureau (CFPB) Director Kathy Kraninger, who was appointed to a five-year term in December 2018, Biden appointed Dave Uejio to run the CFPB on an acting basis pending Senate confirmation of Biden's nominee, Federal Trade Commission (FTC) member and former CFPB Assistant Director and Student Loans Ombudsperson, Rohit Chopra, as its permanent director. A Biden-led CFPB will likely prioritize enforcement actions more aggressively than the Trump administration.

The Biden Administration has signaled that robust consumer protection initiatives will be a major focus of his policy agenda which will include more cooperation among state attorneys general and increased enforcements. One such initiative is Biden's adoption of consumer advocacy group's proposal to create a new agency, the Public Credit Reporting Agency, within the CFPB to provide consumers with a government option that seeks to minimize racial disparities. The plan requires that all federal lending use this agency — including federal home loans, student loans, and other loans guaranteed by the U.S. government — as well as any employment through federal agencies or federal contracts. The private agencies would also be required to provide their data to the federal credit agency, which will ensure the algorithms used for credit scoring do not have discriminatory impacts, including accepting nontraditional sources of data like rental history and utility bills.

2021 will bring some change to Washington in both the legislative and executive branches of government. SFA is positioned to continue working alongside its members and both new and returning policymakers to ensure there is constructive dialogue and open communication on issues that may impact the functioning of a healthy and sound securitization market.

"At Bank of America, we rely on SFA's understanding of the always-changing political landscape to help advocate on our behalf with Capitol Hill and the regulators. SFA has the right mix of expertise and relationships with policymakers, which will be instrumental in advancing the priorities of the structured finance industry with a new administration and a new Congress."

ED HILL,
SENIOR VICE PRESIDENT,
PUBLIC POLICY EXECUTIVE,
BANK OF AMERICA

Diversity & Inclusion

Under the direction of Chairwoman Waters, the House Financial Services Committee increasingly focused on diversity and inclusion issues. In 2020, these efforts took center stage when the pandemic led to a historic economic downturn disproportionately affecting communities of color. The killing of George Floyd and several other high-profile police shootings further shined a light on racial injustice issues. In addition to legislation on board diversity disclosures, Chairwoman Waters and Senator Warren introduced the ***Federal Reserve Racial and Economic Equity Act*** to require the Federal Reserve Board to carry out its duties in a manner that supports the elimination of racial and ethnic disparities in employment, income, wealth, and access to affordable credit. A Biden administration and Democrat-controlled Congress will likely prioritize both these pieces of legislation, in addition to diversity legislation offered by Representative Joyce Beatty (D-OH).

For their part, members of the Senate Banking Committee — including Warren and then-Ranking Member Sherrod Brown (D-OH), along with Senators Tina Smith (D-MN), Cory Booker (D-NJ), Bob Menendez (D-NJ) and Chris Van Hollen (D-MD) — introduced the ***Fair Access to Financial Services Act***, a bill that would prohibit banks and other financial institutions from discrimination in providing goods or services on the basis of race, color, religion, national origin, sex, gender identity or sexual orientation. Representative Beatty introduced the companion bill in the House. As the new Chair of the Senate Banking Committee, Senator Brown is reportedly considering establishing a Diversity and Inclusion Subcommittee, further highlighting the intent to continue focusing on these issues.

With Democrats controlling the White House and both chambers of Congress, more bills like the *Federal Reserve Racial and Economic Equity Act* and the *Fair Access to Financial Services Act* are expected to be introduced. A Biden administration is also likely to strengthen the roles of the Office of Minority Women and Inclusion (OMWI) at federal agencies as well as prioritize increasing diversity.

FEATURED SPEAKER:
CONGRESSWOMAN ANN WAGNER (R-MO)
SPOKE AT A WIS WEBINAR ON DIVERSITY AND INCLUSION IN MAY 2020

Affordable Housing

The Biden administration will certainly focus on affordable housing issues. **As COVID-19 relief talks are ongoing, the rental assistance programs and moratoriums on eviction and foreclosure included in the House-passed Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act are priorities for the new president as well as congressional Democrats.** The Biden administration views the end-of-year stimulus package as a "down payment," and we anticipate continued focus on relief efforts in the early months of his presidency. If a broader infrastructure package gains traction, we anticipate affordable housing programs to be included.

Biden has nominated Representative Marcia Fudge (D-OH) to serve as Secretary of Housing and Urban Development (HUD), and she has received strong support from both Senator Brown, the new Senate Banking Committee Chairman, and Chairwoman Waters. Given Representative Fudge's close connections to her state's senator and longstanding relationship with Chairwoman Waters, we expect close coordination between the three officials in addressing affordable housing issues and working to make the housing system more equitable.

The SFA-endorsed Neighborhood Homes Investment Act could also be in play as the Biden administration focuses on stimulus efforts. The bill calls for the creation of a new federal tax credit that will produce new equity investment dollars for the development and renovation of multifamily housing in distressed urban, suburban, and rural neighborhoods.

"A new administration and new Congress tend to present significant opportunities for both education and engagement with policymakers and staff. SFA has positioned itself well to lead those efforts on behalf of stakeholders and participants across the securitization markets."

LIBBY CANTRILL,
CFA, MANAGING DIRECTOR,
HEAD OF PUBLIC POLICY, PIMCO

Environmental, Social and Corporate Governance

In the 116th Congress, the House Financial Services Committee passed Environmental, Social and (ESG)-related legislation focused on increasing company disclosures to include components such as human capital data, climate risk data and diversity data. Specifically, in the diversity space, Representatives Greg Meeks (D-NY) and Carolyn Maloney (D-NY) led legislation through the House that would require public companies to disclose the diversity data of their corporate boards. While the Senate has not taken any legislative action, Senator Brian Schatz (D-HI) introduced legislation, the ***Climate Change Financial Risk Act***, to require the Financial Stability Oversight Council (FSOC) to examine climate change as a systemic risk. Similarly, Senator Elizabeth Warren (D-MA) introduced legislation, the ***Climate Risk Disclosure Act***, to require public companies to disclose data related to climate risk.

Biden will make ESG investing climate and financial inequality key focus areas for his Administration and is expected to use regulatory actions and executive orders to push his agenda forward. The Securities and Exchange Commission (SEC) is likely to prioritize corporate governance, especially issues related to ESG disclosure and investing. President Biden has nominated Gary Gensler, a former Goldman Sachs banker and Chairman of the Commodity Futures Trading Commission under President Obama, as Chairman of the SEC. If confirmed, Gensler's priorities will likely include new rules promoting diversity in corporate governance and setting standards for defining ESG investments and how companies disclose risk from climate change. If Gensler is confirmed, Democrats will have a 3-2 majority at the SEC and an agenda aligned with leaders on the House Financial Services and Senate Banking Committees. Current Commissioner Allison Lee has been named Acting SEC Chair until Gensler's confirmation.

Along the same lines and under Biden's direction, the Department of Labor will likely vacate its final rule on clarifying that ERISA plan fiduciaries cannot invest in "non-pecuniary" vehicles that sacrifice investment returns or take on additional risk. A Biden-led Office of the Comptroller of the Currency (OCC) will also likely vacate its rule proposal clarifying banks must only look at the riskiness of a borrower when determining whether to lend.

"As ESG reporting garners more attention from Congress, the Biden administration and the broader global community, international standard setting and reporting entities are increasing their collaborative efforts to develop globally accepted frameworks for corporate reporting, particularly with a lens towards mitigating climate and human capital-related risks. It will be incumbent upon the issuer community, in partnership with leading organizations like SFA, to proactively educate legislators and financial regulators about corporate reporting preferences as well as opportunities and challenges given the overlapping interests of diverse stakeholder groups and the heightened demand for general sustainability reporting as well as more specific forms of sustainability-related financial reporting."

CHERIE WILSON,
DIRECTOR, FEDERAL AFFAIRS,
GENERAL MOTORS

SELECT FEATURED SPEAKERS: SFA ESG IN STRUCTURED FINANCE SYMPOSIUM

ROSTIN BEHNAM,
CFTC COMMISSIONER

VISHAL KHANDUJA,
VICE PRESIDENT AND PORTFOLIO MANAGER, CALVERT RESEARCH AND MANAGEMENT

LORA MCCRAY,
OFFICE OF MINORITY AND WOMEN INCLUSION, CFPB

ERICA MILES,
DIRECTOR OF DIVERSITY AND INCLUSION, HOUSE FINANCIAL SERVICES COMMITTEE

CHRISSA PAGITAS,
VICE PRESIDENT ENTERPRISE ESG, FANNIE MAE

ELISABETH SEEP,
EXECUTIVE DIRECTOR OF ESG PRODUCTS, MSCI

Structured Finance Market: Supporting our Nation's Economic Recovery

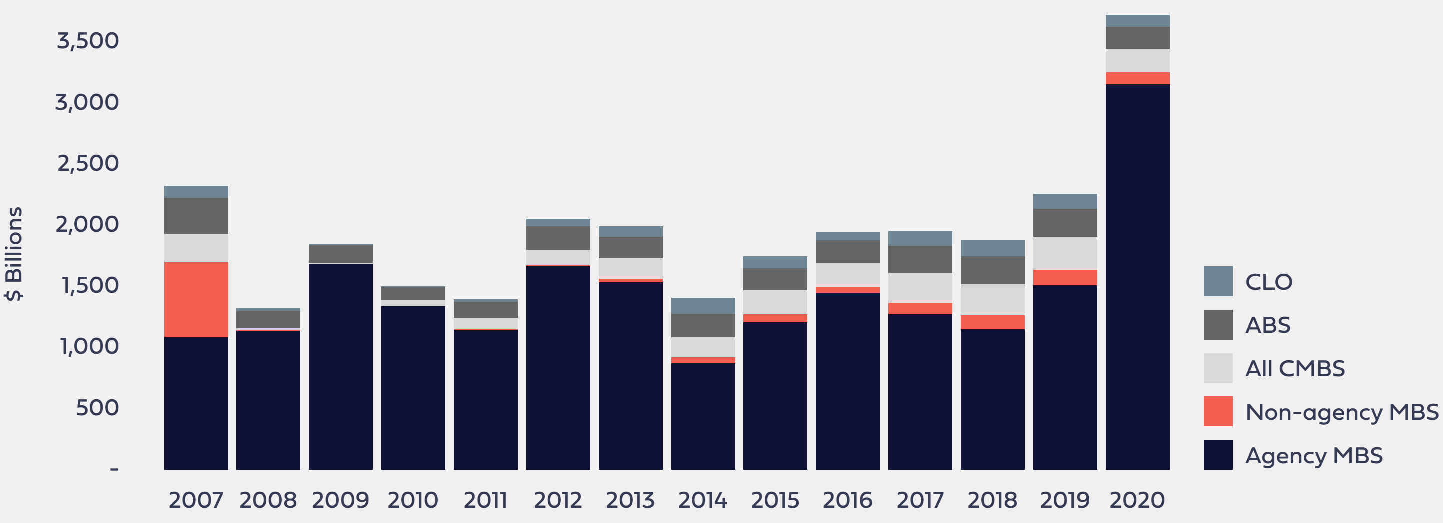
$3.7 trillion
Consumers and businesses funded

+65% increase
$ volume over 2019

With $3.7 trillion of capital deployed through the securitization market in 2020,

imperative funding reached consumers, small businesses and corporations to support and stabilize the U.S. economy as it looked to recover from the impact of the COVID-19 pandemic.

Securitization Market Provided Record Funding to U.S. Consumers and Businesses Through Difficult 2020.



Source: Market Compilation

$3,249 billion
Residential mortgage loans

The housing market was a bright spot in 2020 spurred by record-low mortgage rates. The uptick in securitized products was led by a **109% increase in mortgage loans financed through the Agency RMBS market**, as Americans took out a **record number of mortgage loans** to purchase homes and refinance existing mortgages.

$98 billion
Auto loans/leases financed

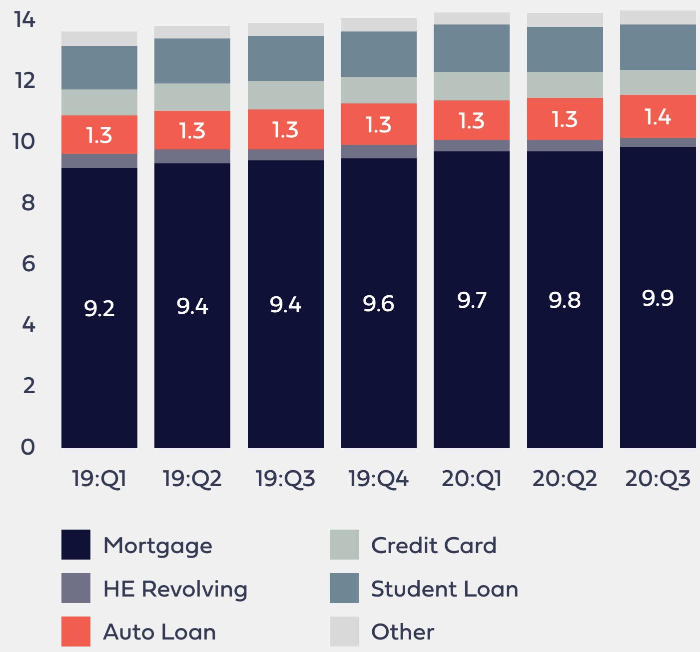
$190 billion
Commercial mortgage loans

$93 billion
Corporate loans

Consumer and business loans financed through the private ABS, RMBS, CMBS and CLO markets totaled $560 billion, 25% below the 2019 level,

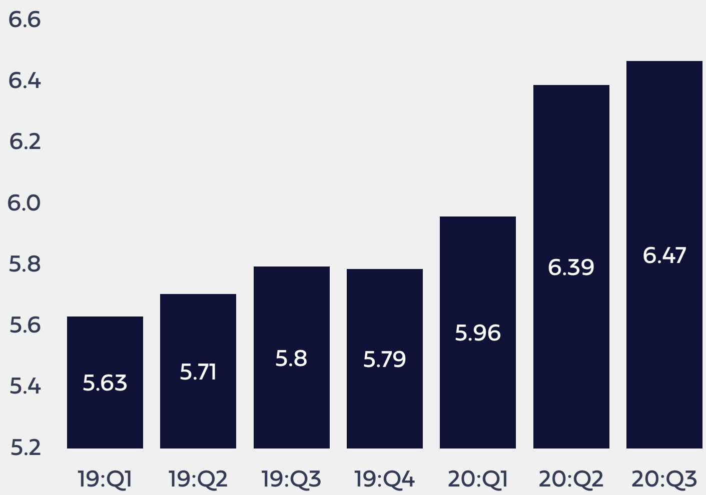
as pandemic-related closures slowed some of the demand for loans in these sectors earlier in the year but quickly recovered enabling the deployment of much-needed capital flow to consumers and businesses.

Securitization Funded More Than 70% of U.S. Household Debt as of Year-end — Total household debt stands at $14.3 trillion as of Q3



Source: New York Federal Reserve

Outstanding Nonfinancial Corporate Bond Debt Saw a Strong Uptick in Q2 and Has Continued to Increase in Q3

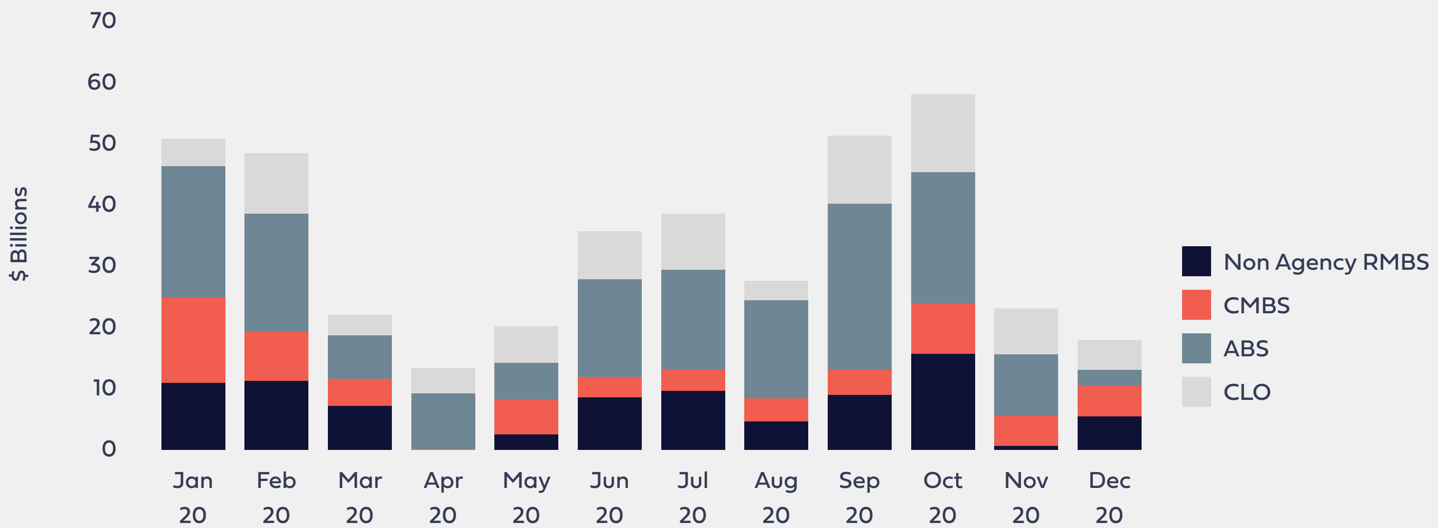


Source: Federal Reserve

Following President Trump's March declaration of a state of emergency, Americans began hoarding essentials, such as food, water, medicine, and even toilet paper. Similarly, without knowing how long the quarantines would last or how they would affect their customers' income and spending, companies immediately started stockpiling cash by selling assets and drawing down bank lines in full in order to fulfill their normal operating costs as they potentially faced massive drops in revenue. At the same time, investors in corporate bonds and stocks became concerned about the economic impact of COVID-19 on companies' financial condition and began to sell off bonds and stock en masse, resulting in rapidly lowered market prices.

Concerned that the economic downturn sparked by the health crisis could turn into a financial market crisis and halt the flow of credit to consumers and businesses, further delaying an economic recovery, the Federal Reserve moved quickly to make $2.3 trillion available for fiscal and monetary support to American businesses and consumers. Among the various funding, credit, liquidity and lending facilities, a reboot of the Term Asset-Backed Securities Loan Facility (TALF) program was announced. **The TALF, along with other programs, restarted the issuance of asset-backed securities (ABS) secured by student loans, auto loans, credit card loans and guaranteed loans from the Small Business Administration (SBA), among other assets.** With the Fed backstop, confidence quickly returned and, by the end of the year, demand for securitized products had reverted to or near pre-pandemic levels, despite still-soft economic conditions.

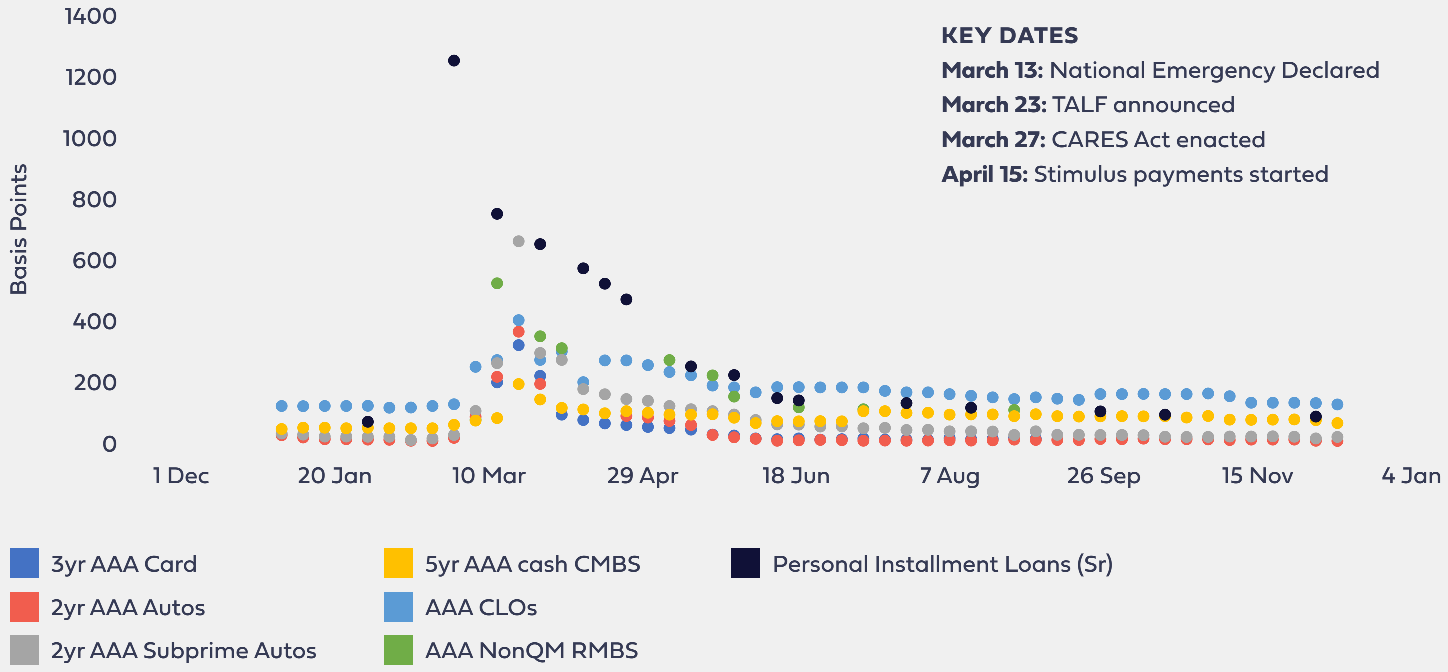
Extraordinary Government Action Stabilizes Market



March 13: National Emergency declared
March 23: TALF announced
March 27: CARES Act enacted
April 15: Stimulus payments started
July 28: TALF extended
Dec 31: TALF terminated

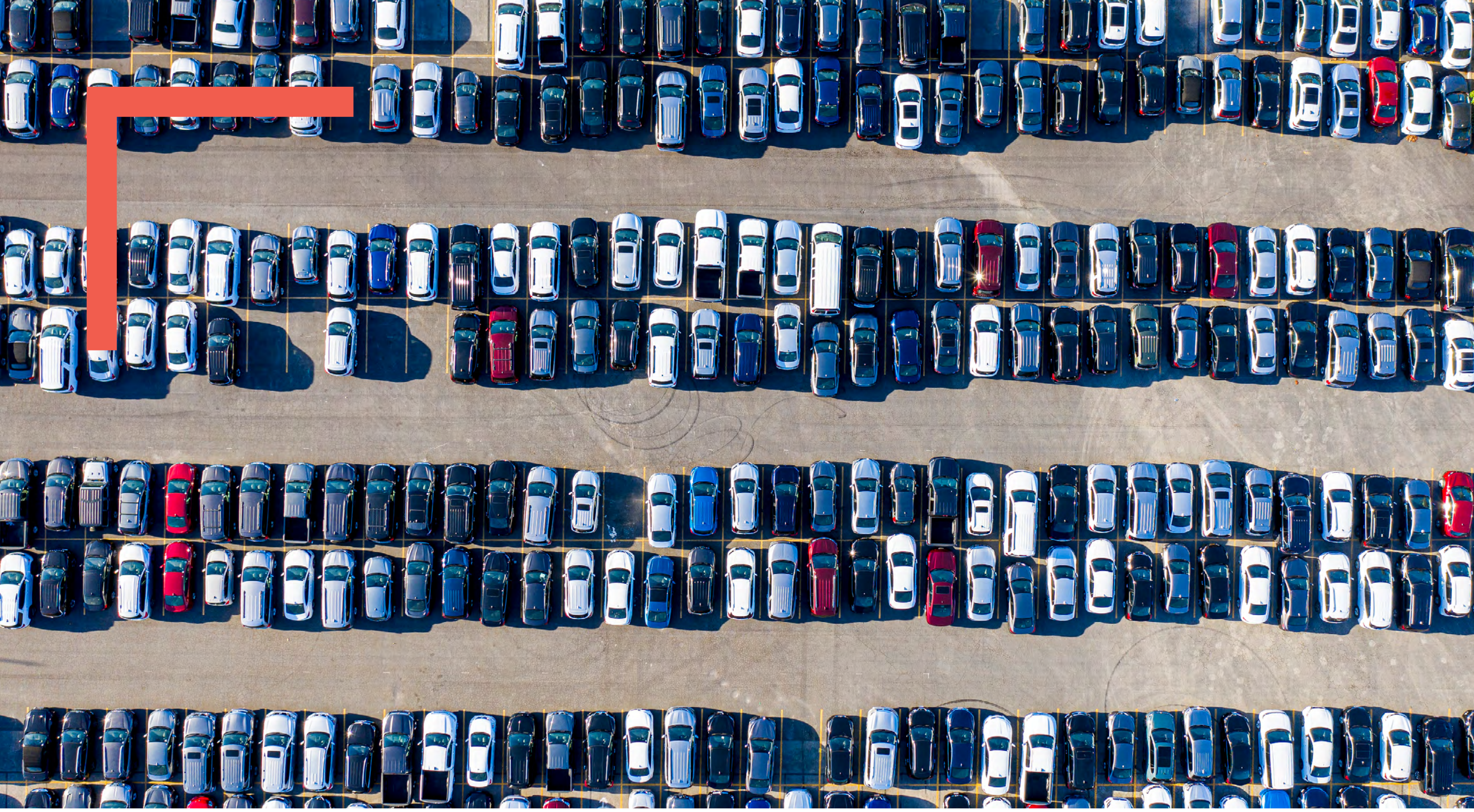
Source: Bloomberg

Bid-ask Spreads in Secondary Securitization Markets Recover by Year-end Despite Volatility



Source: Market Compilation

Source: Market Compilation



Securitization Structures Demonstrated Resiliency Through COVID-19

The COVID-19 global health crisis presented novel challenges for American households and companies not seen in previous crises. The widespread shutdown of certain sectors of the economy led to the immediate and dramatic loss of revenue for some businesses affecting their ability to maintain employees or make payments on their other commitments.

Stress-tested by these unprecedented disruptions, the securitization market has demonstrated a resiliency that was lacking in certain sectors of the market during the 2008 financial crisis.

This durability is in large part attributable to more straightforward, transparent structures and robust investor protections. With the vaccine rollout just getting underway in scale and new COVID cases remaining near record highs, it remains too early to examine the full effect of the economic shock on the securitization market. However, the performance so far is noteworthy given the severity of the economic impact in such a condensed timeframe. SFA and our members remain steadfastly focused on the health of American households and businesses and how we can continue to advocate and support them.

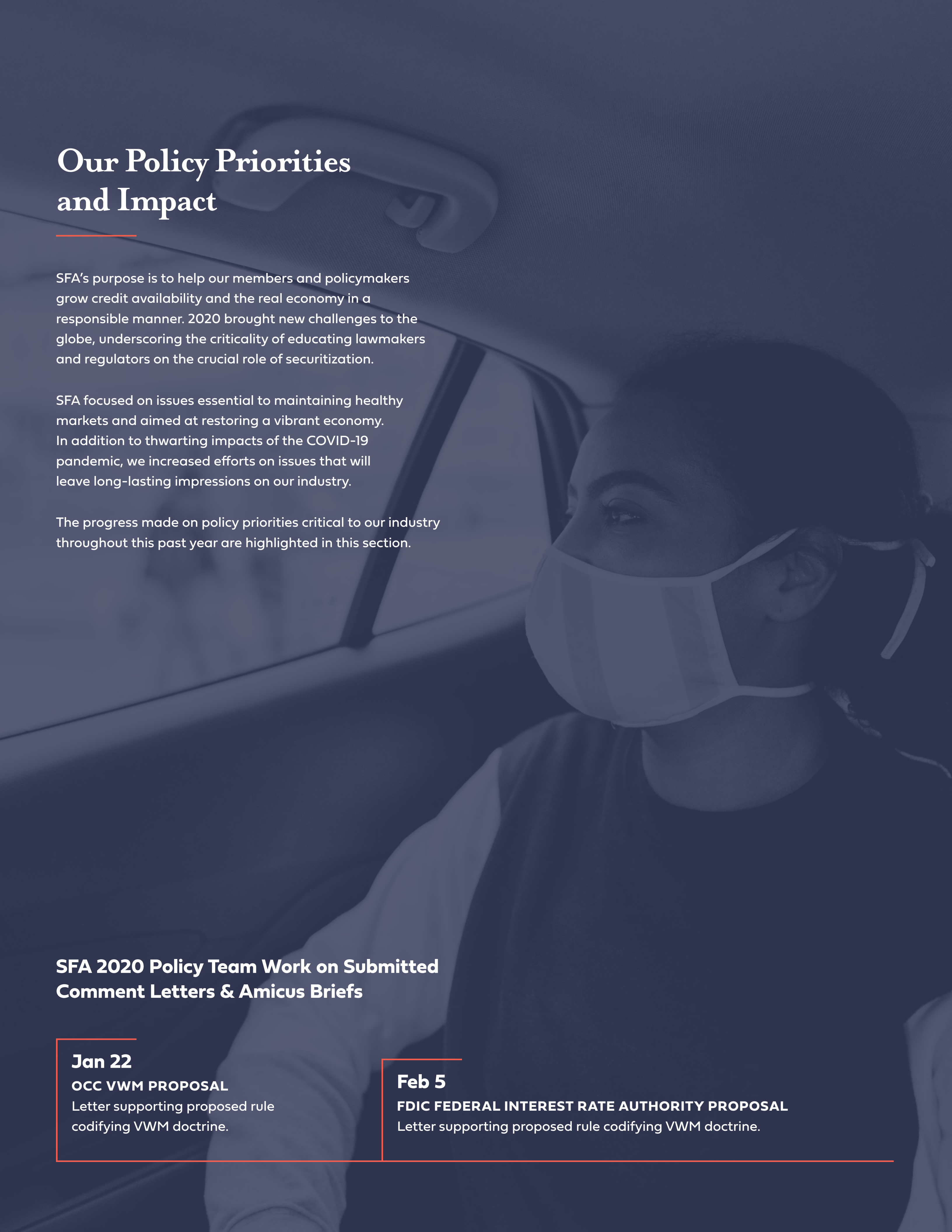
SUPPORTING CONSUMERS AND BUSINESSES THROUGH ECONOMIC HARDSHIP.

The government provided necessary support to households and businesses through the first wave of pandemic-related shutdowns. Widespread business closures pushed the unemployment rate to 14.7% in April, the highest since the Great Depression.

Assistance also came in the form of loan deferrals and forbearance programs from lenders, servicers and investors, led by the Government-Sponsored Enterprises (GSEs) and other market leaders.

Drawing on prior experience in response to natural disasters, SFA servicer members provided support to mortgage borrowers with financial hardship caused by COVID-19 in the form of forbearance of their mortgage payments. Additionally, servicers ceased initiating or proceeding with any foreclosure or eviction actions if the homeowner was still living in the home.

Because of such programs, the share of consumer accounts reporting as current on their debt obligations increased to an all-time high of 96.6% in the third quarter.



Our Policy Priorities and Impact

SFA's purpose is to help our members and policymakers grow credit availability and the real economy in a responsible manner. 2020 brought new challenges to the globe, underscoring the criticality of educating lawmakers and regulators on the crucial role of securitization.

SFA focused on issues essential to maintaining healthy markets and aimed at restoring a vibrant economy. In addition to thwarting impacts of the COVID-19 pandemic, we increased efforts on issues that will leave long-lasting impressions on our industry.

The progress made on policy priorities critical to our industry throughout this past year are highlighted in this section.

SFA 2020 Policy Team Work on Submitted Comment Letters & Amicus Briefs

Jan 22

OCC VWM PROPOSAL

Letter supporting proposed rule codifying VWM doctrine.

Feb 5

FDIC FEDERAL INTEREST RATE AUTHORITY PROPOSAL

Letter supporting proposed rule codifying VWM doctrine.

TALF: Supporting Stability of Our Market through COVID-19

Sparked by the initial shock of the COVID-19 pandemic and the resulting lockdown of much of the United States and Europe, the financial markets seized up, sending the capital markets into a panicked downward spiral and threatening the ability for companies and municipalities to access vital lending markets. We quickly began advocating for the timely resurrection of the Term Asset-Backed Securities Loan Facility (TALF) as a complement to other important Federal Reserve programs to restore liquidity and stability to the capital markets, businesses and consumers.

Responding quickly, the Fed announced the TALF and two other capital market programs on March 23, 2020. The TALF aimed to support new consumer and business lending by providing funding to purchaser of asset backed securities meeting specific criteria.

Mar 22

SOLUTIONS TO POWER THE ADVANCEMENT & REVITALIZATION OF CONSUMER CREDIT

Letter requesting the expansion of assets qualifying under TALF.

Through consultation with industry participants, SFA was able to identify potential hurdles that would further delay the use of the TALF and created a standard template to reduce those hurdles, called the TALF Customer Agreement, for investors seeking financing from the TALF and primary dealers facilitating the borrowing.

In addition to our TALF Customer Agreement, SFA established other tools for the industry, including summaries of the various Fed emergency facilities, a comparison matrix between the 2008 TALF program to the new reinstated 2020 program, as well as performance tracking of the consumer and business lending that our market finances and the economic impact of the structured finance industry, including market movements and macro signals that impact our members.

Utilizing the SFA Committees and Task Forces, hundreds of hours of productive discussion took place throughout 2020. Since the pandemic's onset, we have kept an open dialogue with the key regulators. We continue to monitor relevant regulatory and legislative developments and deploy resources to educate our members and policymakers.

DC ENGAGEMENT

To extend benefits to a greater number of consumers impacted by the COVID-19 pandemic, SFA worked to expand asset classes permitted as eligible collateral under the TALF, including personal installment loans and residential mortgages-related loans.

SFA's view that these asset classes be included in the TALF were shared and reflected in bipartisan letters sent to the Fed by members of the House Financial Services Committee on April 1, led by Representatives Bill Foster (D-IL) and Barry Loudermilk (R-GA); and April 6, led by Representatives Vicente Gonzalez (D-TX) and Loudermilk. Senators Jerry Moran (R-KS), Thom Tillis (R-NC) and Martha McSally (R-AZ) echoed the request in a similar letter sent to the Fed and Department of Treasury on June 2.

At a May 19 Senate Banking Committee hearing and a June 17 House Financial Services Committee hearing, Federal Reserve Chairman Jerome Powell was also pressed about including personal installment loans and AAA agency and non-agency RMBS assets as eligible collateral.

Read the SFA letter requesting the resurrection of the TALF to the Federal Reserve and U.S. Treasury here

Watch SFA's webinar series focused on COVID-19's impact here

Visit SFA's COVID-19 issues page here

"When financial markets froze following the state of emergency declarations and ensuing stay-at-home orders, SFA quickly pulled together the leaders in the industry, Federal Reserve, Treasury and Capitol Hill to collaboratively take immediate steps to restore liquidity and capital flow through the capital markets."

TRICIA HAZELWOOD,
MANAGING DIRECTOR,
HEAD OF STRUCTURED PRODUCTS,
MITSUBISHI UFJ SECURITIES (USA), INC.

"Confronting the economic and social ramifications of one of the greatest public health crises in our nation's history, I am incredibly proud of how SFA members and staff rallied their collective expertise, without hesitation, to aid policymakers — including the Federal Reserve and U.S. Treasury — in supporting American households and businesses through challenging hardships."

KRISTI LEO,
PRESIDENT,
STRUCTURED FINANCE ASSOCIATION

Mar 22

COVID-19 RELIEF LETTER

Letter highlighting the critical importance of the borrower assistance and origination-oriented policy accomodations.

Mar 25

ARRC SPREAD ADJUSTMENT CONSULTATION

Letter presenting SFA member preferences on SOFR spread adjustment calculation methodology.

LIBOR Discontinuation: Preparing for the Future

SFA is leading industry efforts to help protect our markets, consumers and businesses from disruptive impacts of the announced discontinuation of the London Inter-bank Offered Rates (LIBOR).

It is known around the globe that the 35 existing tenor and currency combinations of LIBOR are not expected to exist far into the future. Key decisionmakers have signaled that most LIBOR settings will cease following the December 31, 2021 publications, while some of the USD LIBOR settings may cease following the June 30, 2023 publications.

Transition efforts ramped up significantly in 2020, with SFA leading multiple market workstreams with the dual priorities of eliminating reliance on LIBOR in new contracts and reducing impacts on existing LIBOR contracts that don't have sufficient contractual agreement on how to transition away from LIBOR. The SFA LIBOR Task Force, the SFA LIBOR Steering Committee and a small group of subject matter experts led efforts to understand market views through formal surveys and hosting hundreds of hours of member calls. SFA conducted two surveys — one to understand how the Secured Overnight Financing Rate (SOFR) could be used in new issuance of securitized products, and another to understand the industry's preferences for measures to support existing LIBOR contracts — which guided these efforts in 2020.

SFA continues to make strides in the public forum — serving as a Chair of the Alternative Reference Rates Committee (ARRC) Securitization and CLO Work Group and collaborating with other trade associations and stakeholders. SFA has facilitated industry workshops to develop tools for using SOFR in new securitized products and sound policy proposals to address existing contracts linked to LIBOR in ways that work for all transaction parties. SFA serves as the voice of the industry and continues ongoing dialogue with legislators, regulators and consumer groups to identify hurdles that may challenge the industry when transitioning to alternative reference rates. As a result of SFA members coming together, SFA developed education tools and advocacy materials which led to significant progress in regulatory and legislative support for ensuring a smooth transition of legacy contracts.

In 2021, SFA remains committed to these efforts in order to help ensure minimal disruption to our markets.

DC ENGAGEMENT

In leading policymakers and market participants continued efforts to determine the appropriate solution to the problems associated with the transition away from LIBOR, SFA regularly met with members of Congress and senior staff from the Senate Banking and House Financial Services committees to inform them of the very real risks of a disruptive transition. Over the last year, SFA's support efforts on LIBOR included conducting extensive Hill meetings, participating in a congressional staff briefing and providing offices with suggested queries for congressional hearings and official questions for the record. SFA is positioned as a leading trade association and resource for information and market perspectives on the issue, both of which Capitol Hill offices rely on and value.

As SFA members coalesced around a potential federal legislative solution, SFA worked closely with Representative Brad Sherman (D-CA) to provide feedback and comments on their draft legislation. SFA also led a joint trade effort to ensure alignment among the ARRC and peer organizations that have an interest in the issue and can help amplify the message around the need for Congress to act.

SFA is especially appreciative of the increased attention the issue received at congressional hearings as members of Congress from both sides of the aisle questioned witnesses on the timing and need for federal legislation to address legacy LIBOR contracts, emphasizing that the cessation of LIBOR must not lead to unnecessary market volatility or consumer confusion and frustration. The issue was highlighted by Senator Pat Toomey (R-PA) as well as Representatives Sherman, Patrick McHenry (R-NC), Bryan Steil (R-WI) and Anthony Gonzalez (R-OH), among others.

The solid foundation of engagement SFA has built over the last two years will hopefully contribute to the introduction of bipartisan and bicameral federal LIBOR legislation in the first half of 2021, and SFA will continue to work to make certain the bill ensures financial stability by minimizing value transfer for all contractual parties — consumers, businesses and investors — to eliminate confusion, reduce the risk of mass litigation and reflect SFA members' consensus considerations to the greatest extent possible.

Visit SFA's LIBOR Transition issues page here

Mar 25

UNIFORM DELAY OF CECL

SFA requesting implementation delay of new CECL accounting standards beyond pandemic.

"SFA has been a skillful market leader in the transition from LIBOR. It has tackled the broad range of issues affecting its diverse membership and is helping to craft effective solutions for the numerous legal, market, operational and policy challenges presented by this unprecedented event."

LARY STROMFELD,
PARTNER,
CADWALADER, WICKERSHAM & TAFT LLP

"Thanks in large part to SFA's leadership, our industry made substantial progress in its preparedness for LIBOR transition in 2020. While there's still much work to be done, I'm optimistic that we'll be well positioned for LIBOR's cessation with SFA's continued efforts and the engagement of market participants."

FRANCISCO PAEZ,
HEAD OF STRUCTURED PRODUCTS RESEARCH,
METLIFE INVESTMENT MANAGEMENT

Mar 26

CLARIFICATION TO THE FEDERAL RESERVE COMMERCIAL PAPER FUNDING FACILITY (CPFF)

SFA seeking technical clarity and operational improvements to the CPFF.

Apr 2

PROPOSED REVISIONS TO COVERED FUNDS RULE

SFA recommending technical corrections to accommodate securitization activities.

Expanding ESG Investing in Structured Finance

Driven by the growing focus on environmental and social concerns from underlying investors, SFA members and industry participants are keenly interested in participating in efforts to advance environmental, social and governance (ESG) issuance and investing activities in the structured finance market. In 2020, SFA supported this growing interest by expanding our ESG initiative on multiple fronts.

In November, SFA published findings from our market-wide survey on ESG engagement by structured finance market participants. The survey found that there is a significant attention on ESG, with a lot of work already being done and a great deal of work still underway from market participants to advance the implementation of ESG for structured products.

> "As an investor, I appreciate SFA's initiative to engage on ESG topics and make progress on defining frameworks that will make ESG information more accessible and comparable."

MATT BUCKLEY,
EATON VANCE,
PORTFOLIO MANAGER &
SENIOR STRUCTURED PRODUCTS
STRATEGIST

Apr 3
TAX GUIDANCE ON COVID-19 HOMEOWNER ASSISTANCE PROGRAMS

SFA requesting that the IRS and Treasury provide tax guidance on mortgages and REMICS due to impact of COVID-19 forbearance and modifications.

DC ENGAGEMENT

As part of SFA's efforts to assess how ESG issuance and investing can be applied and accessed in the securitization market, SFA met with members of Congress that have prioritized ESG, such as Representatives Gregory Meeks (D-NY) and Sean Casten (D-IL). We were also pleased to feature Erica Miles, Director of Diversity and Inclusion for the House Financial Services Committee, on a panel at the symposium. As we expect the 117th Congress to remain focused on ESG, SFA is closely monitoring several bills that were introduced but not advanced in the last Congress as they provide a benchmark measure for future bipartisan negotiations on ESG legislation.

On December 9, 2020, 47 House Republicans sent a letter to Federal Reserve Chairman Jerome Powell and Vice Chairman for Supervision Randy Quarles, urging the Fed to "proceed cautiously and deliberately as it evaluates whether to inject climate risk scenarios into supervisory stress tests." This letter was in response to recent activities at the Fed, including Powell's comments in November 2020 that he believed climate change posed a material risk in the financial system. With an increased spotlight on climate change, SFA will also continue to follow political debates around legislation such as the Green New Deal, despite significant political challenges to passage of the full plan through Congress.

We also anticipate regulators, under direction from the Biden administration, to prioritize ESG efforts. SFA is closely following the activity and recommendations of the ESG Subcommittee, which operates under the Asset Management Advisory Committee at the Securities and Exchange Commission (SEC), which has been active on the issue. Since Biden's victory means a Democrat majority of commissioners at the SEC, we can expect an increased focus on ESG disclosures and investing. SFA will also track Trump-era rules, such as the highly criticized Department of Labor's ***Financial Factors in Selecting Plan Investments*** regulation, that are expected to be suspended or nullified by the Biden administration.

SFA was also pleased to feature Rostin Behnam, who serves as a commissioner on the Commodity Future Trading Commission (CFTC), at our ESG Symposium. He discussed the CFTC's Climate-Related Market Risk Subcommittee of the Market Risk Advisory Committee (MRAC) report entitled "Managing Climate Risk in the U.S. Financial System."

Read our report: ESG Industry Engagement Survey 2020

Visit SFA's issues page on ESG Investing

In December, our 2nd Annual ESG in Structured Finance Symposium afforded participants the opportunity to engage in detailed discussions on ESG topics, including drivers of ESG asset growth, effects of global regulation and the current U.S. political landscape, impact and sustainable investing, as well as an exploration of the innovative ways to increase access to credit and provide affordable and responsible financial products to consumers and businesses.

In 2021 SFA will launch parallel workstreams — focused on reporting and data standardization — through which members will develop best practices and work to build a consistent reporting framework for ESG in our market.

"SFA's work to encourage and support ABS issuers' incorporation of ESG principles in their origination and issuance programs will advance the adoption of these principles, including impact quantification and transparency across more asset classes within structured products."

CHRISSA PAGITSAS,
FANNIE MAE,
VICE PRESIDENT,
ENTERPRISE ESG

May 27

TREATMENT OF MORTGAGE FORBEARANCE IN CRT BONDS

SFA letter requesting FHFA to direct GSEs to classify mortgage loans subject to the CARES Act forbearance as performing for CRT bonds, similar to the treatment for Agency bonds.

May 30

REQUEST FOR CLARIFICATION RELATED TO TALF

SFA seeking clarification to the Federal Reserve's TALF program supporting consumers and businesses.

Revitalizing and Strengthening Private Residential Mortgage-Backed Securities Market

SFA continued its advocacy within industry as well as with regulators to improve the current state of the Private-Label Mortgage-Backed Securities (PLS) markets. As Congress reacted quickly to the blunt and profound negative consequences of temporary job shutdowns, permanent layoffs and missing work due to illnesses on American households, mortgage borrowers received support through the ***Coronavirus Aid, Relief, and Economic Securities (CARES) Act***, which dictated mandatory mortgage payment forbearance terms for government-guaranteed mortgage loans. **SFA advocated for mortgage servicers to similarly assist PLS mortgage borrowers with payment relief programs while abiding by existing contractual provisions.**

With these unprecedented volumes of payment relief programs came the need for modification to investor reporting. SFA provided a venue for market participants — particularly investors, servicers, technology providers and trustees — to understand challenges and collaborate to establish a path forward to improve transparency in servicing reporting. SFA continues its efforts to help ensure that PLS servicer reporting is as clear and consistent across the industry as possible. On the regulatory side, SFA continued its work on Asset Level Disclosures under Regulation AB II, seeking input from both issuers and investors on areas where the mandated disclosures can be improved or clarified. Both of these initiatives will remain part of SFA's effort to make privately backed mortgage capital a feature of our nation's housing finance system.

DC ENGAGEMENT

At the onset of the pandemic, SFA joined a coalition of trade groups calling on government regulators to provide a source of liquidity to those mortgage servicers that may need additional capacity to support homeowners impacted by COVID-19. Subsequently, SFA with the coalition expanded our advocacy efforts to urge members of Congress to encourage Treasury Secretary Steven Mnuchin to act.

On April 8, Senator Mark Warner (D-VA) led a bipartisan letter to Secretary Mnuchin regarding liquidity concerns in the housing market and calling for urgent action to address the liquidity challenges currently facing mortgage servicers. Shortly after that, on April 10, Representative Lee Zeldin (R-NY) led a similar letter signed by 21 Republican members of the House Financial Services Committee urging the Treasury Department to use the funds appropriated in the ***CARES Act*** to finance the measure's mortgage forbearance provisions. Additional advocacy efforts resulted in an April 15 letter from Senator Sherrod Brown (D-OH), then-Ranking Member of the Senate Banking Committee, and Representative Maxine Waters (D-CA), Chairwoman of the House Committee on Financial Services Committee. Furthermore, an April 23 joint letter from Representative Denny Heck (D-WA) and 26 other signers, including all ***"New Democrats"*** on the Financial Services Committee and on the Housing Task Force as well as the Washington state delegation of ***"New Democrats,"*** also helped in the effort.

"SFA played a vital role in bringing PLS servicer stakeholders together to address the emerging market needs from the COVID-19 pandemic, seeking to resolve issues identified by stakeholders in a way that is attainable and benefits the market."

JON BOSWELL,
HEAD OF STRUCTURED PRODUCTS,
NATIONWIDE

June 15

SUPPLEMENTAL ARRC SPREAD ADJUSTMENT CONSULTATION

SFA presenting preferences on further SOFR spread adjustment calculation methodology.

June 30

SUPPORT FOR EU SECURITIZATION GUIDANCE

SFA expressing support for the European Commission High Level Forum recommendation on EU institutional investor due diligence requirements.

ATR Rule and Industry-Derived Underwriting Standards

2020 was the culmination of years of regulatory interaction between the industry and the Consumer Financial Protection Bureau (CFPB) on the Ability to Repay and Qualified Mortgage (ATR/QM) Rule, with a final rule being issued in late 2020 and taking effect in 2021. SFA provided the CFPB with insights on how the industry viewed the current ATR/QM Rule, how best to move away from the government-sponsored entities' (GSEs') "QM Patch" and the need for a transition between current and future ATR/QM constructs. Importantly, SFA made clear that there is a necessary role for the industry to play in determining the standards of how lenders consider and verify a borrower's ability to repay a mortgage. SFA's ATR Task Force created a framework-in-concept for an industry-wide organization that can carry out the crucial role of establishing data-driven mortgage lending standards. **As policymakers in Washington seek to move away from the intended-to-be-temporary QM patch after a decade, these efforts will aim to facilitate further critical enhancements in private mortgage lending and securitization with the twin goals of maintaining borrower protection while creating a fair and transparent home loan market that safeguards inclusive access to credit.**

Industry-Derived Ability to Repay Underwriting Standards

SFA responds to CFPB on QM Patch

"SFA's response to the CFPB on the ATR/QM Rule not only balanced the various interests of market stakeholders but charts a viable path forward for a dynamic and innovative process to responsibly provide meaningful access to credit for consumers across the nation."

ARJUN MALHOTRA,
DIRECTOR OF FEDERAL POLICY,
ROCK CENTRAL QUICKEN

"SFA has helped bring together various stakeholders — including both issuers and investors — to help improve the current PLS market as it relates to asset-level disclosures and lay the foundations for a market where private capital provides financing for our nation's home borrowers."

VANDY FARTAJ,
CHIEF INVESTMENT OFFICER AND
SENIOR MANAGING DIRECTOR,
PENNYMAC FINANCIAL SERVICES

June 30

NCSLT DELAWARE CHANCERY COURT AMICUS BRIEF

Brief educating the Court on certain foundational tenets of securitization.

July 20

CFPB V. NATIONAL COLLEGIATE STUDENT LOAN TRUSTS AMICUS BRIEF

Brief supporting essential investor contractual rights.

July 13

HERTZ BANKRUPTCY AMICUS BRIEF

Amicus educating the Court on how a ruling could have far reaching impact.

GSE Reform and Credit Risk Transfer

The second half of 2020 saw some of the most impactful decisions that have taken place during the GSEs' 12-year conservatorship, including the finalization of an ***Enterprise Capital Framework*** (ECF) for the GSEs. In response to the Proposed ECF, SFA marshalled views from across the industry on the potential impact, including what it would mean for releasing the GSEs from conservatorship and what the ECF means for the GSE's Credit Risk Transfer program. While the final ECF rule did not resolve all of the industry's concerns, it did place the Federal Housing Finance Agency's (FHFA) desire to expedite releasing the GSEs from conservatorship. Given the massive impact of such a decision, **SFA led the way in advising the Treasury Department and other policymakers to avoid any actions that would prematurely release the GSEs from conservatorship, as doing so in haste will cause major market upheaval.** Many questions remain with regards to the GSEs going forward, and SFA is well-positioned to champion an orderly transition that has the support of industry stakeholders.

"The Enterprise Capital Rule represents a meaningful marker in the GSEs exiting their current state of conservatorship. However, if such an exit is undertaken hastily or done prematurely, it risks undoing much of the positive work that has taken place during conservatorship. SFA continuously strives to ensure an orderly transition that builds upon the steps taken and progress achieved."

PRACHI GOKHALE
PARTNER,
STRUCTURED FINANCE AND SECURITIZATION

DC ENGAGEMENT
CRT:

Congress passed the ***CARES*** Act to help those struggling due to the pandemic. The forbearance language included in the bill had an unintended consequence on the credit risk transfer (CRT) securities market, creating uncertainty as to whether delayed mortgage payments under the CARES Act should be treated as a credit event that could impose losses on outstanding CRT bonds.

SFA worked to address the CRT issue by writing to the FHFA and urging action to remedy the situation. Additionally, SFA engaged with House and Senate offices of both parties and educated staff on the far-reaching impact of the forbearance issue for certain CRT deals. As a result, Capitol Hill sent multiple letters to FHFA Director Mark Calabria, urging him to provide guidance to fix the unintended consequence caused by the ***CARES*** Act. Senate Banking Committee Chairman Mike Crapo (R-ID) weighed in with Director Calabria, as did Senator Mark Warner (D-VA). In the House, Representative Denny Heck (D-WA) led a letter from moderate Democrats to Director Calabria on the issue, and Representatives Ann Wagner (R-MO), Bill Posey (R-FL) and Blaine Luetkemeyer (R-MO) each led Republican letters on the same issue. Additionally, SFA hosted a briefing for New, or moderate, Democrats on the issue and the significance to the structured finance market.

SFA also worked with congressional offices in advance of Director Calabria's September 16 testimony before the House Financial Services Committee, resulting in multiple questions from both sides of the aisle of the director on the issue as well as staff engagement and interest from committees and leadership offices.

SFA Responds to FHFA: Suspend Implementation of ECF

Comparing Final ECF to Proposed ECF

SFA to Treasury: Don't Release GSEs from Conservatorship Prematurely

Aug 10

QM PATCH EXTENSION

SFA expressing support for the CFPB proposal to extend Patch and recommending overlap period of 6 months to aid in transition/minimize disruptions.

Promoting Coordination in the European Market

Over the past couple years, the European Union has taken a different approach from the United States towards our industry. A primary area of policy focus is whether EU institutional investors are required to comply with EU transparency and disclosure requirements when investing in non-EU deals; the language within the EU rules is unclear on this point. SFA and our members have advocated that compliance should be approached on the basis of proportionality and require disclosure tailored to the risk profile of the underlying assets in the jurisdiction originated. In June, a report on the Capital Markets Union from the High Level Forum, an advisory group to the European Commission (EC), included recommendations surrounding EU investor due diligence for non-EU securitizations. SFA was pleased that these recommendations were very much in line with years of SFA advocacy, taking into account the basis of proportionality and, when the EC called for feedback on the report, SFA submitted a response in support of these recommendations. The SFA EU Securitization Regulation Task Force will continue to focus on ways in which SFA may broadcast our advocacy message of proportionality with EU regulators, striving to achieve proportionate EU investor compliance.

Upon the completion of the transition period in the Brexit process in early 2021, the United Kingdom will no longer be an EU member state. As such, U.K. institutional investors will be required to comply with the applicable U.K. investor due diligence requirements when investing in non-U.K. deals, which currently largely mirror the EU regime. SFA is following the developments in the U.K. and stands ready to engage in advocacy efforts in relation to regulatory guidance confirming the proportionality approach.

Read SFA response in support of the High Level Forum Report on Capital Markets

"SFA continues to lead the coordination of the American market response to European regulators, clarifying the impact new European securitization regulations will have on U.S. ABS and advocating on their behalf."

MARIA GREEN,
SENIOR PROFESSIONAL SUPPORT LAWYER,
ALLEN & OVERY LLP

"The experience with certain aspects of the new EU securitization rules highlighted the complications of diverging market and regulatory practices around the world. This should inform global securitization industry approaches, especially to the new labelling exercise it is embarking on — that of ESG."

ALEXANDER BATCHVAROV,
MANAGING DIRECTOR,
BANK OF AMERICA

Aug 21

CAPITAL TREATMENT OF NPL SECURITIZATIONS

Joint trade letter regarding BCBs's technical amendment on the capital treatment of secuitizations of non-performing loans (NPL).

Aug 31

RESPONSE TO FHFA: SUSPEND IMPLEMENTATION OF PROPOSED GSE CAPITAL RULE

Letter highlighting broad industry concerns about particular aspects of the proposed GSE capital rules.

Sept 3

TRUE LENDER PROPOSAL

SFA supporting responsible implementation of true lender proposal.

Protecting Structured Finance in the Courts

When court cases arise that threaten the foundational principles of structured finance or longstanding practices of market participants, and our members are aligned on the industry's need to speak out on the policy matter, SFA weighs in as ***amici curiae***, as the voice of our industry and in support of our core mission to protect and promote a liquid and well-functioning market.

Visit the SFA issues page: Structured Finance in the Courts

"An important component of SFA's advocacy strategy is to represent the industry in the arena of judicial advocacy. During 2020, this was especially important as there were developments in a number of legal cases (and some new cases) on a wide range of topics that directly impacted the elemental tenets of the securitization market."

CAROL HITSELBERGER,
MAYER BROWN,
PARTNER AND CO-LEADER OF BANKING & FINANCE PRACTICE

Sep 8

RESPONSE TO CFPB ON QM DEFINITION

SFA detailing our proposal for industry SRO to allow for innovation while establishing and maintaining safeguards for borrowers and investors.

Oct 1

SFA RESPONSE TO CFPB ON SEASONED QM DEFINITION

SFA requesting the CFPB clarify technical aspects of the proposed rule.

Nov 23

LETTER TO TREASURY ON PSPAS, RELEASING GSES FROM CONSERVATORSHIP PREMATURELY

SFA calling on Treasury to not prematurely release GSEs from conservatorship.

CREDIT CARD SECURITIZATION CASES IN NEW YORK STATE THREATEN TO DISRUPT BANKS' ABILITY TO FINANCE AND SELL CONSUMER LOANS

2020 brought a positive conclusion to the lawsuits in the Eastern District of New York against Capital One (Cohen v. Capital One) and in the Western District of New York against Chase Card Funding (Peterson v. Chase Card Funding), where the plaintiffs were seeking to expand on the 2015 ruling in ***Madden v. Midland*** that deviated from the legal precedent of "valid when made."

In 2019, SFA filed amici briefs warning that a ruling in favor of the plaintiffs would lead to banks being subject to this overburdensome state-by-state regulation and negatively impact the cost and availability of credit for U.S. consumers and businesses. In September 2020, the judges in both cases dismissed the plaintiffs' claims, finding that, consistent with our position and long-standing precedent, the ***National Bank Act and Dodd-Frank Act*** preempts the plaintiffs' claims because its application "would significantly interfere with [the national bank's] ability to exercise its power to charge interest on the loans it issues, to sell interests in loan contracts, and to participate in the securitization market."

In November and December 2020, plaintiffs in both cases dropped their appeals in these actions, concluding the cases. SFA's actions in these cases support our broader advocacy on the valid-when-made doctrine.

"The valid-when-made doctrine is a bedrock principle for the securitization market. It facilitates banks' consumer lending activities by ensuring their ability to securitize and sell assets to non-banks. The OCC rule codifying valid-when-made will reduce market uncertainty and in turn have a positive impact on banks' ability to support the economy and meet customer needs for credit and other financial services."

JILLIAN ENG,
JPMORGAN CHASE & CO.
MANAGING DIRECTOR AND GENERAL COUNSEL FOR BANK REGULATORY LEGAL

THREE STATES SEEK TO UPEND THE OCC AND FDIC *VALID-WHEN-MADE* REGULATORY RULES

In the wake of the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) each finalizing new rulemakings this year to codify the valid-when-made doctrine, three state attorneys general — California, Illinois and New York — filed suit against the OCC and FDIC. As a leading voice in the market that has informed regulators on the foundational importance of the valid-when-made doctrine, SFA jointly filed, at the outset of 2021, an amicus brief with a coalition of other associations in support of the OCC and these rules. The brief will focus on how the OCC regulation resolves uncertainly in the U.S. credit markets caused by the Second Circuit's decision in ***Madden v. Midland***, which ignored the valid-when-made doctrine and preemption of state usury laws under the ***National Bank Act***.

DC ENGAGEMENT

SFA is supportive of the final rules issued by the OCC in May and the FDIC in June 2020, which clarified and codified that a loan validly originated by a national bank or savings association cannot become invalid because it is subsequently sold or assigned to another party. These rules directly remedied the 2015 ***Madden v. Midland*** decision from the U.S. Court of Appeals for the Second Circuit and are due in part to SFA's advocacy on this important industry priority.

SFA continued to educate members of Congress and their staff, as well as the OCC and FDIC, on the significant market implications of misinterpreting the valid-when-made doctrine ahead of the final rulemakings. In the lead-up to the House Financial Services Committee's February 2020 hearing titled "Rent-A-Bank Schemes and New Debt Traps: Assessing Efforts to Evade State Consumer Protections and Interest Rate Caps," SFA focused on increasing awareness and understanding of the valid-when-made doctrine and its significance to the healthy functioning of the structured finance industry. Several members highlighted how valid-when-made contributes to the viability of the securitization markets which increases U.S. consumers and businesses access to affordable credit.

SFA continues to stay in touch with key congressional supporters, including Ranking Member Patrick McHenry (R-NC) and Representatives Ted Budd (R-NC), Andy Barr (R-KY), Barry Loudermilk (R-GA) and Bill Posey (R-FL).

SAFEGUARDING FOUNDATIONAL CONTRACTUAL TENETS OF SECURITIZATION TRANSACTIONS

In 2020, we continued our effort to protect the sanctity of the contractual agreements in one of our longest running cases, ***CFPB v. National Collegiate Student Loan Trusts***. The first half of the year brought some positive developments with the judge ruling to deny to the plaintiff's motion to approve a proposed consent order that various parties to the trusts, including the investor group, credit insurer and trustee, opposed. Quickly thereafter, in June 2020, SFA re-filed its amicus curiae brief in the case. We stressed how the plaintiff seeks to penalize the trusts' senior investors, who are not accused of any wrongdoing, for the alleged actions of the third-party servicers and abrogate the trusts' governing documents. Moreover, the ramifications of this lawsuit will have a chilling effect on the broader securitization market if the senior capital markets fixed income investors in the trust are held responsible for the specified alleged illegal actions of the trusts' third-party servicer.

SFA fully supports the CFPB's goal of protecting consumers from illegal and deceptive business practices and urged the CFPB to consider an alternative approach that would address their consumer protection concerns while also safeguarding the contractual arrangement of market participants.

In a related action involving the National Collegiate Student Loan Trusts, this time in the Delaware Chancery Court, SFA submitted an additional amicus brief in July 2020 that highlighted for the court how an incorrect ruling on this case could have a harmful and destabilizing impact on the securitization industry. Shortly following the amicus filing, the court ruled in line with SFA's position that the certain demands from the Trusts' beneficial owner would violate fundamental contractual rights of the Trust investors.

While there is no known date for a ruling in the ***CFPB*** case, SFA anticipates a decision to come in 2021.

DC ENGAGEMENT

As SFA continued to educate members of Congress and staff on the matter of ***CFPB v. National Collegiate Student Loan Trusts*** in 2020, the potential long-term implications on the securitization market was well understood. A letter from Senator John Kennedy (R-LA) helped to raise more awareness of these challenges. Senator Kennedy's letter was the seventh sent by members of Congress to the CFPB to bring attention to this matter and stress the importance of protecting the continued healthy functioning of the securitization market.

SFA Overview: CFPB v. National Collegiate Student Loan Trusts

"SFA members provide an important perspective as amicus curiae in this case. It is crucial that courts understand how securitization market participants rely on the enforceability of contractual provisions allocating liability and risk among the various parties to these deals, and for industry participants to make the case that such provisions should be enforced so that the fundamental expectations upon which investors rely are upheld."

RACHEL RODMAN,
CADWALADER,
WICKERSHAM & TAFT LLP, PARTNER

Dec 10

MCCARTHY V. ICE JOINT TRADE AMICI

Joint amicus brief with the Chamber of Commerce, SIFMA, ISDA, BPI, and LSTA imploring the Court to not grant the request to immediately cease the use of LIBOR.

Dec 22

RESPONSE TO FIMSAC RECOMMENDATIONS

Letter providing feedback to FIMSAC's recommendations regarding the current credit rating process.

PROTECTING COLLATERAL BACKING SECURITIZATION SENIOR NOTES IN BANKRUPTCY

Hertz filed for chapter 11 reorganization in May 2020, during which they asked the court for permission to reject leases for about 144,000 vehicles, treating the master lease of their ABS as divisible. Holders of Hertz ABS, along with Deutsche Bank and BNY Mellon Trust, objected to this request, arguing that under Hertz's master-lease structure, Hertz cannot treat its vehicle fleet as if there were multiple leases. If the court finds the master lease to be severable, it will very likely have a negative impact on both the rental car ABS and broader securitization markets. The indivisibility of master leases is the lynchpin of ABS structures in the rental car industry and in other lease-asset based industries. Allowing companies to cherry-pick the leases subject to the master lease would undermine the risk profile of existing ABS transactions, and if the motion were to be granted, rental car companies like Hertz may lose the cheaper access to credit that the ABS market provides.

In late July, Hertz and their creditors agreed on an interim resolution regarding its decision to reduce the size of Hertz' leased fleet totaling $650 million in six equal payments through 2020. The parties abided by the agreement until January 15, 2021 and at that time agreed to extend the deadline until May 22, 2021.

Read SFA's amicus brief

Dec 22

EXTENSION OF TIME PERIOD FOR COVID-19 FORBEARANCE-RELATED RELIEF

Letter requesting extension of relief provided by IRS and Treasury on tax impact of COVID-19-related loan forbearance and modifications.

OPPOSING INJUNCTIVE REQUEST FOR THE IMMEDIATE HALT OF LIBOR TO ALLOW FOR ORDERLY TRANSITION AWAY

The plaintiffs in the case of ***McCarthy v. Intercontinental Exchange, Inc.*** requested to bring the publication of the LIBOR benchmark rate to an immediate halt, followed by a request to instead set LIBOR to zero, threatening to disrupt financial transactions all over the world and undermine years of planning for an orderly transition from LIBOR.

In December 2020, SFA partnered with a coalition of associations — including the Chamber of Commerce, Securities Industry and Financial Markets Association (SIFMA), International Swaps and Derivatives Association (ISDA), Bank Policy Institute (BPI) and the Loan Syndications and Tradition Association (LSTA) — in an amicus brief to express to the court how the sudden suspension of the publication of LIBOR, which impacts of tens of millions of contracts valued in the trillions of dollars that reference the rate, would be exceptionally harmful to the industry. Because millions of institutions and individuals across the global financial system rely upon LIBOR's publication, halting it without an orderly transition process would, among other things, inject great uncertainty into financial transactions, pose systemic risks to the financial system and leave parties to millions of contracts without a mechanism to calculate their payment obligations. Our action in this case is driven by overwhelming member and market support for a smooth transition away from LIBOR and our keen interest in finding solutions to mitigate potential negative impacts on holder of legacy LIBOR contracts including consumers and businesses alike.

Read SFA's Joint Trade Amicus on LIBOR Transition

"SFA has been a leader in the development of industry-led solutions for our market as we tackle LIBOR transition. The association's involvement as amici curiae in this case is yet another example of SFA's multi-faceted approach to advocacy on this very important issue."

KEVIN SWEENEY,
DISCOVER FINANCIAL SERVICES,
DIRECTOR, TREASURY – CAPITAL MARKETS

Giving Back to Our Communities: Structured Finance Foundation

In 2020, the Structured Finance Foundation established a fund to provide scholarships to eligible students attending the University of the District of Columbia (UDC), a public historically black university, who are pursuing an undergraduate or graduate finance, accounting or economics degree in its School of Business and Public Administration. The Structured Finance Foundation scholarship will launch with an initial commitment of $80,000 and grant two need- and merit-based scholarships annually in an amount up to $10,000 each starting in the Fall 2021 semester.

Coupled with this new scholarship fund, SFA will partner with UDC to provide curriculum input, educational briefings, job search support, informal mentorship opportunities and full-time paid summer internships, further contributing to the full suite of the Structured Finance Association's initiatives which seek to promote diversity and inclusion in the securitization industry.

Additionally, the Structured Finance Foundation provided four scholarships for the 2020-2021 academic year for high school students who successfully participated in Mentor Foundation USA's Career Mentoring or Youth Ambassador programs. Since its establishment in 2016, the Structured Finance Foundation has awarded 33 students nearly $700,000 in college scholarships.

"This past year was a significant one for the Structured Finance Foundation as we announced four new scholarships in partnership with Mentor Foundation USA for high school seniors, held the first Virtual Fitness Challenge and established a new scholarship fund with the University of the District of Columbia. Our foundation continues to look for ways to make a difference in the lives of students, diversify our fundraising efforts and fulfill our mission of helping those in need build a better future."

GREGG SILVER,
CHAIRMAN OF THE STRUCTURED FINANCE FOUNDATION BOARD OF DIRECTORS

Along with scholarship funding, the Foundation hosted several fundraisers this year including its annual Benefit in New York City, an inaugural Virtual Fitness Challenge, a donation drive for First Book and a Giving Tuesday campaign. These events contributed to the over $1.7 million raised for the Foundation since its inception.

The funds raised by the Structured Finance Foundation come entirely from the structured finance industry. For more information about the Structured Finance Foundation, please email foundation@structuredfinance.org

2020 REGGIE IMAMURA AWARD RECIPIENTS

HOWARD KAPLAN,
SENIOR PARTNER,
DELOITTE

VAL KAY,
CHIEF CAPITAL OFFICER,
LENDING CLUB

"The University of the District of Columbia's School of Business and Public Administration is honored to partner with Structured Finance Organization not only for the benefits for the students but the University as well. The scholarships that are available for students will make a tremendous difference in their academic journey. We are looking forward to working with the SFA staff and members to improve the lives of our students. The opportunities will be amazing and life-changing."

MALVA REID,
ASSOCIATE DEAN, SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION, UNIVERSITY OF THE DISTRICT OF COLUMBIA

Championing Diversity, Equity and Inclusion

Diversity, Equity, and Inclusion Initiative

Progressing toward a more inclusive and diverse industry has long been a priority for SFA and its board of directors, and these aspirations culminated in SFA's formal launch of an industry-wide Diversity, Equity, and Inclusion initiative at the beginning of the year. Sessions at SFVegas featuring W. Kamau Bell, Mehrsa Baradaran and Deborah Shaw served as springboards to initiate intentional conversations among conference attendees about inclusion and diversity. SFA continued these conversations throughout the year via its newly launched podcast, ***Bright Ideas***, where CEO Michael Bright hosted guests, including renowned labor economist Dr. Julianne Malveaux, Congressional Hispanic Caucus Institute CEO Marco Davis and President of the National Community Stabilization Trust Julia Gordon, to discuss the impacts of institutional bias and racial injustice on the economy and our communities.

Kevin Chavers of Blackrock and Val Kay of Lending Club serve as our Executive Committee sponsors of the initiative and spearhead the effort. Eleven additional industry leaders joined Kevin and Val to form a steering committee focused on the development and advancement of standards to cultivate significant opportunities for underrepresented diverse professionals as well as the creation of a "network of networks" by leveraging SFA's inherent convening power. 2021 will bring additional content and a slate of events to promote best practices, educate the industry and further engage diverse professionals.

"I am encouraged by the leadership role SFA is pursuing to racial inequality in our industry. This issue has been and remains one of the passions of my career. We must approach this endeavor not only with commitment, but also humility. This forum affords an opportunity to pursue this very important work — and, of course, working with Val is its own reward!"

KEVIN CHAVERS
SFA DEI CO-CHAIR
BLACKROCK

"I am excited about the opportunity to work with Kevin, and to contribute my passion and energy to help make some progress towards real change and do the right thing."

VAL KAY
SFA DEI CO-CHAIR
LENDINGCLUB

FEATURED SPEAKERS

MEHRSA BARADARAN,
PROFESSOR OF LAW, UNIVERSITY OF CALIFORNIA IRVINE LAW

W. KAMAU BELL,
HOST OF CNN'S UNITED SHADES OF AMERICA

DEBORAH ROSADO SHAW,
FORMER SVP, CHIEF GLOBAL DIVERSITY & ENGAGEMENT OFFICER OF PEPSICO

Women in Securitization Initiative

Women in Securitization's ("WiS") inaugural event of the year at SFVegas 2020 featured a keynote address by the co-founders of theSkimm, whose message of flexibility, resilience, and innovation fittingly set the tone for the remainder of the year. When the pandemic forced a seismic shift to remote work around the globe, WiS responded to the disruption and subsequent isolation many were feeling by introducing "Wednesdays with WiS," which featured a regular cadence of programming throughout the year offering a variety of content and opportunities to encourage inter-personal connections in our fully virtual worlds.

In October, we welcomed Alberta Knowles of EY as our incoming WiS Chair and Claudine Chen-Young of Katten as WiS Vice-Chair, with senior leaders across our industry rounding out the rest of our inaugural WiS Cabinet. In addition to developing the strategic goals of WiS annually, the WiS Cabinet oversees five sub-committees that focus on key tenets of the initiative: Community Outreach, Digital Presence, Membership & Sponsorship, Networking, and Next Generation.

As we enter 2021, WiS will offer programming and opportunities for our members to renew, reengage and reimagine as we continue to navigate the rapidly changing landscape of our professional and personal lives.

"This past year, our theme revolved around giving our membership tools to manage through these unprecedented times as well as virtually network with others to share and stay connected. This year was a whirlwind, and we came out even stronger. I am so excited for what 2021 will bring with our new vice chair and cabinet members as we work to Renew, Reengage and Reimagine."

ALBERTA KNOWLES
WIS CHAIR
EY

FEATURED SPEAKERS

ELATIA ABATE,
EDUCATOR & FUTURE-FORWARD STRATEGIST

SENATOR KYRSTEN SINEMA
(D-AZ)

CRYSTAL WASHINGTON,
CO-FOUNDER, SOCIALTUNITIES

JULIET FUNT,
CEO, WHITESPACE AT WORK

CARSON TATE,
FOUNDER, WORKING SIMPLY, INC.

CARLY ZAKIN & DANIELLE WEISBERG,
CO-FOUNDERS OF THESKIMM

KEY HIGHLIGHTS & STATS:

Over
1,500
participants

28
sponsors

22
events

Staying Connected – Enhancing Our Reach

Our flagship event, the annual SFVegas conference, was our largest in-person event yet, with more than 8,200 registrants and distinguished keynotes, including former Prime Minister of the United Kingdom Theresa May and comedian and television host W. Kamau Bell. A few short weeks following the conclusion of our conference, in-person events were put completely on pause around the world due to the COVID-19 pandemic, compelling us to offer a regular series of virtual webinars, podcasts, and symposiums to drive consistent member engagement throughout the pandemic.

Key Highlights & Stats

8,200+
SFVegas Conference Registrants

5,600+
Podcast Listeners & Webinar Viewers

35,000+
Average monthly SFA website visitors

118,950+
LinkedIn impressions

108,300+
Twitter impressions

"2020 was a testament to the breadth of our platform and the commitment of our members to making it a success — both physically and virtually. That continued commitment has never been as important to our industry as it is now — attending and supporting SFA's digital deliveries are essential bridges to the safe return of physical events."

COVELL ADAMS
CHIEF OPERATING OFFICER,
STRUCTURED FINANCE ASSOCIATION

2020 Events

Conferences/Symposia | Podcasts | Webinars
Women in Securitization | Structured Finance Coalition

FEBRUARY

23rd – 26th: SFVegas

23rd: Fireside Chat with theSkimm

23rd: WiS Keynote Address with Senator Kyrsten Sinema (D-AZ)

24th: Fireside Chat with Donna Brazile and Ana Navarro

MARCH

30th: Update from Washington

APRIL

15th: Wednesdays with WiS "Working Simply" Webinar

20th: Happenings in Washington and its Impact on Consumer and Mortgage Markets

22nd: Wednesdays with WiS "Work-from-Home" Webinar

29th: Wednesdays with WiS Pilates Class

MAY

5th: From Consumers to Corporate Credit: COVID-19 Impact

6th: Wednesdays with WiS: Connecting Meaningfully in a Virtual World

12th: Wednesdays with WiS: Escape to the Mediterranean

13th: Bright Ideas: COVID: Putting this virus into historical context to understand the path forward

20th: A View from Capitol Hill featuring Representative Ann Wagner (R-MO)

26th: Preparing for TALF 2020

JUNE

3rd: State of the Housing Market & Implications on RMBS

4th: Bright Ideas: A Conversation with the Congressional Hispanic Caucus Institute

17th: Wednesdays with WiS: Pairing Wine with Spring & Summer Produce

18th: COVID-19 Impact on Structured Finance Markets

29th: Bright Ideas: Three Months on Analyzing the Impacts of COVID-19 & TALF on the ABS Markets

JULY

14th: The Road Back: CLOs, Corporate Loans & COVID-19

15th: Wednesdays with WiS: Mindfulness and Meditation

21st: Review of SFA SOFR Conventions Survey

22nd: Bright Ideas: COVID-19's Impact on Homeowners and Renters

25th: Deep Dive: How is the Consumer Holding Up? An Update on Consumer ABS

28th: Rating Agency Perspective on the CMBS Market

29th: A View from Capitol Hill featuring Representative Madeleine Dean (D-PA)

AUGUST

3rd – 6th: WiS Week

6th: Bright Ideas: The Economics of Racism in America

11th: Interactive Webinar: What Economic Policy Could Look Like Under a Potential Biden Administration

SEPTEMBER

3rd: Bright Ideas: The Scientific Frontier

8th: A View from Capitol Hill: Featuring Representative Barry Loudermilk (R-GA)

30th: Wednesdays with WiS: Be Powerful with Hilliard Studio Method

OCTOBER

7th: Bright Ideas: Dynamics of the 2020 Economic Landscape

26th: SFA Member Roundtable: PLS Servicing Reporting Related to COVID-19

27th: SFA Webinar: 2020 Elections and the Path through Pandemic to Economic Recovery

28th: Wednesdays with WiS: Home Bartending Basics

NOVEMBER

9th: 2020 Post-Election Impact Analysis

12th: SFA Viewpoint: The Impact of the Elections on Our Markets

18th: Wednesdays with WiS: Cookie Decorating Essentials

DECEMBER

8th: WiS Year-End Event: Resilience, Self-Empowerment, & the Future of Strategy

15th – 16th: 2nd Annual ESG Symposium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FINANCE
ASSOCIATION