Term Asset-Backed Securities Loan Facility: Terms and Conditions[1]

Effective November 13, 2009

GENERAL TERMS AND CONDITIONS

Facility
The TALF is a Federal Reserve credit facility authorized under section 13(3) of the Federal Reserve Act. The TALF is intended to make credit available to consumers and businesses on more favorable terms by facilitating the issuance of asset-backed securities (ABS) and improving the market conditions for ABS more generally.

The Federal Reserve Bank of New York (New York Fed) will make up to $200 billion of loans under the TALF. TALF loans will have a term of three years or, in certain cases, five years; will be non-recourse to the borrower; and will be fully secured by eligible ABS. The U.S. Treasury Department will provide $20 billion of credit protection to the Federal Reserve in connection with the TALF, as described below.

Eligible Collateral
Eligible collateral will include U.S. dollar-denominated cash (that is, not synthetic) ABS that are issued on or after January 1, 2009 (except for SBA Pool Certificates or Development Company Participation Certificates, which must have been issued on or after January 1, 2008 and commercial mortgage pass-through securities issued before January 1, 2009 (legacy CMBS)). Any ABS that are not legacy CMBS are referred to as "newly issued ABS". Eligible collateral will include only ABS that are cleared through the Depository Trust Company.

All or substantially all of the credit exposures underlying eligible ABS must be exposures that are (1) for newly issued ABS, originated by U.S.-organized entities or institutions or U.S. branches or agencies of foreign banks and (2) for all ABS, made to U.S.-domiciled obligors or, with respect to real property, located in the United States or one of its territories. The underlying credit exposures of eligible ABS must be auto loans, student loans, credit card loans, equipment loans, floorplan loans, insurance premium finance loans, small business loans fully guaranteed as to principal and interest by the U.S. Small Business Administration, receivables related to residential mortgage servicing advances (servicing advance receivables) or commercial mortgage loans.

The set of permissible underlying credit exposures of eligible ABS may be expanded later to include non-Agency residential mortgages and/or other asset classes.

Eligible collateral for a particular borrower must not be backed by loans originated or securitized by the borrower or by an affiliate of the borrower. A borrower, however, is not restricted from using an SBA Pool Certificate or Development Company Participation Certificate as collateral for its TALF loan even if the underlying loans backing the SBA ABS were originated by such borrower or its affiliates, provided that the borrower has no knowledge that the loans were originated by it or its affiliates. A borrower, in all cases, is not permitted to collateralize a TALF loan with ABS that was securitized by the borrower or by an affiliate of the borrower.

A CMBS will not be eligible collateral for a particular borrower if that borrower, or any of its affiliates, is a borrower under a mortgage loan backing the CMBS unless that loan, and each other mortgage loan in the CMBS mortgage pool made to an affiliate of the TALF borrower, together constitute no more than 5% of the aggregate principal balance of the mortgage loans in the pool as of the subscription date.

An ABS backed by commercial and government fleet leases, rental fleet leases or floorplan loans will not be eligible collateral for a particular borrower, if that borrower, or any of its affiliates, is an obligor under a loan or lease backing the ABS, unless the aggregate principal balance of the loans or leases made to the TALF borrower and each of its affiliates in the pool backing the ABS together constitute no more than 10% of the aggregate principal balance of all of the loans and leases in the