

FEDERAL RESERVE BANK of NEW YORK *Serving the Second District and the Nation*

How Investors Access the Term Asset-Backed Securities Loan Facility (TALF)

The Term Asset-Backed Securities Loan Facility (TALF) is a funding facility through which the New York Fed extends three-year or, in certain cases, five-year, non-recourse loans to private investors. The loans are collateralized by certain types of asset-backed securities (ABS) that have been deemed eligible for the program. The facility is intended to make credit available to consumers and businesses by supporting the issuance of ABS and improving the market conditions for ABS more generally.

TO OBTAIN A TALF LOAN:



1 Be a U.S. company to be considered a TALF-eligible borrower.

2 Have risk capital to invest. This capital, typically referred to as a "haircut," represents the borrower's economic stake in the transaction. Currently, the minimum loan size is \$10 million and the minimum haircut is 5 percent (or \$500,000).



3 Be interested in investing in consumer- and business-backed ABS asset classes which are currently eligible for the program.

4 Establish an account relationship with a "TALF Agent." A TALF Agent is a financial institution that is a party to the Master Loan and Security Agreement. TALF Agents are primary dealers, as well as other dealers who have been specially designated by the New York Fed for this role in support of TALF. The TALF Agents' role in supporting the TALF is to serve as agents on behalf of their customers, the TALF borrowers. A list of eligible TALF Agents may be found [here](#).



5 Provide the TALF Agent with information as required by the TALF Agent's "Know Your Customer" (KYC) program and due diligence procedures, or other additional information required by the TALF Agent to fulfill its obligations as a TALF Agent. This includes tax documents relevant to the principal and interest disbursements or background materials for credit assessments.

6 Execute a customer agreement with the TALF Agent. This agreement establishes the terms by which the dealer will act as the borrower's agent in the TALF program, based on basic guidelines provided in the New York Fed's Master Loan and Security Agreement.



7 Acquire the ABS collateral and arrange to deliver it to the New York Fed's custodian for the TALF program.

▼ For SBA ABS

8 Notify the TALF Agent of the details of the loan request, including the amount, rate type (fixed- or floating-rate), and identifying information about the collateral (such as the CUSIP) prior to the non-mortgage-backed ABS or CMBS TALF subscription window.

9 Provide the TALF Agent with the applicable haircut/margin and administrative fee (assessed by the New York Fed to cover its expenses) prior to the loan's closing date.

10 Maintain a relationship with the TALF Agent so they may provide the borrower with routine principal and interest payments until the loan matures, make repayments or prepayments, or

surrender the borrower's rights to the collateral in lieu of repayment. Each of these responsibilities is executed at the direction and on behalf of the borrower.

September 1, 2009

More information about the TALF program
Overview for Investors on Access to the TALF [PDF](#)
