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Clients&FriendsMemo

Understanding the Term Asset-Backed Securities Loan Facility ("TALF")

March 4, 2009

Introduction

On November 25, 2008, the Board of Governors of the Federal Reserve System (the **"Board"**) and the U.S. Department of Treasury (**"Treasury"**) announced the creation of the Term Asset-Backed Securities Loan Facility (**"TALF"**), a credit facility designed to restore liquidity to the market for asset-backed securities (**"ABS"**).[1] As originally announced (including subsequent additions and clarifications), the TALF would provide financing to purchasers of ABS backed by pools of consumer and small business loans. On February 10, 2009, the Secretary of the Treasury announced a Financial Stability Plan that includes, as part of a Consumer and Lending Business Initiative, an expansion in the size of the TALF up to $1 trillion (from $200 billion) and the inclusion of commercial mortgage-backed securities (**"CMBS"**) and potentially other asset classes.[2] The terms and conditions of this expansion have not yet been released.[3] On March 3, 2009, the Board and the Treasury announced the commencement of TALF operations.

This memorandum provides an overview of the current TALF program, a discussion of the key requirements for a TALF loan, and a summary of the contemplated procedures for the origination and closing of TALF loans. In addition, a summary term sheet describing the terms of the Master

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1 The legal authority for the creation of the TALF is Section 13(3) of the Federal Reserve Act, which permits the Board in "unusual and exigent circumstances" to authorize Federal Reserve banks to extend credit to individuals, partnerships and corporations that are "unable to secure adequate credit accommodations from other banking institutions."

2 See the "Additional Information" section of this memorandum for: (i) a list of links to the press releases relating to the TALF that have been issued by the Board, as well as the operation announcement in respect of, the terms and conditions of, and answers to frequently asked questions about, the TALF that have been issued by the Federal Reserve Bank of New York; and (ii) links to the joint statement of the Treasury and other federal agencies announcing the Financial Stability Plan, as well as the Treasury's Fact Sheet on the Financial Stability Plan and its white paper on the federal government's remedial efforts for the credit markets, and the Board's press release relating to the expansion of the TALF.

3 In their joint press release of March 3, 2009, the Board and the Treasury stated that they are analyzing the appropriate terms and conditions for accepting CMBS into the TALF. A link to the joint press release can be found in the "Additional Information" section of this memorandum.

Loan and Security Agreement (**"MLSA"**) under which TALF loans will be made to eligible borrowers is annexed to this memorandum as Exhibit A.[4]

GENERAL DESCRIPTION OF THE TALF

Under the current formulation of the TALF, the Federal Reserve Bank of New York (**"FRBNY"**) will provide non-recourse financing to eligible borrowers that hold certain types of "AAA"-rated ABS backed by newly and recently originated loans and receivables. The FRBNY will begin accepting subscriptions for loans on Tuesday, March 17, 2009, with settlement to occur on Wednesday, March 25, 2009. Thereafter, subscriptions for TALF loans will be accepted on the first Tuesday of each month. The FRBNY will cease making loans on December 31, 2009, unless the Board agrees to extend the program. By facilitating the issuance of ABS through the TALF, the architects of the facility aim to expand the amount of credit available to consumers and small businesses, thus improving overall U.S. economic activity.

TALF loans will have a minimum amount of $10 million and no maximum, a three-year term and either a fixed or a floating rate, depending on the interest rate of the related ABS collateral pledged by the borrower. The principal amount of each TALF loan will be based on the market value of the collateral and certain advance rates or "haircuts." Borrowers will be able to request an unlimited number of TALF loans each month. TALF loans will not be subject to mark-to-market or margin call requirements, and substitution of collateral will not be permitted during the term of the loan, other than in the case of collateral that is found to be ineligible after the loan is made. A custodian bank, The Bank of New York Mellon, will hold the ABS collateral that secures a TALF loan.

The Treasury, through the Troubled Asset Relief Program (**"TARP"**) under the Emergency Economic Stabilization Act of 2008 (**"EESA"**), will provide credit protection to the TALF by funding up to $100 billion (originally $20 billion) of capital of a special purpose vehicle (**"TALF LLC"**) established for the purpose of purchasing and managing any TALF loan collateral that is foreclosed upon by the FRBNY.

The creation and implementation of the TALF program by the Federal Reserve and the Treasury has been, and continues to be, a dynamic and iterative process involving further improvement of the program's specifics, informed by frequent discussions with impacted market participants. The Board has indicated that it will release certain additional information and relevant forms as it continues to perfect the process for the making and receiving of TALF loans. Any such updates will be available at the TALF website, which can be found at http://www.ny.frb.org/markets/talf.html.

[4] A copy of the MLSA can be found at http://www.newyorkfed.org/markets/MLSA_030309.pdf.

The balance of this memorandum describes the requirements for TALF loans in greater detail, including borrower and collateral eligibility requirements, basic payment terms and related certification and compliance considerations, and the contemplated origination process for TALF loans.

BORROWER AND COLLATERAL ELIGIBILITY REQUIREMENTS

This section describes the eligibility requirements TALF imposes on borrowers and collateral for TALF loans. TALF borrowers generally must have a required connection to the United States. Collateral for a TALF loan must be ABS backed by particular types of loans or receivables that were not originated or securitized by the TALF borrower or its affiliates and meet origination date, rating quality, and certain other requirements.

Borrower Eligibility

Any "U.S. company" that owns eligible collateral may borrow from the TALF provided that it maintains an account relationship with a primary dealer. For purposes of the TALF, a U.S. company is defined as:

- A business entity or institution that is (x) organized under the laws of the United States or a political subdivision or territory thereof (**"U.S.-organized"**) and (y) conducts significant operations or activities in the United States (regardless of whether any such entity has a parent company that is not U.S.-organized), including any U.S.-organized subsidiary of such an entity;
- A U.S. branch or agency of a foreign bank (other than a foreign central bank) that maintains reserves with a Federal Reserve Bank; or
- An investment fund (i.e., any type of pooled investment vehicle, including a hedge fund, a private equity fund and a mutual fund, or a vehicle that primarily or exclusively invests in eligible collateral and borrows from the TALF) that is (x) U.S.-organized and (y) managed by an investment manager that has its principal place of business in the United States.

A newly formed investment fund may borrow under the TALF if it otherwise satisfies TALF eligibility requirements. Eligible investment funds will include those that invest only in TALF-eligible ABS as well as multi-strategy funds that invest in a combination of TALF-eligible ABS and other assets.

The term "U.S. company" excludes any entity that is controlled by a foreign government or managed by an investment manager that is controlled by a foreign government. For purposes of this prohibition, "a foreign government controls a company if, among other things, the foreign government owns, controls, or holds with power to vote 25% or more of a class of voting securities of the company."

As described in more detail below, 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. See "Prohibition of Borrower-Affiliated ABS" below.

> *Note: A key question to be answered is who will be the main borrowers under the TALF. Prior to the dislocation in the credit markets, significant demand for rated ABS paper was fueled by investments from off-balance sheet vehicles such as structured investment vehicles, ABS commercial paper conduits and ABS CDOs. This investor base has largely disappeared.*
>
> *Hedge funds, private equity fund and similar investment vehicles have traditionally not been active players in the primary ABS market. However, given the leveraged nature of the TALF program, such investors are considered likely candidates to participate in the TALF.*

Collateral Eligibility

In order to obtain funding under the TALF, a borrower must pledge eligible ABS to the FRBNY to secure its obligations under the related loan. Under the current terms of the TALF, eligible ABS must satisfy the following criteria:

Permissible Types of Underlying Assets — Initially, the credit exposures underlying the ABS are limited to the following types of assets:

- auto loans (including retail loans and leases relating to cars, light trucks, recreational vehicles and motorcycles, as well as auto dealer floorplan loans, but excluding commercial, government and rental fleet leases of cars, trucks and light trucks);
- student loans (including federally guaranteed student loans (including consolidation loans) and private student loans);
- credit card loans (including consumer and corporate credit card receivables); and
- small business loans fully guaranteed as to principal and interest by the U.S. Small Business Administration (the "**SBA**") (including loans, debentures or pools originated under the SBA's 7(a) and 504 programs that are fully guaranteed as to principal and interest by the full faith and credit of the U.S. government).

By operation of the Treasury's Financial Stability Plan, this list will be expanded to include ABS backed by commercial mortgages. In addition, the Board and the Treasury stated that:

(i) ABS backed by rental, commercial and government vehicle fleets, and ABS backed by small ticket equipment, heavy equipment and agricultural equipment loans and leases are expected to be eligible for the April 2009 funding of the TALF; and

(ii) other types of assets under consideration for TALF-eligibility include private-label residential mortgage-backed securities (**"RMBS"**), collateralized loan and debt obligations, and other ABS not included in the initial group of eligible collateral such as ABS backed by non-auto floorplan loans and ABS backed by mortgage servicer advances.

With respect to all types of underlying assets described above, all or substantially all[5] of the credit exposures in the related eligible ABS must be to U.S.-domiciled obligors, and none of the credit exposures may themselves be cash or synthetic ABS.

ABS Origination Date — Eligible ABS must be issued on or after January 1, 2009 (or, in the case of SBA Pool Certificates and Development Company Participation Certificates, on or after January 1, 2008), but need not be issued on the same day the investors borrow from the TALF.

Underlying Assets Origination Timing Requirements[6] — Eligible collateral must satisfy certain time limits with respect to the origination or issuance of the underlying loans and receivables, as set forth in the following table:

Asset Type	Requirement
Eligible Auto Loan ABS (except auto dealer floorplan ABS)	All or substantially all[7] of such collateral must have been originated on or after October 7, 2007.
Eligible auto dealer floorplan ABS	Must be issued to refinance existing auto dealer floorplan ABS maturing in 2009 and may not be in amounts greater than the amount of the maturing auto dealer floorplan ABS. May not prefund ABS maturing in 2010 with eligible ABS.
Eligible Student Loan ABS	All or substantially all of such collateral must have had a first disbursement date on or after May 1, 2007.

5 "All or substantially all" means, in the context of determining whether the credit exposures underlying an ABS meet the U.S.-domiciled obligors criteria, 95% or more of the dollar amount of the credit exposures underlying the ABS.

6 The criteria shown in this chart may be amended by the FRBNY in accordance with the TALF standing loan facility procedures in effect at the time the borrower requests a loan. The FRBNY will publish from time to time the TALF standing loan facility procedures at http://www.ny.frb.org/markets/talf.html.

7 "All or substantially all" means, in the context of determining whether the credit exposures underlying an ABS meet the date of origination criteria, 85.0 % or more of dollar amount of the credit exposures underlying the ABS.

SBA Pool Certificates and Development Company Participation Certificates	No requirement as to the issuance date of the underlying loans or debentures, but the certificates must have been issued on or after January 1, 2008.
The SBA-guaranteed credit exposures underlying all other eligible small business ABS	Must have been originated on or after January 1, 2008.
Eligible credit card ABS	Must be issued to refinance existing credit card ABS maturing in 2009 and may not be in amounts greater than the amount of the maturing credit card ABS. May not prefund ABS maturing in 2010 with eligible ABS.

Ratings Requirements for ABS — Eligible ABS collateral must:

- (A) have a credit rating in the highest long-term or short-term investment-grade rating category from two or more major nationally recognized statistical rating organizations (**"NRSROs"**)[8] and (B) not have a credit rating below the highest investment-grade rating category from any NRSRO[9]; *provided* that such credit ratings may not be based on the benefit of a third-party guarantee; and
- not have a credit rating placed on review or watch for possible downgrade by any NRSRO (although existing TALF loans that are secured by eligible ABS collateral will not be affected by any subsequent negative rating action).

> ***Note:*** *Because ABS structures typically rely on internal credit support achieved through payment priority subordination, they will include tranches subordinate to the eligible top-rated tranche that are unlikely to carry the required rating. Accordingly, unless the issuer intends to retain the subordinate tranches itself, it must still consider that purchasers of subordinate ABS tranches will need to find a source of financing other than the TALF.*

Prohibition of Borrower-Affiliated ABS — A TALF loan cannot be secured by ABS backed by loans originated or securitized by the borrower or by any affiliate of the borrower. For purposes of determining eligible collateral, an "affiliate of a borrower" means any company that controls, is controlled by, or is under common control with the borrower. For this purpose, a person or company controls a company if, among other things, it (1) owns, controls, or holds with power to

[8] The major NRSROs for the purpose of determining compliance with the ratings requirements for eligible ABS collateral under the TALF are Fitch Ratings Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. The FRBNY will periodically review its use of NRSROs for such purpose.

[9] Small business loan ABS that are, or for which all of the underlying credit exposures are, fully guaranteed as to principal and interest by the full faith and credit of the U.S. government are not required to satisfy this credit rating requirement.

vote 25% or more of a class of voting securities of the company or (2) consolidates the company for financial reporting purposes.

> *Note: Because sponsors of securitizations are often also affiliated with the originators of the underlying loans or receivables, lenders will be unable to finance their own lending activity through the TALF, even though they could obtain TALF financing to finance the acquisition of ABS issued by a third party – even a competitor.*

Other Requirements — In addition to the foregoing, eligible collateral must also:

- be U.S. dollar-denominated;
- be a cash (and not synthetic) instrument;
- be cleared through The Depository Trust Company; and
- if it is auto loan ABS or credit card ABS, have an average life of no greater than five years.[10]

As described in more detail below, the TALF requires an accountant's certification concerning the eligibility of the ABS collateral, as well as certain certifications by the ABS issuer and sponsor.

Borrowers may borrow against ABS already owned by it so long as the ABS to be pledged otherwise meets the TALF's eligibility requirements. In addition, ABS may qualify as eligible collateral under the TALF even if the borrower does not own such ABS on the date that it requests the related TALF loan. Note, however, that in order for the primary dealer and the FRBNY's custodian to perform their required due diligence, the borrower must inform the primary dealer by the loan request date of the CUSIP of the ABS the borrower intends to deliver as collateral on the loan settlement date. Furthermore, if the borrower is allocated less of the new ABS issue than expected, the borrower must inform the FRBNY and its custodian, through the borrower's primary dealer, not less than four days prior to the loan settlement date so that an adjustment may be made to the loan amount, the applicable margin amount (determined by reference to the related asset haircut) and the upfront fee charged by the FRBNY for administering the loan, prior to such settlement date.

BASIC TERMS OF TALF LOANS AND RELATED COMPLIANCE CONSIDERATIONS

This section describes the key terms of a TALF loan, including loan amounts, applicable haircuts, payment terms, interest rates, assignment restrictions and non-recourse limitations. Also discussed are related compliance considerations, including certification requirements imposed on ABS issuers, sponsors and auditors, and FRBNY review and inspection rights affecting TALF borrowers.

[10] Note that there is no minimum maturity limit for eligible ABS collateral. If an ABS maturity is shorter than the three-year term of the TALF loan, the TALF loan will mature upon the maturity of the ABS that secures such loan.

Loan Amounts and Haircuts

The minimum amount of each TALF loan is $10 million and there is no maximum amount. The FRBNY will size the amount of each loan based on the lesser of the par value and the market value of the pledged ABS collateral, as adjusted by an advance rate or "haircut." Alternatively, if the pledged ABS collateral has a market value above par, the FRBNY will size the amount of the related loan to the market value of such collateral (subject to a cap of 110% of par value) as adjusted by a haircut, and the borrower will be required to periodically prepay a portion of the principal of the TALF loan. Such prepayments will be calculated to adjust for the expected reversion of market value towards par value in respect of such pledged ABS collateral as it matures.[11]

The amount of the haircut varies according to the type of collateral being pledged and its average life. The table below shows the preliminary haircuts indicated by the FRBNY:

[11] The amount of prepayment in dollars is determined by the following formula:

Par*(1-h)*(min(Price,1.10*Par)/Par-1)/(b*WAL), where

Par is the par value of the bond;

h is the haircut from the table set forth below corresponding to the expected average life and asset class of the bond;

Price is the price of the bond;

WAL is the weighted average life of the bond measured in years and calculated at the prepayment assumption used to compute expected life above. If the WAL is not available, half of the weighted average life to maturity (WALM) may be used as an approximation; and

b is equal to 12, 4, or 2 for securities with a remittance frequency of monthly, quarterly, or semi-annually, respectively.

Sector	Subsector[12]	ABS Average Life (years)* 0-1	>1-2	>2-3	>3-4	>4-5	>5-6	>6-7
Auto	Prime retail lease	10%	11%	12%	13%	14%		
Auto	Prime retail loan	6%	7%	8%	9%	10%		
Auto	Subprime retail loan	9%	10%	11%	12%	13%		
Auto	Floorplan	12%	13%	14%	15%	16%		
Auto	RV/motorcycle	7%	8%	9%	10%	11%		
Credit Card	Prime	5%	5%	6%	7%	8%		
Credit Card	Subprime	6%	7%	8%	9%	10%		
Student Loan	Private	8%	9%	10%	11%	12%	13%	14%
Student Loan	Gov't guaranteed	5%	5%	5%	5%	5%	6%	6%
Small Business	SBA loans	5%	5%	5%	5%	5%	6%	6%

* For ABS benefiting from a government guarantee with average lives beyond five years, haircuts will increase by one percentage point for every two additional years of average life beyond five years. For all other ABS with average lives beyond five years, haircuts will increase by one percentage point for each additional year of average life beyond five years.

For purposes of the above table, "average life" is: (i) with respect to ABS with bullet maturities, determined by the expected principal payment date; and (ii) with respect to amortizing ABS, defined as the weighted average life to maturity based on the prepayment assumptions and market conventions listed in the table below:[13]

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12 Auto loan ABS and auto lease ABS are considered "prime" if the weighted average FICO score is 680 or greater. Those receivables without a FICO score are assigned a 0 for this calculation. For auto loan ABS where a weighted average FICO score is not disclosed, the "subprime" haircut schedule will apply. Credit card ABS are considered "prime" if at least 70% or more of the receivables have a FICO score greater than 660. FICO scores must reflect performance data within the last 120 days. For credit card trusts where a weighted average FICO score is not disclosed, the "subprime" haircut schedule will apply.

13 Issuers of ABS are required to publish the security's average life in the related prospectus or offering document. Issuers of amortizing ABS are required to include a representation that the weighted average life to maturity for each "AAA"-rated tranche was calculated in accordance with the TALF prepayment assumptions. The FRBNY considers such representations

Sector	Subsector	Prepayment Assumptions*
Auto	Prime auto retail lease	75% of prepayment curve
Auto	Prime auto retail loan	1.3% APS
Auto	Subprime retail loan	1.5% APS
Auto	Motorcycle	1.5% APS
Auto	RV	18% CPR
Student Loan	Student Loan Private	4% CPR
Student Loan	Student Loan FFELP	6% CPR
Student Loan	Student Loan Consolidation	50% of prepayment curve
Small Business	SBA 7a	14% CPR
Small Business	SBA 504	5% CPR

* CPR (Conditional Payment Rate) represents the proportion of the principal of a pool of loans that is assumed to be paid off prematurely in each period. APS (Absolute Prepayment Speed) represents the percentage of the original number of loans that prepay during a given period.

The haircuts discussed in this section apply consistently across all borrowers, regardless of credit rating. The Federal Reserve will periodically review collateral haircuts and may adjust them for new TALF loans, consistent with the policy objectives of the TALF. In addition, the above table will be updated from time to time to reflect the inclusion of additional ABS asset types (e.g., CMBS, private-label RMBS) as eligible collateral under the TALF.

Term; Prepayment

Each TALF loan will have a three-year maturity.

A borrower may prepay a TALF loan, in whole or in part, at any time without penalty. In connection

to be material to its determination of the applicable haircuts for TALF loans and cautions issuers that the representation as to accuracy of the offering document contained in the required issuer certification discussed below would be breached if the weighted average life calculations incorrectly apply the TALF prepayment assumptions or are based on assumptions that are not representative of the actual collateral characteristics underlying TALF-eligible collateral.

with any such partial prepayment, the FRBNY will release collateral securing the TALF loan on a *pro rata* basis based on the original haircut amounts, taking into account any minimum denominations for the related ABS.

> *Note: Because many of the obligations underlying the pledged ABS may have weighted average lives that extend more than three years, there appears to be an implicit assumption that sources of refinancing other than TALF will be available upon the maturity of the TALF loan. Should this not be the case and the borrower default on the related TALF loan or surrender the collateral in satisfaction of such TALF loan, the FRBNY (or TALF LLC by virtue of a put option) would end up owning the ABS. Given the non-recourse nature of the TALF loan, a borrower default or surrender of the collateral may be more likely than if the loan were recourse to the borrower.*

A TALF loan is also required to be prepaid from principal collections on the pledged ABS, as further discussed below.

Interest Rates

An eligible borrower may choose either a fixed rate or a floating rate on each TALF loan. The interest rate for a TALF loan will be set on the related subscription date on the terms set forth in the following table:[14]

Sector	Subsector	Fixed	Floating
Auto		3-yr LIBOR swap rate + 100 bps	1-mo. LIBOR + 100 bps
Bank/Retail Credit Card		3-yr LIBOR swap rate + 100 bps	1-mo. LIBOR + 100 bps
Student Loan	Private	N/A	1-mo. LIBOR + 100 bps
Student Loan	Gov't guaranteed	N/A	1-mo. LIBOR + 50 bps
Small Business	SBA loans 7(a)	N/A	Fed Funds Target + 75 bps
Small Business	SBA loans 504	3-yr LIBOR swap rate + 50 bps	N/A

The FRBNY has indicated that it will review the interest rates applicable to new TALF loans and may adjust them in response to changing market conditions.

[14] The lower spreads on TALF loans secured by ABS whose underlying credit exposures have the benefit of government guarantees reflect the lower credit risk associated with such exposures.

Administrative Fee

On each loan settlement date, the borrower must pay to the FRBNY a non-refundable administrative fee equal to 5 basis points on the principal balance of the TALF loan.

Repayment

All interest and principal payments received on the pledged ABS will be made to the custodian.

Principal — On each monthly payment date, principal collections received on the ABS collateral will be paid, except as noted below, *pari-passu* to the borrower and the FRBNY, as lender, based on the loan-to-value ratio of the loan, as measured on the loan settlement date. In other words, the borrower will receive an amount equal to (x) the applicable asset haircut percentage *multiplied by* (y) the principal payment received on the pledged collateral during the related collection period. The balance of the principal collections will be paid to the FRBNY in reduction of the principal amount of the loan. Notwithstanding the foregoing, if interest collections on the collateral for the related collection period are insufficient to pay the full amount of interest due on the TALF loan, amounts that would otherwise be distributable as principal to the borrower will be used instead to make up such shortfall.

Interest — The custodian will use the interest paid on the pledged collateral to pay the interest due on the TALF loan and then remit the remainder, if any, to the primary dealer for distribution to the borrower. If an interest shortfall on the TALF loan still exists after the allocation of principal proceeds otherwise payable to the borrower as described above, the borrower will have a 30-day grace period in which to cure. If a borrower does not cure an interest shortfall after the expiration of such grace period (or if a borrower fails to pay any required principal when due, as TALF loans do not provide for any grace period to make principal payments), a default will have occurred under the loan and the FRBNY will have the right to enforce its rights in the collateral including selling the collateral to TALF LLC at a price equal to the outstanding loan amount plus accrued interest thereon.

Repayment at Maturity — A TALF loan must be repaid at the end of its three-year term, even if the eligible ABS collateral securing such loan has a longer maturity. In such an event, a borrower may (1) repay the loan in full, at which time the FRBNY will release its lien on the ABS collateral and deliver such collateral to the borrower or (2) arrange for a sale of the ABS collateral at a price equal to or greater than the outstanding principal amount of the loan plus accrued interest[15] and instruct

[15] Alternatively, if the borrower arranges for a sale of the ABS collateral at a lesser price, it must make up any shortfall to repay the loan in full. As a practical matter, in this situation, the borrower would likely surrender the collateral in satisfaction of the loan, unless the loan is secured by more than one asset.

the FRBNY to deliver the ABS collateral to the purchaser thereof against payment of the sales price, with any excess sales proceeds to be remitted by the FRBNY to the borrower.

Optional Collateral Surrender

A borrower may, in lieu of repaying the outstanding principal of and interest on a TALF loan, surrender the collateral securing such loan by delivering to the FRBNY a Collateral Surrender and Acceptance Notice (in the form attached to the MLSA) on or prior to the loan maturity date. Significantly, as described below under "Recourse Provisions," if the borrower fails to timely deliver such notice, the FRBNY may exercise recourse rights against the borrower and require it to repay the TALF loan.

If a borrower elects, through its primary dealer, to surrender the pledged ABS collateral in satisfaction of a TALF loan, it is required to surrender all of the ABS collateral securing such loan (which may include more than one ABS security) to the FRBNY.

Pledge of Collateral; No Margin Calls

A borrower may pledge any combination of eligible ABS as collateral for a single loan, but it must pledge a fixed-rate ABS against a fixed-rate TALF loan and a floating rate ABS against a floating-rate TALF loan. During the term of the loan, substitution of collateral will not be permitted, other than in the case of collateral that is found to be ineligible after the loan is made.

TALF loans will not be subject to mark-to-market or margin call requirements.

Sales and Assignments

If the borrower sells the ABS collateral that secures a TALF loan, the borrower may assign all of its obligations with respect to such loan to another eligible borrower,[16] with the prior consent of the FRBNY; *provided* that the FRBNY will not consent to any assignments after December 31, 2009, unless it finds that unusual and exigent circumstances exist in the financial markets.[17]

> *Note: Because a TALF loan may not be assignable after December 31, 2009 except in the limited circumstances described above, the liquidity of the related collateral could be adversely affected after December 31, 2009 (or such later date*

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[16] Eligibility of the assignee as a borrower will be assessed by the FRBNY at the time of transfer, including confirmation by the FRBNY that the assignee has executed all of the requisite documentation relating to the TALF.

[17] If the Board elects to extend beyond December 31, 2009 the period for making new loans under the TALF, it appears that the consent of the FRBNY to assignments will not be limited by the proviso noted above.

on which the FRBNY ceases making new loans under the TALF) for the remaining term of the loan.

Recourse Provisions

Borrower — TALF loans are generally non-recourse to the borrower. However, under the terms of the MLSA, a loan may become recourse to the borrower upon the occurrence of any one of the following events:

- Failure To Pledge Eligible Collateral. Within five business days after obtaining knowledge that any collateral securing any of its loans fails to satisfy the eligibility criteria in effect when the loan was made, the borrower must either (x) prepay the applicable loan in an amount equal to the collateral equivalent value of such deficient collateral plus accrued and unpaid interest on the principal amount prepaid, or (y) deliver to the custodian substitute assets as collateral security for such loan;[18] *provided* that such substituted assets must meet the eligibility criteria in effect at the time of such substitution. The mere downgrade of collateral after the funding of a loan will not cause such collateral to be treated as ineligible.
- Ineligible Borrower. The borrower must be an "eligible borrower" at all times using the criteria in effect when the related loan was made.
- Breach of Certain Representations and Warranties. The relevant representations and warranties (generally, that (i) the lending agreement is valid and enforceable, (ii) the borrower has authorized its primary dealer to execute and deliver the applicable documents on its behalf, (iii) the absence of any adverse claims against the pledged collateral, and (iv) the lending agreement creates in the FRBNY an enforceable security interest in the pledged collateral) made by the borrower in the MLSA must be accurate as long as the borrower has a loan outstanding.
- Collateral Surrender Notice and Delivery Failure. If a borrower fails to deliver a Collateral Surrender and Acceptance Notice to the custodian on or prior to the maturity date of a loan.

Collateral — While the FRBNY generally only has recourse against the collateral securing the related TALF loan, if the borrower becomes insolvent the FRBNY has recourse against any and all collateral that secures any and all TALF loans made by the FRBNY to such borrower.

[18] Substitute collateral must bear interest in the same manner as the deficient collateral (i.e., fixed-rate collateral must be replaced with fixed-rate collateral). Also, if the deficient collateral is backed by SBA exposures, the substitute collateral must also be backed by SBA exposures.

Certification Requirements

The ABS sponsor's accountants must certify,[19] in a form acceptable to the FRBNY, that the ABS is eligible under the TALF. The sponsor and the issuer of the ABS must also include certifications,[20] in forms available on the FRBNY's website, in the preliminary offering document (in unsigned form) and in the final offering document (signed) in connection with the issuance of the ABS. The certification includes the following:

- Due Inquiry. Each has reviewed the terms and conditions of the TALF program and that after due inquiry each has determined that the securities offered in such offering document constitutes eligible collateral under the TALF program.
- Ratings. The securities have a credit rating in the highest long-term or short-term investment-grade rating category from two or more major nationally recognized statistical rating organizations and such ratings were obtained without the benefit of any third-party guarantee and are not on review or watch for downgrade.
- Denomination. The securities are U.S. dollar-denominated cash ABS.
- U.S. Obligors. All or substantially all[21] of the credit exposures underlying the securities are exposures to U.S.-domiciled obligors.
- Origination. All or substantially all[22] of the credit exposures underlying the securities were originated after the relevant date according to their asset type.
- Accountant Certification. The sponsor and the issuer have caused a nationally recognized independent accounting firm that is registered with the Public Company Accounting Oversight Board to deliver to the FRBNY, no later than four business days before the closing date of the relevant ABS offering, an accountants' report in a form acceptable to the FRBNY.
- Indemnity. Each acknowledges that the FRBNY and TALF LLC, will rely upon the certification and will suffer damages if such certification is incorrect and the sponsor (or, if the sponsor is a special purpose vehicle, the sponsor's direct or indirect ultimate parent) has executed and delivered to the FRBNY, no later than four days prior to the loan settlement date, an undertaking under which the sponsor has agreed to indemnify FRBNY and TALF LLC against any losses incurred or suffered by them arising out of any misrepresentation or breach of warranty made or to be performed by us in this certification.

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[19] The relevant certification form may be found at http://www.ny.frb.org/markets/TALFAuditorAttestationForm.pdf.

[20] The relevant certification form may be found at http://www.ny.frb.org/markets/Form_Certification_TALF_Eligibility.pdf.

[21] See footnote No. 5.

[22] See footnote No. 7.

Copies of all of the related TALF documents may be found at the following address: http://www.ny.frb.org/markets/talf.html.

No Hedging Transactions

Issuers, sponsors and their respective affiliates are prohibited under the TALF from entering into a transaction designed to hedge against an investor's losses on ABS purchased by such investor with TALF-provided financing and securitized by such issuer or sponsor. The need to ensure an independent assessment of risk by investors is cited as the basis for this restriction.

No Executive Compensation Requirements

Although TALF as originally proposed contemplated a requirement that the sponsor of the ABS would have to comply with the limits on executive compensation set forth in Section 111(b) of the EESA, such requirement was eliminated from the program as announced on March 3, 2009.

Compliance Framework and FRBNY Inspection Rights

The FRBNY can reject a borrower for any reason, and also has designed a number of measures as part of its compliance framework to discourage fraudulent activity associated with the TALF program. In addition to standards for borrower acceptance and an assurance program related to borrower eligibility requirements, the FRBNY reserves on-site inspection rights over all TALF borrowers.

The FRBNY also has retained the right to review all loan files held by the custodian pertaining to each borrower. Finally, the FRBNY is establishing a telephone and internet-based hotline for reporting of fraudulent conduct or activity associated with the TALF program.

ORIGINATION AND CLOSING PROCEDURES FOR TALF LOANS

TALF assigns a key role and significant responsibilities to primary dealers in the origination process, which contemplates standardized documentation and a sequence of specified events prior to each loan closing.

Primary Dealer

TALF assigns a key role and significant responsibilities to primary dealers.[23] The FRBNY has stated it will only deal with the primary dealers and will not deal directly with borrowers. As the interface between a TALF borrower and the FRBNY, the primary dealer is expected to perform the following duties:

- Collect Loan Requests and Supporting Documents from Borrowers. The primary dealer is charged with collecting loan requests, offering documents and CUSIPs for the ABS to be pledged. The primary dealer is also to submit loan requests and related information to the FRBNY and the custodian.
- Collect Fees and Margin from Borrowers. The primary dealer will collect and deliver to the custodian the administrative fee and any applicable margin required to be delivered on a settlement date.
- Conduct Diligence on Borrowers. The primary dealer must apply its internal "Know Your Customer" customer diligence procedures and represent that each of its customer borrowers is eligible. The primary dealer must also provide the FRBNY with information sufficient to describe the primary dealer's customer risk assessment methodology.
- Forward Distributions to Borrowers. The primary dealer will receive information regarding the gross principal and interest amount paid by the ABS collateral, the amount of principal and interest to be remitted to the borrower and will disburse such amounts to the borrower.

  Note: Once funds are disbursed from the custodian to the primary dealer, none of the custodian, the loan administrator under the MLSA (also The Bank of New York Mellon) or the FRBNY will have any obligation to the borrower to account for such amounts.

- Provide Tax Information to Borrowers. The primary dealer is responsible for managing any tax withholding and reporting obligations for their borrower in connection with the above distributions.
- Receive and Forward Notices to Borrowers. The primary dealer will receive, or forward, notices on behalf of its borrower customers.

A primary dealer must also represent and warrant to the FRBNY in the MLSA that, at all times during which a borrowers has a loan outstanding:

[23] A borrower may request loans through multiple primary dealers, but must segregate collateral for each loan through the respective primary dealer.

- Lending Agreement. The primary dealer has provided the borrower with a copy of the lending agreement.
- Due Authorization. The borrower has authorized such primary dealer to execute and deliver the lending agreement on its behalf.
- Security Interest. The primary dealer has, or will have at the time of transfer of any collateral to the custodian, the right to grant a security interest in such collateral.
- Subject to Regulation. The primary dealer (i) maintains, and is in compliance in all material respects with, an anti-money laundering program compliant with the requirements of the USA PATRIOT Act; (ii) is regulated by a Federal functional regulator; (iii) has implemented, and is in compliance in all material respects with, a customer identification program compliant with the USA PATRIOT Act; and (iv) will annually certify to the FRBNY, as to each of its borrower, that it has implemented and will perform all aspects of (i) and (iii) above.
- Customer Agreement. The primary dealer has entered into a customer agreement with each applicable borrower.
- Accurate Information. All written information (other than offering materials) delivered by it is accurate and complete and that there has been no material change since such information was delivered.
- Eligibility of Borrower. That at the time any loan is made to a borrower, such borrower is an eligible borrower.
- Eligibility of Collateral. That at the time any loan is made to a borrower, all of the collateral securing such loan is eligible collateral.

In the case of the primary dealer's representations and warranties above concerning Due Authorization, Security Interest, Accurate Information (with respect to information obtained by such primary dealer from third parties), Eligibility of Borrower, and Eligibility of Collateral, a primary dealer will be liable only if such primary dealer failed to exercise reasonable care to confirm their accuracy.

The Securities and Exchange Commission has granted a limited exemption from the prohibition on arranging certain credit under Section 11(d)(1) of the Securities Exchange Act of 1934, as amended, to permit primary dealers to arrange TALF financing from the FRBNY on new issues for which they may be underwriters.[24]

[24] For further information, please refer to the Securities and Exchange Commission's letter to the FRBNY on this matter, which is available at http://www.sec.gov/divisions/marketreg/mr-noaction/2009/frbny021709.pdf.

Origination and Closing Timeline

The following table summarizes the sequence of events contemplated for the origination of a TALF loan.

Important Dates	Requisite Procedures
Before Initial Participation in the TALF Program	An eligible borrower must have established a customer relationship with a primary dealer by executing a customer agreement with the primary dealer authorizing such primary dealer to (i) bind the borrower to the MLSA, (ii) grant a security interest in the pledged collateral to the FRBNY and (iii) act as the borrower's agent (including for purposes of delivering and receiving notices and instructions to the FRBNY, the custodian and the loan administrator on its behalf), as well as other provisions designed to recognize the arrangements described above.
Prior to any Loan Subscription Date	Each primary dealer will collect the following information from the potential eligible borrower (i) requested loan amount, (ii) the CUSIP numbers of the relevant ABS to be pledged by the borrower to the FRBNY and (iii) copies of the applicable offering documents[25] of the ABS expected to be pledged (collectively, the **"Loan Information"**).
On the Loan Subscription Date	Each primary dealer may submit to the FRBNY via secure email a request for loans on behalf of each borrower proposing to borrow loans on the next scheduled loan closing date. Each initial loan request shall be in the form specified by FRBNY from time to time and shall set forth the Loan Information required to be set forth therein in accordance with the TALF standing loan facility procedures, on an aggregate basis for all applicable borrowers. The FRBNY will then provide custodian with the information contained in each such initial loan request. In order to make an initial loan request, a primary dealer must have submitted to the custodian a copy of the letter of agreement pursuant to which it became a party to the MLSA. If the ABS issue expected to be pledged by the borrower closes on the same day as the TALF loan settlement date, the borrower must identify the new issue ABS delivering counterparty at the time of loan subscription. After the borrower's primary dealer receives the confirmation two days prior to the loan closing date, the primary dealer will generate and forward a trade confirmation to the borrower's delivering counterparty. On the loan closing date, the

[25] Such offering documents may be preliminary, but the final offering documents must be provided to the custodian no later than four business days prior to the loan closing date.

	primary dealer will forward the margin to the custodian, and the delivering counterparty will deliver the ABS collateral to the custodian.
Not Later Than 5:00 p.m. Four Business Days Prior to Loan Closing Date	Each primary dealer that has submitted a loan request must submit to the custodian (i) a sales confirmation[26] and (ii) to the extent not previously submitted to custodian the final prospectus and/or the final offering memorandum. The only time the FRBNY will allow the borrower to amend its loan request is if the borrower is not allocated its fully subscribed amount of a new ABS issue that it intended to pledge as collateral for its TALF loan. In such cases, the borrower, through its primary dealer, must inform the FRBNY and the custodian so that an appropriate adjustment may be made to the amount of the margin and the administrative fee.
Not Later Than 5:00 p.m. Three Business Days Prior to Loan Closing Date	The custodian shall deliver to the FRBNY a schedule showing, for each borrower and each requested loan, the eligible collateral that such borrower intends to deliver, which shall include (i) the CUSIP number of the eligible collateral, (ii) a description thereof, (iii) the principal amount thereof, (iv) the haircut applicable thereto, and (v) the collateral value applicable thereto.
Not Later Than 5:00 p.m. Two Business Days Prior to Loan Closing Date	The FRBNY will instruct the custodian to deliver to each primary dealer that submitted a loan request with respect to such scheduled loan closing date a confirmation setting forth (i) the amount of requested loans made available to each borrower, (ii) the interest rate, (iii) the CUSIP of the accepted collateral, and (iv) the administrative fee.
On the Loan Closing Date	The borrower or its agent will deliver against payment the ABS collateral, the administrative fee and applicable haircut to the FRBNY's settlement account held with the custodian.

MLSA Amendment

The FRBNY, in its sole discretion, may amend the MLSA via notice to the primary dealer, the loan administrator and the custodian through the TALF website.[27] Any such amendment will not affect

[26] Such sales confirmation should be in the form of a Rule 10b-10 confirmation. Other written sales confirmations, including e-mail confirmations that contain the required pricing information and are customarily provided by many broker-dealers prior to mailing of a Rule 10b-10 confirmation, will also be acceptable.

[27] See http://www.ny.frb.org/markets/talf.html.

any borrower or any primary dealer with respect to any TALF loan outstanding prior to the effectiveness of such amendment.

ADDITIONAL INFORMATION

The development of the TALF by the Federal Reserve and the Treasury has been, and continues to be, an iterative process involving continuous introduction and refinement of the program's features, informed by repeated consultation with securitization market participants. In addition, it is expected that refinements to the TALF program will be made on an ongoing basis, resulting in the periodic release of additional information and documents relating to the TALF. Presently, the Federal Reserve intends to report additional information regarding the TALF on the H.4.1 weekly statistical release under the title: "Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks." In addition, the Federal Reserve will report on the value of the collateral pledged to the FRBNY to secure TALF loans at http://www.federalreserve.gov/monetarypolicy/. Moreover, interested parties may sign up to receive email updates regarding changes to TALF documents at the following link: https://service.govdelivery.com/service/subscribe.html?code=USFRBNEWYORK_86.

Questions about the TALF may be addressed to the FRBNY's Public Affairs department at 212-720-6130 or via email to TALF@ny.frb.org. The website addresses of the Federal Reserve and the FRBNY are http://www.federalreserve.gov and http://www.newyorkfed.org, respectively.

Lastly, set forth below are links to relevant documents referenced in this memorandum:

<u>Press Releases of the Federal Reserve Board</u>

November 25, 2008 http://www.federalreserve.gov/newsevents/press/monetary/20081125a.htm

December 19, 2008 http://www.federalreserve.gov/newsevents/press/monetary/20081219b.htm

February 6, 2009 http://www.federalreserve.gov/newsevents/press/monetary/20090206a.htm

February 10, 2009 http://www.federalreserve.gov/newsevents/press/monetary/20090210b.htm

March 3, 2009 http://www.federalreserve.gov/newsevents/press/monetary/20090303a.htm [28]

<u>Terms and Conditions of TALF</u>

[28] Joint press release with the Treasury.

November 25, 2008 http://www.federalreserve.gov/newsevents/press/monetary/monetary20081125a1.pdf

December 19, 2008 http://www.newyorkfed.org/markets/talf_Terms_081219.html

February 6, 2009 http://www.newyorkfed.org/markets/talf_Terms_090206.html

March 3, 2009 http://www.newyorkfed.org/markets/talf_terms.html

Frequently Asked Questions about TALF

December 19, 2008 http://www.newyorkfed.org/markets/talf_faq_081219.html

February 6, 2009 http://www.newyorkfed.org/markets/talf_faq_090206.html

March 3, 2009 http://www.newyorkfed.org/markets/talf_faq.html

TALF Operation Announcement

March 3, 2009 http://www.newyorkfed.org/markets/talf_operations.html

Financial Stability Plan Documents

http://www.ustreas.gov/press/releases/tg21.htm

http://www.financialstability.gov/docs/fact-sheet.pdf

http://www.ustreas.gov/press/releases/reports/talf_white_paper.pdf

Exhibit A

Summary of Principal Terms of TALF Loan and Security Agreement	
Lender:	Federal Reserve Bank of New York
Administrator:	The Bank of New York Mellon
Custodian:	The Bank of New York Mellon
Borrower's Primary Dealer:	All communication is effected through Borrower's Applicable Primary Dealer.
Business Day:	Any day the Lender is open for conducting all or substantially all of its banking functions.
Eligible Collateral:	Initially, Eligible Collateral may include ABS backed by any of the following types of underlying assets: auto loans, student loans, credit card loans and SBA guaranteed small business loans. For further information regarding Eligible Collateral, please see "*Understanding the Term Asset-Backed Securities Loan Facility—Collateral Eligibility*" in the attached memorandum.
Perfection and Release:	The Lender will file a UCC financing statement against the Borrower. In connection with the partial repayment of any Loan, Collateral will be released on a *pro rata* basis (based upon the original advance rate). Collateral is exclusive to the Loan borrowed and does not secure other Loans (i.e., no cross-collateralization except in the case of the insolvency of the Borrower).
Valuation:	For each item of Collateral, the market price of such item, expressed as a percentage of par, determined by the Custodian (i) in the case of New Acquisition Collateral (i.e., Collateral acquired by the Borrower simultaneous with the borrowing), the price paid by the Borrower for such collateral and reported to the Custodian or (ii) otherwise, on the basis of pricing information reported to it by customary pricing services; *provided* that Custodian shall not rely on any pricing information if it determines that such pricing information is representative only of market conditions prevailing more than four weeks prior to the date on which such pricing information was reported. In such case, Custodian shall attempt to obtain price quotations from at least three broker dealers and the arithmetic mean shall be the market valuation; *provided* that if the Custodian determines that any of the price quotations do not accurately reflect the market, then Custodian will determine market

	valuation in consultation with the Lender.
Above Par Collateral:	Valuation may be above par but no greater than 110% of par.
Advance Rate:	As announced by Lender in accordance with the TALF Standing Loan Facility Procedures. For further information regarding the haircuts applicable to determine the Advance Rate for particular types of ABS, please see *"Understanding the Term Asset-Backed Securities Loan Facility—Loan Amounts*" in the attached memorandum.
Minimum Loan Amount:	$10 million.
Administrative Fee:	An amount equal to the proposed principal amount of a Loan *multiplied* by five basis points.
Interest Rate:	Fixed Rate Loans: As announced by Lender in accordance with the TALF Standing Loan Facility Procedures. Floating Rate Loans: One month LIBOR (fixed for each accrual period) or (solely with respect to SBA Pool Certificates) Fed Funds Rate plus, in either case, a margin announced by Lender in accordance with the TALF Standing Loan Facility Procedures. For information regarding the initial interest rates established for Fixed Rate Loans and Floating Rate Loans, please see "*Understanding the Term Asset-Backed Securities Loan Facility–Interest Rates*"– in the attached memorandum.
LIBOR:	As appears on Bloomberg Screen BTMM Page under heading "LIBOR FIX BBAM" as of 11 a.m. London time, on the second Business Day prior to the first day of each Loan Accrual Period.
Fed Funds Rate:	As established by the Federal Open Market Committee ("**FOMC**") and made available on the internet site http:///www.federalrserve.gov/fomc/fundsrate/htm or if not so available the rate published by the FOMC, in either case, in effect as of noon on the second Business Day prior to the first day or the Loan Accrual Period (or for the first Loan Accrual Period, as of 8 a.m. on the Loan Subscription Date).
Loan Accrual Period:	With respect to each Loan, the period from and including the prior Loan Accrual Date up to but excluding the then applicable Loan Accrual Date (i.e., the 15th day of each month (or next Business Day) up to but not including the 15th day of the next succeeding month (or next Business Day)).

Loan Accrual Date:	The 15th day of each month or the next following Business Day.
Monthly Interest Amount:	For each Loan, (a) the product of (i) the applicable Interest Rate and (ii) the outstanding Loan Amount calculated daily on the basis of a 365-day year for the actual number of days elapsed *plus* (b) any interest shortfall described under Interest Application below, plus, with respect to Above Par Collateral, the Required Monthly Amortization.
Payment Date:	The Business Day following each Determination Date (which Determination Date is the second Business Day following the applicable Loan Accrual Date).
Income:	All income on the collateral that is received by Lender through a master account. All interest earned on such income is for the benefit of Lender. Income will be distributed on the Payment Date.
Interest Application:	Interest income will be applied *first*, to Monthly Interest Amount including the Required Monthly Amortization (but only after other Monthly Interest Amount is paid); and *second*, to Borrower through its Primary Dealer; *provided* that if there is an interest shortfall, then such shortfall will be added to the following Monthly Interest Amount.
Monthly Interest Deficiency:	The excess of expected interest from the Collateral over the interest actually received from the Collateral. Monthly Interest Deficiency must be paid within 30 days following delivery of a Monthly Interest Deficiency notice.
Monthly Interest Timing Amount:	Any amount of Monthly Interest Amount which cannot be paid from Income (other than any portion which constitutes a Monthly Interest Deficiency) and remains outstanding from and after the Payment Date. Any such amounts shall not be required to be paid on the applicable Payment Date, but will be added to the Monthly Interest Amount owed by the Borrower to the Lender.
Unpaid Monthly Interest:	Any unpaid Monthly Interest Amount will accrue interest at the same rate as the Loan Interest Rate.
Principal Application:	Principal will be applied *first*, for remittance to Borrower in the amount of Borrower's *pro rata* share based upon the applicable haircut on the Loan ("Borrower's Principal Share"); *provided* that Borrower's Principal Share shall be reduced by any Monthly Interest Deficiency (but not the Monthly Interest Timing Amount) that then exists, and such reduction shall be paid to the Lender and applied to payment of any unpaid Monthly Interest Deficiency;

	and *second*, to the Lender to be applied towards repayment of principal.
Required Monthly Amortization:	With respect to Above Par Collateral, the required monthly amortization amount as required by the TALF standing Loan Facility Procedures.
Repayment Date:	Three years from the date of the Loan.
Prepayment:	Borrower may prepay in whole or in part upon at least four Business Days' written notice without penalty or premium at any time other than during the Restricted Payment Period (i.e., from and including the Loan Accrual Date through and including the Payment Date). Each prepayment must include accrued and unpaid interest.
Collateral Deficiency:	Within five Business Days (or such longer period of time as Lender may agree in its sole discretion) of obtaining knowledge that collateral was ineligible as of the date originally pledged, the Borrower must (i) repay the applicable Loan plus accrued and unpaid interest or (ii) deliver substitute Eligible Collateral; *provided* that the Eligible Collateral must bear interest in the same manner (i.e., fixed or floating), and if the deficient Collateral is SBA Collateral, such substitute Collateral must also be SBA Collateral.
Procedure for Requesting Loans:	Please see "*Understanding the Term Asset-Backed Securities Loan Facility—Origination and Closing Timeline*" in the attached memorandum.
Covenants:	By Borrower, Primary Dealer (with respect to any applicable Borrower), Administrator and Custodian: - Provision of Information - Permission to Inspect By Borrower: - Maintenance of first priority lien in Collateral - No Sale of Collateral; No imposition of liens on Collateral - Payment of taxes with respect to the Collateral - Reimbursement of expenses for protecting and realizing on the Collateral - Preservation of rights to Collateral - Further assurances

	- Cure any Collateral Deficiency - Maintenance of records - Notice of the occurrence of a Collateral Enforcement Event <u>By Primary Dealer (with respect to the applicable Borrower)</u>: - Agreement to provide Know Your Customer information as requested by Lender - If requested by Lender, Custodian or Administrator, provision of market price information regarding the Collateral - If Borrower has the right to exercise voting rights, notification to Custodian of Borrower's instructions - Notice of the occurrence of a Collateral Enforcement Event - Establish and implement policies and procedures for identifying conflicts of interest and for taking remedial action - If such Primary Dealer (or an affiliate) intends to become a Borrower, intends to become Borrower's Primary Dealer and acted as underwriter for the Eligible Collateral, submission of a conflict of interest and remediation plan to address conflicts and potential conflicts <u>By Custodian</u>: - Forward notices to Primary Dealer with respect to the collateral - Deliver notice to Lender or any partial redemption or payment with respect to the Collateral
Representations and Warranties:	<u>By Borrower, Primary Dealer, Administrator and Custodian</u>: - Organization - Existence - Power and authority - Enforceability - No consents - No Untrue Information

Representations and Warranties: (cont'd)	By Borrower: - Eligible Collateral - Eligible Borrower - Authorization of Primary Dealers to act on its behalf - First priority security interest - Valid creation and perfection of security interest By Primary Dealer: - It has provided Borrower with copy of agreement - It has received authorization to act on behalf of Borrower - Primary Dealer has the right to grant a security interest in the Collateral - Primary Dealer has complied with Anti money laundering requirements - Primary Dealer has entered into a customer agreement with Borrower - Primary Dealer has delivered no untrue information to Lender, Administrator or Custodian Collateral is Eligible Collateral
Collateral Enforcement Events:	Failure to Pay. Borrower fails to pay any obligation when due (without regard to non-recourse nature of the Loan); provided that, in the case of a failure to pay when due any Monthly Loan Interest Expense Amount, (a) the failure to pay a Monthly Interest Deficiency on or prior to the 30th day after delivery of the related notice thereof will not constitute a Collateral Enforcement Event; and (b) the failure to pay a Monthly Interest Timing Amount will not constitute a Collateral Enforcement Event. Failure to Perform. Borrower fails to observe or perform any obligation, covenant, term or condition contained in the Agreement. Inaccurate Representation. The inaccuracy of any representation or warranty in any material respect on or as of the date made or deemed made by the Borrower in connection with the Agreement, or any other statement or document delivered by it (except that a Collateral Deficiency may be cured as described above under "Collateral Deficiency"). Insolvency. Borrower becomes insolvent or insolvency proceedings are commenced.

	Enforceability and Priority. Either the Agreement fails to be enforceable against the Borrower or the lien on the Collateral fails to be a first priority lien. Other Encumbrances. Any other lien arises with respect to the Collateral. Insolvency of Collateral Issuer. An event of default or similar circumstance arises under any agreement governing the Collateral as a result of an insolvency of the issuer of the Collateral. Loans are cross-defaulted, but only cross-collateralized in the event of a Borrower insolvency.
Remedies:	Upon a Collateral Enforcement Event, the Lender will have the following remedies: - Acceleration - Possession of books and records - Liquidation - Voting Rights under Collateral - All rights afforded under Article 9 of the UCC *provided*, that with respect to any Collateral Enforcement Event other than the insolvency of a Borrower, the Lender will only exercise its remedies with respect to the applicable Loan(s) and the Collateral securing such Loan(s).
Collateral Surrender:	Borrower has a right at any time, regardless of whether a Collateral Enforcement Event occurs, to surrender its Collateral in exchange for forgiveness of the Loan; *provided* that Borrower has not tripped any of the non-recourse triggers which would cause the Loan to become full recourse to the Borrower. Such option is not available if the Collateral was not Eligible Collateral at the time pledged to the Lender. The recourse triggers survive the Collateral Surrender and recourse may be sought against the Borrower following a Collateral Surrender if the nonrecourse triggers were previously tripped.
Recourse:	Borrower: The Borrower's obligations under each Loan are solely to the extent of the collateral securing such Loan except that such recourse qualification shall not apply to: - any Loan for which Borrower fails to cure any Collateral Deficiency

	- all Obligations for a Loan to the extent that Borrower is not an Eligible Borrower (determined on the basis of eligibility criteria in effect as of the date the Loan was made) - all Obligations of Borrower to the extent that they arise from the following representations and warranties of Borrower being inaccurate: Enforceability; status as an Eligible Borrower; Authorization of Primary Dealer; First Priority Security Interest; Creation and Perfection of Security Interest; collateral is Eligible Collateral - all obligations of Borrower with respect to a Loan if a Collateral Surrender and Acceptance Notice has not been delivered to the Custodian prior to the Maturity Date of such Loan - The rights to reimbursement by the Custodian for amounts advanced that are payments required to be made by the Borrower; The rights of recourse against the Borrower survive for the benefit of any subsequent assignee of the Collateral (as if the assignee had been the Lender). <u>Primary Dealer</u>: No recourse shall be had against the Primary Dealer, Custodian or Administrator; *provided* that recourse may be had against the Primary Dealer for: - failure to perform any covenants under the Lending Agreement - representations and warranties fail to be true and correct in all material respects (but with respect to the following, only if the Primary Dealer failed to exercise reasonable care to confirm their accuracy: no untrue information obtained from third parties; receipt of Authorization to act on behalf of the Borrower; Primary Dealer has right to grant security interest; Borrower was an Eligible Borrower; Collateral is Eligible Collateral) - its gross negligence, willful misconduct or fraudulent acts or omissions The rights of recourse against the Primary Dealer survive for the benefit of any subsequent assignee of the Collateral (as if the assignee had been the Lender).
Indemnification:	Borrower will indemnify and hold harmless, the Lender, the Administrator and the Custodian and each of its affiliates and their officers, directors, employees, agents and advisors from claims and losses relating to the Loans under the facility; but only to the extent that the facility becomes full recourse to the Borrower.

Assignment:	Borrower may not assign rights and obligations without Lender's consent; *provided* that Lender will not consent after December 31, 2009 unless it has determined that unusual and exigent circumstances exist in the financial markets.
Amendment:	Lender may amend via notice through the TALF Website, and such amendment shall affect any Loans incurred from and after the effective date of the amendment.
Governing Law:	State of New York
Miscellaneous:	Consent to jurisdiction in Southern District of New York; waiver of jury trial; waiver of immunity.

Please feel free to contact any of the following attorneys if you have questions about this memorandum.

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