

## OUTLINE FOR TALF TERMS AND CONDITIONS

1. **The Facility and Purpose**
  - A. component of the Consumer and Business Lending Initiative (CBLI)
  - B. to facilitate a potential \$1 trillion in new loans for small businesses
  - C. Federal Reserve Bank of New York to lend up to \$200 Billion initially
2. **Eligible Collateral**
  - A. AAA-rated asset-backed securities only
  - B. ABS must be back by newly issued (some as recent as Jan. 1, 2009) loans (auto, student, SBA-guaranteed)
  - C. Must be cleared through Depository Trust Company
3. **Eligible Borrowers**
  - A. any U.S. organized company owning eligible collateral
4. **Transaction Structure and Pricing**
  - A. non-recourse loans
  - B. 3-year term with interest payable monthly
  - C. prepayable
  - D. issues with collateral substitution
  - E. applicable interest rate varies depending on basis of eligible collateral
  - F. adjustment for collateral priced at premium to par
5. **Haircuts and Interest Rate Reductions**
  - A. reduction in the interest rates and collateral haircuts for loans secured by ABS guaranteed by the Small Business Administration or backed by government-guaranteed student loans
6. **Allocation and Disbursement**
  - A. dispursed directly to borrower
  - B. \$10 million minimum
  - C. Use of primary dealer
  - D. collateral delivered to FRBNY
  - E. TALF terminated on December 31, 2009 unless extended by Fed.