

Press Release

FEDERAL RESERVE press release



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The Federal Reserve Board on Friday released additional terms and conditions--including loan rates and collateral haircuts--of the Term Asset-Backed Securities Loan Facility (TALF). The additions were determined after further analysis and consultation with issuers, investors, and dealers in asset-backed securities (ABS).

The new terms and conditions also include a revised definition of eligible borrowers and additional specifications regarding eligible ABS collateral. In addition to a new term sheet, the Board released a revised frequently-asked-questions document detailing the changes.

The Board authorized the TALF on November 24, 2008, under [section 13\(3\) of the Federal Reserve Act](#), and provided further details about the terms and conditions for the program on December 19, 2008. The TALF is designed to increase credit availability and support economic activity by facilitating the issuance of ABS collateralized by certain consumer and small business loans. The ABS markets historically have been an important funding source for consumer credit and small business loans guaranteed by the Small Business Administration (SBA), but deteriorating conditions in ABS markets have caused issuance of such securities to come to a near standstill in recent months.

Under the TALF, the Federal Reserve Bank of New York will lend up to \$200 billion to eligible owners of certain AAA-rated ABS backed by newly and recently originated auto loans, credit card loans, student loans, and SBA-guaranteed small business loans. The date that the TALF will commence operations will be announced later this month.

[Terms and conditions](#)

[Frequently asked questions](#)

Related Press Releases

[Federal Reserve announces the creation of the Term Asset-Backed Securities Loan Facility \(TALF\)](#)
November 25, 2008

[Federal Reserve releases revised information detailing operational aspects of Term Asset-Backed Securities Loan Facility \(TALF\)](#)
December 19, 2008