

# Press Release

## FEDERAL RESERVE press release



*Release Date: August 17, 2009*

**For release at 9:00 a.m. EDT**

The Federal Reserve Board and the Treasury Department on Monday announced that they approved an extension to the Term Asset-Backed Securities Loan Facility (TALF) and that, at this time, they do not anticipate any further additions to the types of collateral that are eligible for the facility.

Conditions in financial markets have improved considerably in recent months. Nonetheless, the markets for asset-backed securities (ABS) backed by consumer and business loans and for commercial mortgage-backed securities (CMBS) are still impaired and seem likely to remain so for some time. To promote the flow of credit to businesses and households and to facilitate the financing of commercial properties, the Federal Reserve and Treasury approved extending TALF loans against newly issued ABS and legacy CMBS through March 31, 2010. Because new CMBS deals can take a significant amount of time to arrange, the Federal Reserve and Treasury approved TALF lending against newly issued CMBS through June 30, 2010. The Board will continue to monitor financial conditions and will consider in the future whether unusual and exigent circumstances warrant a further extension of the TALF to help promote financial stability and economic growth. The Federal Reserve and Treasury had previously authorized TALF loans through December 31, 2009.

After having conducted a thorough analysis of a number of potential candidates, the Federal Reserve and Treasury announced on Monday that they are holding in abeyance any further expansion in the types of collateral eligible for the TALF. The securities already eligible for collateralizing TALF loans include the major types of newly issued, triple-A-rated ABS backed by loans to consumers and businesses, and newly issued and legacy triple-A-rated CMBS. The Federal Reserve and Treasury are prepared to reconsider their decision if financial or economic developments indicate that providing TALF financing for investors' acquisitions of additional types of securities is warranted.