FRBNY CONFLICTS OF INTEREST POLICY FOR TALF AGENTS

This document is intended to provide TALF Agents with specific requirements that must be followed in connection with their responsibilities under the Master Loan and Security Agreement among TALF II LLC ("Lender"), The Bank of New York Mellon and the TALF Agents party thereto, each on behalf of itself and its Applicable Borrowers ("Lending Agreement") and their participation in the Term Asset-Backed Securities Loan Facility ("TALF Program"). Unless otherwise indicated, capitalized terms used herein have the meaning set forth in the Lending Agreement.

I. Introduction

Under the terms of the Lending Agreement, each TALF Agent that intends to participate in the TALF Program must have in place policies and procedures reasonably designed to identify, manage, mitigate, monitor, and escalate to the Federal Reserve Bank of New York ("FRBNY") potential or actual conflicts of interest associated with its participation. Under the Lending Agreement, TALF Agents will perform a critical role in ensuring the integrity of the TALF Program by gathering information, conducting due diligence on Applicable Borrowers, and in providing assurance regarding Borrower eligibility and collateral eligibility. This policy recognizes that TALF Agents and the larger organizations they belong to may play multiple roles and have multiple interests with regard to the TALF Program, Eligible Collateral, and Applicable Borrowers, both for themselves and for their customers.[1] It is essential in order to safeguard public confidence in the TALF Program that TALF Agents identify and properly address such conflicts so that no Person receives an unfair advantage from TALF participation and to provide assurance that TALF Agents will perform their "gatekeeper" responsibilities under the Lending Agreement with the commensurate independence, rigor and skill that is expected.

II. Conflict of Interest Identification and Remediation

A. General Requirement

Participating TALF Agents are required to establish, maintain and document conflict of interest policies and procedures associated with their TALF activities ("Conflicts of Interest Plan"). A TALF Agent's Conflicts of Interest Plan must include conflict of interest identification and remediation measures designed to address actual and potential conflicts that may arise out of the TALF Agent's multiple roles in any TALF transaction, including the risk that the TALF Agent or its Affiliate may gain, or stand to gain, an unfair competitive advantage in arranging a loan under the TALF Program. Moreover, measures taken must ensure that all Applicable Borrowers are treated fairly and that the TALF Agent avoids or properly mitigates situations where the independence with which it would perform its TALF Agent responsibilities could be

[1] By way of example, a non-exclusive list of potential multiple roles in which the TALF Agent that acts as an agent for an Applicable Borrower in submitting a Loan Request (as well as another part of the TALF Agent's organization or its Affiliate) might serve or have served include: (i) an underwriter of Eligible Collateral, (ii) the sponsor of an investment fund seeking to be a TALF Borrower, (iii) the originator or underwriter of loans backing Eligible Collateral, (iv) a TALF Borrower itself, or (v) an intermediary involved in the purchase or sale of Eligible Collateral by Applicable Borrowers in the secondary market.

called into question. As part of these policies, each TALF Agent must designate a person or committee to be responsible for oversight and mitigation of any conflicts of interest associated with participation in the TALF Program, and such individual or committee must have sufficient authority and independence to ensure the integrity of decision-making.

B. Scope

As required under the Lending Agreement, each participating TALF Agent must provide the FRBNY with its Conflicts of Interest Plan no later than two Business Days prior to submitting an initial loan request. To the extent a previously submitted Conflicts of Interest Plan does not adequately address a potential or actual conflict associated with a subsequent TALF loan request, the TALF Agent shall provide the FRBNY with an updated Conflicts of Interest Plan no later than two Business Days prior to submitting that subsequent request.

In developing the Conflicts of Interest Plan, TALF Agents should take an expansive view of the universe of potentially relevant conflicts. While the scope of actual or potential conflicts to be considered will depend upon the nature of the TALF Agent's organization, business model, customers, and planned TALF activities, the FRBNY would expect at a minimum that the Conflicts of Interest Plan consider and address the following situations:

- The TALF Agent or its Affiliate acted or intends to act as underwriter for the collateral proposed or to be proposed as collateral for a TALF loan;

- The TALF Agent or its Affiliate is a sponsor, collateral manager, depositor or issuer of the securities proposed or to be proposed as collateral for a TALF loan;

- The TALF Agent is acting or intends to act as an agent for a Related Party submitting a TALF loan request for such Party or on behalf of a customer whose account is managed by such Related Party;

- The TALF Agent or its Affiliate was the lender, sponsor, originator or underwriter of loans or leases included in the pool of assets underlying the Eligible Collateral the TALF Agent intends to pledge for a TALF loan; and

- The TALF Agent or its Affiliate has, or manages on behalf of another Person, a long or short position in Eligible Collateral an Applicable Borrower has pledged or intends to pledge for a TALF loan, or the TALF Agent or its Affiliate served or will serve as the counterparty or facilitator of the Applicable Borrower's purchase of the Eligible Collateral in the secondary market.

C. Information to be Contained in the Conflicts of Interest Plan

A TALF Agent's Conflicts of Interest Plan must include the following:

i. Identification of the Conflict

The Conflicts of Interest Plan must identify any actual or potential conflicts of interest that may arise pursuant to the TALF Agent's duties under the TALF Program and must include all information necessary for the FRBNY to assess how such actual or potential conflict will be addressed. For each identified conflict, the Conflicts of Interest Plan must set forth:

1) The TALF Agent's relationship to the Applicable Borrower;

2) A description of the activities or circumstances that give rise to the conflict;

3) Any actual or potential Personal Conflict of Interest[2] or Organizational Conflict of Interest;[3]

4) A description of the conflicts remediation process established by the TALF Agent; and

5) Any material Personal Conflicts of Interest or Organizational Conflicts of Interest that are not fully mitigated by remediation measures in the Conflicts of Interest Plan.

ii. Remediation

The Conflicts of Interest Plan should fully describe any mitigation measures. Necessary mitigation measures may depend on a variety of factors, including the type of conflict, the nature of relevant transactions, and the organizational structure of the TALF Agent and the Affiliate. Measures designed to address the conflict may include the following alone or in combination:

1) Adoption, implementation, and enforcement of a code of conduct or other ethics policy that may address conflicts of interest;

[2] "Personal Conflict of Interest" means a personal, business, or financial interest of an individual, his or her spouse, minor child, or other family member with whom the individual has a close personal relationship that could adversely affect (i) the individual's ability to perform his or her duties, or (ii) his or her objectivity or judgment in performance of such duties.

[3] "Organizational Conflict of Interest" means a situation in which the TALF Agent has an interest or relationship that could cause a reasonable person with knowledge of the relevant facts to question the TALF Agent's objectivity or judgment to perform TALF activities or its ability to adequately represent parties with adverse interests.

2) Adoption, implementation, and enforcement of appropriate information barriers to prevent unauthorized individuals from obtaining nonpublic information relating to the loan or offering;

3) Protocols that segregate the conflicting activities of a TALF Agent or Affiliate;

4) Application of specific processes or procedures to ensure that transactions involving Eligible Collateral are conducted fairly;

5) Monitoring and surveillance of individual, organizational, and customer activity to ensure mitigation measures are working effectively;

6) Procedures and processes that provide for decision-making by independent individuals and governance bodies in specified circumstances;

7) Any other steps appropriate under the circumstances.

iii. Recordkeeping

Each TALF Agent shall maintain a log of any actual conflicts that arise from its TALF-related activities. This log should clearly identify the conflict, the parties involved and the steps taken by the TALF Agent to remediate the conflict.

iv. Submission of Conflicts of Interest Plan and Related Information

As noted earlier, each TALF Agent must submit its Conflicts of Interest Plan to the FRBNY no later than two Business Days prior to submitting a loan request under the conditions set forth in Section II above. Additionally, TALF Agents must immediately communicate to the FRBNY any material changes or updates to their Conflicts of Interest Plan, and must submit an updated Conflicts of Interest Plan upon request. TALF Agents must also provide the FRBNY upon request a copy of the conflicts log described in subsection (iii) above. Conflicts of Interest Plans and conflict logs should be transmitted via email to talf.compliance@ny.frb.org.

D. Transactions Presumptively Subject to Higher Scrutiny

Certain transactions present potential conflicts of interest which warrant a high level of scrutiny and, as a result, should be escalated both to the TALF Agent's designated person or committee described in Section II.A. above and to the FRBNY, no later than two Business Days prior to submitting a Loan Request, via email to talf.compliance@ny.frb.org. These include, but are not limited to, the following:

- Where an Applicable Borrower is an Affiliate of the TALF Agent;
- When proceeds of newly issued securities pledged for a TALF loan will be used to repay any financing from the TALF Agent or its Affiliates; or

- Where a TALF Agent or its Affiliate is the sponsor of the newly issued asset-backed securities or is the originator of the collateral supporting the asset-backed securities.

E. FRBNY Discretion to Reject Participation

The FRBNY shall have the right, in its sole discretion, to deny a Loan Request in circumstances involving a conflict of interest that the FRBNY believes has not been adequately mitigated.

III. Transactions that are Prohibited

The FRBNY believes certain transactions cannot be adequately mitigated and are therefore prohibited. On December 31st of each year that a TALF loan is still outstanding, such TALF Agent is required to submit to the FRBNY a certification attesting to its adherence to the prohibitions set forth in this section. For additional information see Appendix 1 of the Lending Agreement.

A. Restriction on Moral Recourse and Related Certification

A basic tenet that underlies the TALF Program is that Eligible Collateral will be most prudently selected if an independent investor's economic capital is truly at risk. Accordingly, TALF Agents and their Affiliates are prohibited from entering into any agreement pursuant to which the TALF Agent or its Affiliates will, directly or indirectly, acquire from any Applicable Borrower any collateral which was underwritten or sold by such TALF Agent, if such acquisition is at a price designed to reduce or eliminate any loss that such Applicable Borrower would realize on the sale of such collateral in a fair market value transaction. Any other agreement or transaction intended to have the same effect is also prohibited.

B. Prohibited Credit Hedging Transactions

Similarly, the FRBNY believes that certain hedging transactions have the potential to diminish the rigor with which an independent investor might evaluate Eligible Collateral. Accordingly, under the Lending Agreement, Borrowers are prohibited from engaging, and must represent that they will not engage, in any Credit Hedge in relation to collateral that they intend to pledge or have pledged as security under the Lending Agreement. If the TALF Agent becomes aware that an Applicable Borrower has in fact entered into a prohibited Credit Hedge, it should immediately notify the FRBNY.

C. Restriction on Purchasing Self-Originations

TALF Agents and their Affiliates are prohibited from purchasing with the proceeds of a TALF loan any Eligible Collateral that was securitized by the TALF Agent or an Affiliate that contain underlying credit exposures that were originated by such TALF Agent or any Affiliate.

D. TALF Agent as a TALF Borrower

TALF Agents are permitted to borrow under the TALF Program, provided they satisfy the eligibility requirements. However, to ensure that the "gatekeeper" responsibilities assigned to TALF Agents are applied with sufficient independence, a TALF Agent wishing to be a Borrower must do so through an unaffiliated third-party TALF Agent.[4]

IV. Questions and Comments

Questions and comments regarding this Policy may be directed to the FRBNY via email at talf.compliance@ny.frb.org. This guidance may change from time to time, and any such changes will be posted to the TALF website.

[4] A narrow exception to this prohibition will apply in the rare circumstance where TALF Agent is acting on behalf of an Applicable Borrower who becomes ineligible between Loan Subscription and Loan Closing, and the TALF Agent elects to be the purchaser and Borrower of the relevant new issue.