

TALF 2020 Update

By **Jonathan C. Wishnia**, **Sarah Bridges**, **Lucas C. Maranhao**, and **Timothy J. Nichols**

On April 9, 2020, the Federal Reserve Bank of New York (the Federal Reserve) announced updates to the 2020 Term Asset-Backed Securities Loan Facility (TALF). The updates include expanding the eligible underlying asset classes to include both newly originated collateralized loan obligations issued on or after March 23, 2020, and legacy commercial mortgage-backed securities (CMBS) issued prior to March 23, 2020. CMBS is the only eligible underlying asset class for which legacy, rather than newly originated, assets are permitted under TALF.

The biggest change that will likely negatively impact the servicing industry is the removal of servicing advance receivables from the list of eligible collateral. When the 2008 TALF facility was expanded to include servicing advance receivables, many servicers were able to once again obtain financing from their existing lenders that got comfortable in the fact they could sell

the assets in a securitization to investors using TALF loans if the servicer defaults. The Federal Reserve has not released any information as to why it removed servicing advance receivables from the list of eligible collateral or whether any further guidance on this point is forthcoming.

The revised TALF term sheet is available [here](#).

We will update this article periodically as new developments occur in the structured finance market with respect to the response to the COVID-19 pandemic.

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Contacts

Please contact the listed attorneys for further information on the matters discussed herein.

JONATHAN C. WISHNIA

Partner
Chair, Mortgage & Structured Finance
T: 646.414.6797
jwishnia@lowenstein.com

LUCAS C. MARANHÃO

Associate
T: 973.597.2482
[lmaranhao@lowenstein.com](mailto:lm Maranhão@lowenstein.com)

SARAH BRIDGES

Counsel
T: 973.422.6788
sbridges@lowenstein.com

TIMOTHY J. NICHOLS

Associate
T: 973.422.2950
tnichols@lowenstein.com

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