

Hot Off the Press Recent Financial Crisis News

April 6, 2009 – PPIP Update: Treasury extends application deadline for Legacy Securities Program; Additional TALF Information

Today Treasury extended the deadline for asset manager application from April 10, 2009 to April 25, 2009 and released updated FAQs and term sheets for the Legacy Securities Program. These changes don't impact the Legacy Loan Program.

The announcement clarifies that loans available under the TALF program (Legacy TALF) will be separate from the PPIP and Legacy TALF can be used by private investors not participating in the Legacy Securities Program. If the Legacy TALF program's eligibility criteria are similar to the PPIP criteria, private investors will be able to obtain a low-cost loan from the New York Fed to fund purchases of CMBS and RMBS that were issued prior to January 1, 2009 and were originally rated "AAA." Stay tuned for more details from the Federal Reserve (watch <http://www.newyorkfed.org/markets/talf.html>).

Interested asset managers now have until April 24, 2009 to submit applications. Treasury expects to provide preliminary qualification information by May 15, 2009 (originally May 1, 2009). Asset managers are not necessarily required to satisfy all of the prequalification standards published by Treasury – applications will be assessed on a "holistic basis." Asset managers are encouraged to partner with small, veteran-, minority-, and women-owned businesses. Pre-qualified managers will have 12 weeks to raise at least \$500 million in private capital for their PPIF. That brings us to August 7th, for those of us trying to figure out when the first purchase may occur . . .

Announcement Link: <http://www.financialstability.gov/latest/tg82.html>

Related MoFo Article: <http://www.mofo.com/news/updates/files/090324FinStab.pdf>

PPIP Cheat Sheet: <http://www.mofo.com/docs/pdf/090325PublicPrivateInvestCheatSheet.pdf>

Contact your Morrison & Foerster lawyer with any questions. With more than 1000 lawyers in 17 offices around the world, Morrison & Foerster offers clients comprehensive, global legal services in business and litigation. The firm is distinguished by its unsurpassed expertise in finance, life sciences, and technology, its legendary litigation skills, and an unrivaled reach across the Pacific Rim, particularly in Japan and China. For more information, visit www.mofo.com. © 2009 Morrison & Foerster LLP. All rights reserved.

Because of the generality of this update, the information provided herein may not be applicable in all situations and should not be acted upon without specific legal advice based on particular situations.