April 6, 2009

Legacy Securities Public-Private Investment Funds
Summary of Proposed Terms

Summary of Program	The United States Department of the Treasury ("Treasury") will participate in Legacy Securities Public-Private Investment Funds ("Funds") that will invest in legacy securities that will initially include securities backed by mortgages on residential and commercial properties ("Eligible Assets") on behalf of taxpayers and private investors. The Funds are one component of a broader array of measures targeting legacy assets in order to encourage new credit formation. This program contributes to that effort by improving the health of financial institutions through removal of legacy assets from their balance sheets and by helping to increase the liquidity and functioning of markets for these securities. Private asset managers ("Fund Managers") will apply to be pre-qualified to raise private capital to invest in joint investment programs with Treasury. Fund Managers will raise equity capital from private investors and receive matching Treasury equity funding (as described below). Taxpayers (through the Treasury) and private investors will generally share any profits or losses on a *pro rata* basis in accordance with equity capital investments, except as described under "Treasury Warrants" below.
Investment Objective	To generate attractive returns for taxpayers and private investors through long-term opportunistic investments in accordance with the Investment Strategy.
Investment Strategy	The Funds will seek to achieve the Investment Objective by following predominantly a long-term buy and hold strategy, but Treasury will consider other strategies involving limited trading.
Fund Structure	Treasury and a vehicle controlled by the applicable Fund Manager through which private investors will invest in a Fund (each, a "Private Vehicle") will be the sole investors in a Fund. Additional detail with respect to Fund Structure can be found under "Fund Structure Detail" below.
Pre-Qualification of Fund Managers	Private asset managers wishing to participate in this program should submit the application found at http://www.financialstability.gov/ to Treasury as part of the selection process. Fund Managers will be pre-qualified based upon criteria that are anticipated to include: • Demonstrated capacity to raise at least $500 million of private capital. • Demonstrated experience investing in Eligible Assets, including through performance track records.

- A minimum of $10 billion (market value) of Eligible Assets under management.
- Demonstrated operational capacity to manage the Funds in a manner consistent with Treasury's stated Investment Objective while also protecting taxpayers.
- Headquarters in the United States.

Other criteria are identified in the application. Treasury will consider suggestions from Fund Managers to raise equity capital from retail investors.

Application Deadlines

An applicant must submit its application to Treasury no later than April 24, 2009.

Treasury expects to inform an applicant of its preliminary approval on or prior to May 15, 2009.

Applicants will have a limited period of time from preliminary approval to raise at least $500 million of private capital and demonstrate committed capital before receiving final approval from Treasury. Applicants will be asked to describe the amount of time they anticipate needing to raise private capital in their applications. In the event applicants are not able to so demonstrate, Treasury will consider other applications.

Treasury Funding

Treasury expects to approve approximately 5 Fund Managers to raise private capital to invest in joint investment programs with Treasury. The number of Fund Managers may be increased depending on Treasury's evaluation of the applications received and determination of what is in the best interests of taxpayers. Treasury will consider expanding the program through additional fundings in the future.

Eligible Assets

The Eligible Assets will initially be commercial mortgage backed securities and residential mortgage backed securities issued prior to 2009 that were originally rated AAA or an equivalent rating by two or more nationally recognized statistical rating organizations without ratings enhancement and that are secured directly by the actual mortgage loans, leases or other assets and not other securities (other than certain swap positions, as determined by the Treasury). The loans and other assets underlying any Eligible Asset must be situated predominantly in the United States, which limitation is subject to further clarification by Treasury. The Eligible Assets must be purchased solely from financial institutions from which the Secretary of the Treasury may purchase assets pursuant to Section 101(a)(1) of the Emergency Economic Stabilization Act of 2008 ("EESA").

Drawdowns

Treasury equity capital will be drawn down in tranches to provide for anticipated investments (subject to limitations to be agreed with Treasury); *provided* that, except as otherwise agreed by Treasury, Treasury equity capital may only be drawn down at the same time and in the same proportion as private capital is drawn down. Debt financing (as described below) will be funded concurrently with drawdowns of equity commitments.

Asset Purchases / Dispositions

Fund Managers will control the process of asset selection and pricing.

Fund Managers will also control the process of asset liquidation, trading, and disposition.

Governance and Management

Treasury expects to define final terms and conditions for the Funds prior to fundraising.

Funds will be managed by Fund Managers, not the Treasury.

Treasury will retain the right to cease funding of committed but undrawn Treasury equity capital and debt financing in its sole discretion.

Fund Managers will be required to present monthly reports to Treasury on Eligible Assets purchased, Eligible Assets disposed, current valuations of Eligible Assets and profits/losses on Eligible Assets included in each Fund.

Prices of Eligible Assets for reporting purposes must be tracked using third party sources and annual audited valuations by a nationally recognized accounting firm.

A Fund Manager may not, directly or indirectly, acquire Eligible Assets from or sell Eligible Assets to its affiliates, any other Fund or any private investor that has committed 10% or more of the aggregate private capital raised by the Fund. Private investors may not be informed of potential acquisitions of specific Eligible Assets prior to acquisition.

Fund Managers must agree to waste, fraud and abuse protections for the Fund to be defined by Treasury in order to protect taxpayers.

Fund Managers must agree to provide access to relevant books and records of the Fund for Treasury, the Special Inspector General of the TARP, the Government Accountability Office and their respective advisors and representatives to enable appropriate oversight and taxpayer protection.

Treasury Capital Term

Fund Managers will make proposals for the term of a Fund with the intention to maximize returns for taxpayers and private investors, but no greater than 10 years, subject to extension with Treasury's consent.

Debt Financing

Each Fund Manager will have the option to obtain for each Fund secured non-recourse loans from Treasury ("Treasury Debt Financing") in an aggregate amount of up to 50% of a Fund's total equity capital; *provided* that Treasury Debt Financing will not be available to any Fund Manager in respect of a Fund in which the private investors have voluntary withdrawal rights. Treasury will consider requests for Treasury Debt Financing of up to 100% of a Fund's total equity capital subject to restrictions on asset level leverage, withdrawal rights, disposition priorities and other factors Treasury deems relevant. Fund Managers will have the opportunity to request this additional Treasury Leverage and propose additional terms in their applications.

Funds may also finance the purchase of Eligible Assets through Legacy

TALF, any other Treasury program or debt financing raised from private sources; *provided* that Treasury equity capital and Private Vehicle capital must be leveraged proportionately from such private debt financing sources.

The Treasury Debt Financing will be secured by the Eligible Assets held by the applicable Fund.

Loans made by Treasury to any Fund will accrue interest at an annual rate to be determined by the Treasury and will be payable in full on the date of termination of the Treasury Capital Term.

Treasury Warrants

Proceeds received by a Fund will be divided between the Treasury and the applicable Private Vehicle based on equity contributions, except that Treasury will take warrants as required by EESA to protect the interests of taxpayers. The terms and amounts of such warrants will be determined in part based on the amount of Treasury Debt Financing taken.

Fees

Fund Managers may charge private investors fees in their discretion. The Treasury will consider the fees proposed to be charged to private investors when evaluating applications by private asset managers.

For Treasury equity capital, the Treasury will accept proposals for fixed management fees ("Treasury Fees") to apply as a percentage of equity capital contributions for invested equity capital. Treasury Fees and Treasury's share of Fund expenses will be paid solely out of distributions with respect to Treasury equity capital.

Any fees paid to a Fund Manager or its affiliates in connection with a Fund other than Treasury Fees and management or incentive fees charged to private investors should accrue to the benefit of the Treasury and private investors on a pari passu basis based on equity capital commitments.

Small, Veteran-, Minority- and Women-Owned Businesses

To ensure a diversity of participation, the Treasury will encourage small, veteran-, minority- and women-owned private asset managers to partner with other private asset managers, if necessary, in order to meet the criteria identified above for assets under management and ability to raise private capital.

Fund Structure Detail

Private investors may be given voluntary withdrawal rights at the level of a Private Vehicle, subject to limitations to be agreed with Treasury including that no private investor may have the right to voluntarily withdraw from a Private Vehicle prior to the third anniversary of the first investment by such Private Vehicle.

The Treasury will request suggestions on structure from Fund Managers, including with respect to possible recycling of realized capital.

It is anticipated that Private Vehicles will be structured so that benefit plan investors, within the meaning of Section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended, will be eligible to participate as indirect investors in the Funds.