SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 200, 229, 230, 232, 239, 240, 243 and 249

Release Nos. 33-9117; 34-61858; File No. S7-08-10

RIN 3235-AK37

ASSET-BACKED SECURITIES

AGENCY: Securities and Exchange Commission

ACTION: Proposed rule.

SUMMARY: We are proposing significant revisions to Regulation AB and other rules regarding the offering process, disclosure and reporting for asset-backed securities. Our proposals would revise filing deadlines for ABS offerings to provide investors with more time to consider transaction-specific information, including information about the pool assets. Our proposals also would repeal the current credit ratings references in shelf eligibility criteria for asset-backed issuers and establish new shelf eligibility criteria that would include, among other things, a requirement that the sponsor retain a portion of each tranche of the securities that are sold and a requirement that the issuer undertake to file Exchange Act reports on an ongoing basis so long as its public securities are outstanding. We also are proposing to require that, with some exceptions, prospectuses for public offerings of asset-backed securities and ongoing Exchange Act reports contain specified asset-level information about each of the assets in the pool. The asset-level information would be provided according to proposed standards and in a tagged data format using eXtensible Markup Language (XML). In addition, we are proposing to require, along with the prospectus filing, the filing of a computer program of the contractual cash flow provisions expressed as downloadable source code in Python, a

commonly used open source interpretive programming language. We are proposing new information requirements for the safe harbors for exempt offerings and resales of asset-backed securities and are also proposing a number of other revisions to our rules applicable to asset-backed securities.

DATES: Comments should be received on or before August 2, 2010.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/proposed.shtml);
- Send an e-mail to rule-comments@sec.gov. Please include File Number S7-08-10 on the subject line; or
- Use the Federal Rulemaking Portal (http://www.regulations.gov). Follow the instructions for submitting comments.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number S7-08-10. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/proposed.shtml). Comments are also available for Web site viewing and copying in the Commission's Public Reference Room, 100 F Street, NE,

Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: Katherine Hsu, Senior Special Counsel in the Office of Rulemaking, at (202) 551-3430, and Rolaine Bancroft, Special Counsel in the Office of Structured Finance, Transportation and Leisure, at (202) 551-3313, Division of Corporation Finance, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-3628.

SUPPLEMENTARY INFORMATION: We are proposing amendments to Rule 30-1[1] of the Commission's Rules of General Organization,[2] Items 512[3] and 601[4] of Regulation S-K;[5] Items 1100, 1101, 1102, 1103, 1104, 1106, 1110, 1111, 1121, and 1122[6] of Regulation AB[7] (a subpart of Regulation S-K); Rules 139a, 144, 144A, 167, 190, 401, 405, 415, 424, 430B, 430C, 433, 456, 457, 502 and 503[8] and Forms S-1, S-3 and D[9] under the Securities Act of 1933 ("Securities Act");[10] Rules 11, 101, 201, 202, 305, and

---

1 17 CFR 200.30-1.

2 17 CFR 200.1 et al.

3 17 CFR 229.512.

4 17 CFR 229.601.

5 17 CFR 229.10 et al.

6 17 CFR 229.1100, 17 CFR 229.1101, 17 CFR 229.1102, 17 CFR 229.1103, 17 CFR 229.1104, 17 CFR 229.1106, 17 CFR 229.1110, 17 CFR 229.1111, 17 CFR 229.1121 and 17 CFR 229.1122.

7 17 CFR 229.1100 through 17 CFR 229.1123.

8 17 CFR 230.139a, 17 CFR 230.144, 17 CFR 230.144A, 17 CFR 230.167, 17 CFR 230.190, 17 CFR 230.401, 17 CFR 405; 17 CFR 230.415, 17 CFR 230.424, 17 CFR 230.430B, 17 CFR 230.430C, 17 CFR 230.433, 17 CFR 230.456. 17 CFR 230.457, 17 CFR 230.502, and 17 CFR 230.503.

9 17 CFR 239.11, 17 CFR 239.13 and 17 CFR 239.500.

10 15 U.S.C. 77a et seq.

312[11] of Regulation S-T,[12] and Rules 15c2-8 and 15d-22[13] and Forms 8-K, 10-D, and 10-K[14] under the Securities Exchange Act of 1934 ("Exchange Act")[15] and Rule 103[16] of Regulation FD.[17] We also are proposing to add Items 1111A and 1121A[18] to Regulation AB and Rule 192,[19] Rule 430D,[20] Form SF-1,[21] Form SF-3[22] and Form 144A-SF[23] under the Securities Act.

TABLE OF CONTENTS

---

11 17 CFR 232.11, 17 CFR 232.101, 17 CFR 232.201, 17 CFR 232.202, 17 CFR 232.305 and 17 CFR 232.312.

12 17 CFR 232.10 et seq.

13 17 CFR 240.15c2-8 and 17 CFR 240.15d-22.

14 17 CFR 249.308, 17 CFR 249.310, and 17 CFR 249.312.

15 15 U.S.C. 78a et seq.

16 17 CFR 243.103.

17 17 CFR 243.100 et. seq.

18 17 CFR 229.1111A and 17.CFR 229.1121A.

19 17 CFR 230.192.

20 17 CFR 230.430D.

21 17 CFR 239.44.

22 17 CFR 239.45.

23 17 CFR 239.144A.

I. Executive Summary

A. Background

The recent financial crisis highlighted that investors and other participants in the securitization market did not have the necessary tools to be able to fully understand the risk underlying those securities and did not value those securities properly or accurately. The severity of this lack of understanding and the extent to which it pervaded the market and impacted the U.S. and worldwide economy calls into question the efficacy of several aspects of our regulation of asset-backed securities. In light of the problems exposed by the financial crisis, we are proposing significant revisions to our rules governing offers, sales and reporting with respect to asset-backed securities. These proposals are designed to improve investor protection and promote more efficient asset-backed markets.

Securitization generally is a financing technique in which financial assets, in many cases illiquid, are pooled and converted into instruments that are offered and sold in the capital markets as securities. This financing technique makes it easier for lenders to exchange payment streams coming from the loans for cash so that they can make additional loans or credit available to a wide range of borrowers and companies seeking financing. Some of the types of assets that are financed today through securitization include residential and commercial mortgages, agricultural equipment leases, automobile loans and leases, student loans and credit card receivables. Throughout this release, we refer to the securities sold through such vehicles as asset-backed securities, ABS, or structured finance products.

At its inception, securitization primarily served as a vehicle for mortgage financing. Since then, asset-backed securities have played a significant role in both the

U.S. and global economy. At the end of 2007, there were more than $7 trillion of both agency and non-agency[24] mortgage-backed securities and nearly $2.5 trillion of asset-backed securities outstanding.[25] Securitization can provide liquidity to nearly all major sectors of the economy including the residential and commercial real estate industry, the automobile industry, the consumer credit industry, the leasing industry, and the commercial lending and credit markets.[26]

Many of the problems giving rise to the financial crisis involved structured finance products, including mortgage-backed securities.[27] Many of these mortgage-backed securities were used to collateralize other debt obligations such as collateralized debt obligations and collateralized loan obligations (CDOs or CLOs), types of asset-backed securities that are sold in private placements.[28] As the default rate for subprime and other mortgages soared, such securities, including those with high credit ratings, lost

---

[24] Agency securities are securities issued by the government-sponsored enterprises, Ginnie Mae, Fannie Mae or Freddie Mac.

[25] See American Securitization Forum, Study on the Impact of Securitization on Consumers, Investors, Financial Institutions and the Capital Markets (June 17, 2009), at 16 (citing to statistics on outstanding residential mortgage-backed securities and outstanding U.S. ABS collected by the Securities Industry and Financial Markets Association), available at http://www.americansecuritization.com/uploadedFiles/ASF_NERA_Report.pdf.

[26] See testimony of Micah Green, President of the Bond Market Association, Before the Senate Basel Committee on Banking Supervision, A Review of the New Basel Capital Accord, (June 13, 2003), available at http://banking.senate.gov/.

[27] A report by the U.S. Government Accountability Office (GAO) notes that 75% of subprime loans were packaged into securities in 2006. See U.S. Government Accountability Office, Financial Regulation: A Framework for Crafting and Assessing Proposals to Modernize the Outdated U.S. Financial Regulatory System (Jan. 2009) at 26.

[28] CDOs are typically sold as a private placement to an initial purchaser followed by resales of the securities to "qualified institutional buyers" pursuant to Rule 144A. Pools comprising the CDOs may consist of various types of underlying assets including subprime mortgage-backed securities and derivatives, such as credit default swaps referencing subprime mortgage-backed securities, and even tranches of other CDOs. CLOs are similar to CDOs except that they hold corporate loans, loan participations or credit default swaps tied to corporate liabilities.

their value.[29] CDOs were noted, in particular, to have contributed to the collapse in liquidity during the financial crisis.[30] As the crisis unfolded, investors increasingly became unwilling to purchase these securities, and today, this sentiment remains, as new issuances of asset-backed securities, except for government-sponsored issuances, have recently dramatically decreased.[31] The absence of this financing option has negatively impacted the availability of credit.[32]

The financial crisis highlighted a number of concerns with the operation of our rules in the securitization market. Certain regulations for asset-backed securities rely on the ratings for those securities provided by the ratings agencies, and much has been written about the failures of those ratings accurately to measure and describe the risks associated with certain of those products that were realized during the financial crisis.[33] In addition, investors have expressed concern regarding a lack of time to analyze

---

[29] See, e.g., The President's Working Group on Financial Markets, Policy Statement on Financial Market Developments, March 2008 (the "PWG March 2008 Report") at 9 (discussing subprime mortgages and the write-down of AAA-rated and super-senior tranches of CDOs as contributing factors to the financial crisis).

[30] See, e.g., The Report of the Counterparty Risk Management Policy Group III ("CRMPG III"), Containing Systemic Risk: The Road to Reform, August 6, 2008 (the "2008 CRMPG III Report"), at 53 (noting that lack of comprehension of CDO and related instruments resulted in the display of price depreciation and volatility far in excess of levels previously associated with comparably rated securities, causing both a collapse of confidence in a very broad range of structured product ratings and a collapse in liquidity for such products). Another type of asset-backed security that is privately offered is asset-backed commercial paper (ABCP), which was increasingly collateralized by CDOs and RMBS from 2004 through 2007. The ABCP market severely contracted during the crisis. See PWG March 2008 Report at 8.

[31] See, e.g., David Adler, "A Flat Dow for 10 Years? Why it Could Happen," Barrons (Dec. 28, 2009) (noting that new securitization issuances, except those sponsored by the government, have largely come to a halt). In 2008 through the end of September, annualized issuance volumes for overall global securitized and structured credit issuance were approximately $2.4 trillion less than in 2006. See Global Joint Initiative to Restore Confidence in the Securitization Market, Restoring Confidence in the Securitization Markets (Dec. 3, 2008) at 6.

[32] Id.

[33] See, e.g., The PWG March 2008 Report at 2, 8 (noting that the performance of credit rating agencies, particularly their ratings of mortgage-backed securities and other asset-backed securities, contributed significantly to the financial crisis).

securitization transactions and make investment decisions.[34] While the Commission historically has not built minimum time periods into its registration process to deliberately slow down the market,[35] and instead has believed investors can insist on adequate time to analyze securities (and refuse to invest if not provided sufficient time), we have been told that this is not generally possible in this market, particularly in an active market.[36] In addition, market participants have expressed a desire for expanded disclosure relating to the assets underlying securitizations.[37] Investors have complained that the mechanisms for enforcing the representations and warranties contained in securitization transaction documents are weak, and thus are not confident that even strong representations and warranties provide them with adequate protection. In the private market, we believe that, in many cases, investors did not have the information necessary to understand and properly analyze structured products, such as CDOs, that were sold in transactions in reliance on exemptions from registration.[38] As a result of these and other factors, the financial crisis resulted in an absence of confidence in much of the securitization market.

We are proposing a number of changes to the offering process, disclosure, and reporting for asset-backed securities, which are designed to enhance investor protection

---

34 See discussion in Section II.B.1 below.

35 See, e.g., Section IV.A. of Securities Offering Reform, Release No. 33-8591 (Jul. 19, 2005) [70 FR 44722] (release adopting significant revisions to registration, communications and offering process under the Securities Act)(the "Offering Reform Release") (stating that Rule 159 would not result in a speed bump or otherwise slow down the offering process).

36 See discussion in Section II.B.1 below.

37 See also discussion in Section III.A.1 below.

38 The assumption that sophisticated investors are able to fend for themselves in a private asset-backed securities transaction has also been questioned. Cf. Financial Services Authority, The Turner Review: A Regulatory Response to the Global Banking Crisis, March 2009 (the "Turner Review"), at 39 (finding that "the crisis also raises important questions about the intellectual assumptions on which previous regulatory approaches have largely been built").

in this market.[39] The proposals are intended to provide investors with timely and sufficient information, including information in and about the private market for asset-backed securities, reduce the likelihood of undue reliance on credit ratings, and help restore investor confidence in the representations and warranties regarding the assets. Although these revisions are comprehensive and therefore would impose new burdens, if adopted, we believe they would protect investors and promote efficient capital formation. The proposals cover the following areas:

- revisions to the shelf offering process and criteria and prospectus delivery requirements;
- Securities Act and Exchange Act disclosure requirements, including new requirements to disclose standardized asset-level information or grouped asset data and a computer program that gives effect to the cash flow provisions of the transaction agreement (often referred to as the "waterfall"); and
- changes to the Securities Act safe harbors for exempt offerings and exempt resales for asset-backed securities.

In addition, we are proposing clarifying, technical and other changes to the current rules. The proposals are designed to address issues that contributed to or arose from the financial crisis. These proposals are also designed to be forward looking; some of these proposals are designed to improve areas that have the potential to raise issues similar to the ones highlighted in the financial crisis.

---

[39] Our proposals, if adopted, would not affect the applicability of the Investment Company Act (15 U.S.C. 80a-1 et seq.) to ABS issuers, including the availability of exclusions from such Act. See, e.g., Section 3(c)(1) or Section 3(c)(7) (15 U.S.C. 80a-3(c)(1) and 80a-3(c)(7)) (for private transactions); Rule 3a-7 [17 CFR 270.3a-7] (for public and private transactions). Our proposals are not intended to affect the application of the Investment Company Act, including the availability of these exclusions, to ABS issuers.

Our proposals are generally consistent with global initiatives that seek to improve practices in the securitization market.[40] These initiatives include calls by international organizations to require greater disclosure by issuers of securitized products, including initial and ongoing information about underlying asset pool performance.[41] Our focus on both the public and private markets for securitized products is supported by recommendations from international regulators about the type of disclosure that should be provided to investors in the private markets.[42]

B. Securities Act Registration

Securities Act shelf registration provides important timing and flexibility benefits to issuers. An issuer with an effective shelf registration statement can conduct delayed offerings "off the shelf" under Securities Act Rule 415 without further staff clearance. Under our current rules, asset-backed securities may be registered on a Form S-3 registration statement and later offered "off the shelf" if, in addition to meeting other specified criteria,[43] the securities are rated investment grade by a nationally recognized statistical rating organization (NRSRO). As described in detail in Section II.B.3. below, we are proposing to repeal that criterion and establish other criteria for shelf eligibility. We are also proposing changes to the Securities Act rules and forms for issuances of asset-backed securities.

---

40 See Improving Financial Regulation – Report of the Financial Stability Board to G20 Leaders, (Sept. 25, 2009) ("The official sector must provide the framework that ensures discipline in the securitisation market as it revives.").

41 Id.

42 International Organization of Securities Commissions, Final Report of the Task Force on the Subprime Crisis (May 2008)(discussing the types of disclosure that, following the model offered by the types of disclosure mandated in the public markets, private investors may want issuers to provide) .

43 See discussion of other criteria in fn. 70 below.

We have undertaken a Commission-wide effort to consider whether references to NRSRO credit ratings in all the Commission's regulations are necessary or appropriate and whether they could cause investors to unduly rely on ratings.[44] In this release, we are proposing to eliminate the current means of establishing shelf eligibility for an ABS transaction based on the credit ratings of the securities to be issued.[45] Instead, we are proposing to require for shelf eligibility the following:

- A certification filed at the time of each offering off of a shelf registration statement, or takedown, by the chief executive officer of the depositor[46] that the assets in the pool have characteristics that provide a reasonable basis to believe that they will produce, taking into account internal credit enhancements, cash flows to service any payments due and payable on the securities as described in the prospectus;

---

[44] See References to Ratings of Nationally Recognized Statistical Rating Organizations, Exchange Act Release No. 58070 (July 1, 2008) [73 FR 40088] (proposing amendments to rules and forms under the Securities Exchange Act); References to Ratings of Nationally Recognized Statistical Ratings Organizations, Investment Company Act Release No. 28327 (July 1, 2008) [73 FR 40124] (proposing amendments to rules under the Investment Company Act and the Investment Advisers Act); Security Ratings, Securities Act Release No. 8940 (July 1, 2008) [73 FR 40106] (proposing amendments to rules and forms under the Securities Act and the Securities Exchange Act) ("2008 Proposing Release").

[45] As part of the Commission-wide effort to consider whether references to NRSRO credit ratings are necessary, we proposed to replace the ratings requirement in the shelf eligibility criteria in the 2008 Proposing Release. See also Section II.A. below. We reopened the comment period in October 2009. References to Ratings of Nationally Statistical Rating Organizations, Release No. 33-9069 (Oct. 5, 2009) [74 FR 52374]. After considering comments, we are withdrawing this part of the proposals in the 2008 Proposing Release, and we are proposing different ABS shelf eligibility requirements to replace the investment grade ratings requirement.

[46] We use the term "depositor" to mean the depositor who receives or purchases and transfers or sells the pool assets to the issuing entity. For ABS transactions where there is not an intermediate transfer of the assets from the sponsor to the issuing entity, the term depositor refers to the sponsor. For ABS transactions where the person transferring or selling the pool assets is itself a trust, the depositor of the issuing entity is the depositor of that trust. See Item 1101(e) of Regulation AB.

- Retention by the sponsor of a specified amount of each tranche of the securitization,[47] net of the sponsor's hedging (also known as "risk retention" or "skin-in-the-game");
- A provision in the pooling and servicing agreement that requires the party obligated to repurchase the assets for breach of representations and warranties to periodically furnish an opinion of an independent third party regarding whether the obligated party acted consistently with the terms of the pooling and servicing agreement with respect to any loans that the trustee put back to the obligated party for violation of representations and warranties and which were not repurchased; and
- An undertaking by the issuer to file Exchange Act reports so long as non-affiliates of the depositor hold any securities that were sold in registered transactions backed by the same pool of assets.

We also are proposing to replace Forms S-1 and S-3 with new forms for registered ABS offerings -- proposed Forms SF-1 and SF-3 -- and to revise the shelf offering structure for those securities. Form SF-3 would be the form used for ABS shelf offerings.

Given many ABS investors' stated desire for more time to consider the transaction and for more detailed information regarding the pool assets,[48] we are proposing to revise the filing deadlines in shelf offerings to provide investors with additional time to analyze transaction-specific information prior to making an investment

---

[47] We use the term "sponsor" to mean the person who organizes and initiates an asset-backed securities transaction by selling or transferring assets, either directly or indirectly, including through an affiliate, to the issuing entity. See Item 1101(l) of Regulation AB.

[48] See discussion in Section III.A.1 below regarding our proposals relating to asset-level information.

decision. These changes are designed to promote independent analysis of ABS by investors rather than reliance on credit ratings. Under the proposed ABS shelf procedures, an ABS issuer would be required to file a preliminary prospectus with the Commission for each takedown off of the proposed new shelf registration form for ABS (Form SF-3) at least five business days prior to the first sale in the offering.[49] Under the proposal, issuers would use one prospectus for each transaction and the current practice of using core or base prospectuses plus supplements would be eliminated for ABS.

C. Disclosure

In 2004, we adopted a new set of rules prescribing the disclosure requirements for asset-backed issuers.[50] Many disclosure requirements of Regulation AB are principles-based. Regulation AB currently requires that material, aggregate information about the composition and characteristics of the asset pool be filed with the Commission and provided to investors. As described in detail in Sections III, IV and V below, we are proposing additional, and, in some cases, revised disclosure requirements for ABS offerings and ongoing reporting.

For each loan or asset in the asset pool, we are proposing to require disclosure of specified data relating to the terms of the asset, obligor characteristics, and underwriting of the asset. Such data would be provided in a machine-readable, standardized format so that it is most useful to investors and the markets. Under our proposal, issuers would be

---

[49] Pursuant to Exchange Act Rule 15c2-8(b) [17 CFR 240.15c2-8(b)], with respect to ABS, a broker-dealer is exempt from the requirement that a preliminary prospectus be delivered to prospective investors at least 48 hours prior to sending a confirmation of sale if the issuer of the securities has not previously been required to file reports pursuant to Sections 13(a) or 15(d) of the Exchange Act (15 U.S.C. 78m or15 U.S.C. 28o). We also are proposing to repeal this exception from Rule 15c2-8(b) such that a broker-dealer would be required to deliver a preliminary prospectus at least 48 hours prior to sending a confirmation of sale in connection with an issuance of ABS, including those issued by ABS issuers exempted from the requirement to file reports pursuant to Section 12(h) of the Exchange Act.

[50] See the 2004 ABS Adopting Release.

required to provide the asset-level data or grouped account data at the time of securitization, when new assets are added to the pool underlying the securities, and on an ongoing basis.

We are proposing to require the filing of a computer program (the "waterfall computer program," as defined in the proposed rule) of the contractual cash flow provisions of the securities in the form of downloadable source code in Python, a commonly used computer programming language that is open source and interpretive. The computer program would be tagged in XML and required to be filed with the Commission as an exhibit. Under our proposal, the filed source code for the computer program, when downloaded and run (by loading it into an open "Python" session on the investor's computer), would be required to allow the user to programmatically input information from the asset data file that we are proposing to require as described above. We believe that, with the waterfall computer program and the asset data file, investors would be better able to conduct their own evaluations of ABS and may be less likely to be dependent on the opinions of credit rating agencies.

We also are proposing additional requirements to refine current disclosure requirements for asset-backed securities. Among other things, we are proposing to require:

- aggregated and loan-level data relating to the type and amount of assets that do not meet the underwriting criteria that is specified in the prospectus;

- for certain identified originators, information relating to the amount of the originator's publicly securitized assets that, in the last three years, has been the subject of a demand to repurchase or replace;
- for the sponsor, information relating to the amount of publicly securitized assets sold by the sponsor that, in the last three years, has been the subject of a demand to repurchase or replace;
- additional information regarding originators and sponsors;
- descriptions relating to static pool information, such as a description of the methodology used in determining or calculating the characteristics of the pool performance as well as any terms or abbreviations used;
- that static pool information for amortizing asset pools comply with the Item 1100(b) requirements for the presentation of historical delinquency and loss information; and
- the filing of Form 8-K for a one percent or more change in any material pool characteristic from what is described in the prospectus (rather than for a five percent or more change, as currently required).

We also are proposing to limit some of the existing exceptions to the discrete pool requirement in the definition of an asset-backed security. This is intended to not only address recent concerns arising out of the financial crisis but also serve to protect against future practices of participants along the chain of securitization that could result in the addition of assets into a securitization pool without a clear understanding of their quality.

D. Privately-Issued Structured Finance Products

A significant portion of securities transactions, including the offer and sale of all CDOs and ABCP, is conducted in the exempt private placement market, which includes both offerings eligible for Rule 144A resales and other private placements.[51] CDOs are typically sold by the issuer in a private placement to one or more initial purchaser or purchasers in reliance upon the Section 4(2) private offering exemption in the Securities Act, which is available only to the issuer, followed by resales of the securities to "qualified institutional buyers" in reliance upon Rule 144A.[52] Subsequent resales may also be made in reliance upon Rule 144A. Rule 144A provides a safe harbor for resellers from being deemed an underwriter within the meaning of Sections 2(a)(11) and 4(1) of the Securities Act[53] for the sale of securities to qualified institutional buyers. If the conditions of the Rule 144A safe harbor are satisfied, sellers may rely on the exemption from Securities Act registration provided by Section 4(1) for transactions by persons other than issuers, underwriters or dealers.[54]

Some have concluded that the events of the financial crisis have demonstrated that a lack of understanding of CDOs and other privately offered structured finance products

---

[51] CDOs often permit the active management of their pool assets, which could include engaging in activities the primary purpose of which is to protect or enhance the returns of their equity holders. Such CDOs typically would not meet the requirements of Rule 3a-7 under the Investment Company Act because that rule includes conditions that are intended to permit an issuer to engage only in limited activities that do not in any sense parallel typical 'management' of registered investment company portfolios. Accordingly, these CDOs usually rely on one of the private investment company exclusions, both of which condition the exclusion in part on the issuer not making a public offering. See fn. 39 above.

[52] In general, a qualified institutional buyer is any entity included within one of the categories of "accredited investor" defined in Rule 501 of Regulation D, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers not affiliated with the entity (or $10 million for a broker-dealer).

[53] 15 U.S.C. 77b(a)(11) and 15 U.S.C. 77d(1).

[54] See Section II.A. of the Resale of Restricted Securities, Release No. 33-6862 (Apr. 30, 1990) [55 FR 17933] (the "Rule 144A Adopting Release").

by investors, rating agencies and other market participants may have significant consequences to the entire financial system.[55] For example, the ratings of these products proved inaccurate, which significantly contributed to the financial crisis.[56] This lack of understanding by credit rating agencies, investors, and other market participants indicates that the offering processes and disclosure available in the public and private market were inadequate to provide appropriate investor protection. Further, these securities are issued by special purpose vehicles whose only purpose is holding financial assets, with numerous parties involved in the securitization process.[57] As a result, information about those assets and the structure of the vehicle is critical to an informed investment decision.

The safe harbors of Rule 144A and Regulation D that provide the ability to rely on an exemption from registration do not impose specific requirements on the disclosures provided to investors if those investors meet certain size requirements. However, the financial crisis has called into question the ability of our rules, as they relate to the private market for asset-backed securities, to ensure that investors had access to, and had sufficient time and incentives to adequately consider, appropriate information regarding these securities.[58]

---

55 See, e.g., The PWG March 2008 Report (noting that originators, underwriters, asset managers, credit rating agencies and investors failed to obtain sufficient information or conduct comprehensive risk assessments on instruments that were often quite complex and also noting that downgrades were even more frequent and severe for CDOs of ABS with subprime mortgage loans as the underlying collateral). See also the Turner Review, at 20 (finding that "the financial innovations of structured credit resulted in the creation of products –e.g, the lower credit tranches of CDOs or even more so CDO-squareds – which had very high and imperfectly understood embedded leverage.").

56 See id.

57 See also discussion in Section VI. below.

58 An assessment of whether the protections of the Act are needed often focuses on whether the purchasers of securities can "fend for themselves." SEC v. Ralston Purina Co., 346 U.S. 119, 125 (1953). Historically, whether this test is met turned on whether information necessary or appropriate to make informed decisions is realistically available to the purchasers. See id. The Supreme Court also noted that "We agree that some employee offerings may come within § 4(1), e.g., one made to executive personnel who because of their position have access to the same kind of information that the Act would make

We are proposing to require enhanced disclosure by asset-backed issuers who wish to take advantage of the safe harbor provisions for these privately-issued securities.[59] In addition, in order to provide additional transparency with respect to the private market for these securities, we are proposing amendments to Rule 144A to require a structured finance product issuer to file a public notice on EDGAR of the initial placement of structured finance products that are eligible for resale under Rule 144A. As we believe that the Commission may benefit from the availability of more information about private placements of structured finance products, we are proposing to require that in submitting such notice, the issuer undertakes to provide offering materials to the Commission upon written request.

All of our proposals, if adopted, would apply to new issuances of asset-backed securities. Therefore, the proposed rules, if adopted, would not impose new requirements on outstanding asset-backed securities.

II. Securities Act Registration

We are proposing a number of changes to the Securities Act registration process for the offer and sale of asset-backed securities. These changes include proposed new eligibility criteria for shelf offerings and changes to the shelf offering process.

A. History of ABS Shelf Offerings

In 1984, mortgage related securities, a subset of asset-backed securities, were first permitted to be offered on a "shelf" basis. Contemporaneous with the enactment of

---

available in the form of a registration statement." Id. at 125. See also Lawler v. Gilliam, 569 F.2d 1283 (4th Cir. 1978) (discussing the Supreme Court's observation in Ralston that an offering to those who are shown to be able to fend for themselves is a transaction 'not involving any public offering' and the ruling that an essential requirement is access to the kind of information that registration would disclose).

[59] We are also proposing to make conforming changes to Regulation D, Form D and Rule 144.

Secondary Mortgage Market Enhancement Act of 1984 (SMMEA),[60] which added the definition of "mortgage related security" to the Exchange Act, we amended Securities Act Rule 415 to permit mortgage related securities to be offered on a delayed basis, regardless of which form is utilized for registration of the offering.[61] SMMEA defined a mortgage related security to include a security that has a high investment grade credit rating.[62]

In 1992, in order to facilitate registered offerings of asset-backed securities and eliminate differences in treatment under our registration rules between mortgage related asset-backed securities (which could be registered on a delayed basis) and other asset-backed securities of comparable character and quality (which could not), we expanded the ability to use "shelf offerings" to other asset-backed securities.[63] Under the 1992 amendments, offerings of asset-backed securities rated investment grade by an NRSRO[64]

---

60 Pub. L. 98–440, 98 Stat. 1689.

61 See Shelf Registration, Release No. 33–6499 (Nov. 17, 1983) [48 FR 5289]. Mortgage related securities, including such securities as mortgage-backed debt and mortgage participation or pass through certificates, may be offered on a delayed basis under Rule 415. See 17 CFR 230.415(a)(1)(vii). SMMEA was enacted by Congress to increase the flow of funds to the housing market by removing regulatory impediments to the creation and sale of private mortgage-backed securities. An early version of the legislation contained a provision that specifically would have required the Commission to create a permanent procedure for shelf registration of mortgage related securities. The provision was removed from the final version of the legislation, however, as a result of the Commission's decision to adopt Rule 415, implementing a shelf registration procedure for mortgage related securities. See H.R. Rep. No. 994, 98th Cong., 2d Sess. 14, reprinted in 1984 U.S. Code Cong. & Admin. News 2827; see also Release No. 33-6499 (Nov. 17, 1983) [48 FR 52889], at n. 30 (noting that mortgage related securities were the subject of pending legislation).

62 The term, "mortgage related security" is defined to include "a security that is rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization." 15 U.S.C. 78c(a)(41).

63 See Simplification of Registration Procedures for Primary Securities Offerings, Release No. 33-6964 (Oct. 22, 1992) [57 FR 32461].

64 The security is an "investment grade security" for purposes of form eligibility if, at the time of sale, at least one NRSRO has rated the security in one of its generic rating categories which signifies investment grade, typically one of the four highest categories. See General Instructions I.B.2 and I.B.5 of Form S-3.

could be registered on Form S-3.[65] The eligibility requirement's definition of "investment grade" was largely based on the definition in the existing eligibility requirement for non-convertible corporate debt securities.[66]

The 1992 amendments did not prescribe specific disclosure requirements for ABS offerings; disclosure in ABS offerings was based largely on market practices and SEC staff guidance.[67] At the end of 2004, the Commission adopted new rules and amendments under the Securities Act and the Exchange Act addressing the registration, disclosure and reporting requirements for asset-backed securities.[68] In the 2004 amendments ("2004 ABS Adopting Release"), we prescribed specific ABS disclosure requirements for the first time, which are largely principles-based. In addition, under the 2004 amendments, we retained the investment grade ratings condition to ABS Form S-3 eligibility[69] and added additional shelf eligibility conditions.[70]

---

[65] Under Securities Act Rule 415, securities registered on Form S-3 or Form F-3 may be offered on a continuous or delayed basis. See 17 CFR 230.415(a)(1)(x).

[66] See Release No. 33-6964.

[67] See id. The 1992 release explained that the Commission did not intend to change the character or quality of the disclosure that is customary in these offerings and explained generally the type of disclosure that was expected for ABS offerings.

[68] See 2004 ABS Adopting Release. In 2003, we raised the question whether to eliminate ratings reliance from our shelf eligibility requirements in a concept release where we requested comment on alternatives to the investment grade ratings component of Form S-3 eligibility for ABS and debt offerings. See Rating Agencies and the Use of Credit Ratings under the Federal Securities Laws, Release No. 33-8236 (Jun. 4, 2003) [68 FR 35258].

[69] We noted in 2004, however, that the Commission was engaged in a broad review of the role of credit ratings agencies in the securities markets and the use of credit ratings for regulatory purposes. See Section II.A.3.c of the 2004 ABS Adopting Release.

[70] In addition to investment grade rated securities, an ABS offering is eligible for Form S-3 registration only if the following conditions are met: (i) delinquent assets must not constitute 20% or more, as measured by dollar volume, of the asset pool as of the measurement date; and (ii) with respect to securities that are backed by leases other than motor vehicle leases, the portion of the securitized pool balance attributable to the residual value of the physical property underlying the leases, as determined in accordance with the transaction agreements for the securities, does not constitute 20% or more, as measured by dollar volume, of the securitized pool balance as of the measurement date. See General Instruction I.B.5 of Form S-3. Moreover, to the extent the depositor or any issuing entity previously established, directly or indirectly, by the depositor or any affiliate of the depositor are or were at any time

In 2008, we proposed several changes to our rules and form requirements that reference investment grade ratings (the "2008 Proposing Release"), including a proposal to revise shelf eligibility criteria for ABS offerings and primary offerings of non-convertible debt by replacing the investment grade ratings component.[71] Our proposal would have replaced investment grade ratings with a requirement that sales registered on Form S-3 be made in minimum denominations and only to qualified institutional buyers, as defined in Rule 144A. We reopened comment on the 2008 Proposing Release on October 5, 2009.[72]

We received comment letters from 35 commenters on the 2008 Proposing Release. Commenters generally opposed the proposed amendments that would have replaced investment grade ratings references in certain rules and the shelf eligibility criteria.[73] Some commenters on the proposed amendments to ABS shelf eligibility noted that the proposed eligibility requirements would result in many ABS issuers registering

---

during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on Form S-3 subject to the requirements of Section 12 or 15(d) of the Exchange Act (15 U.S.C. 78l or 78o(d)) with respect to a class of asset-backed securities involving the same asset class, such depositor and each such issuing entity must have filed all material required to be filed regarding such asset-backed securities pursuant to Section 13, 14 or 15(d) of the Exchange Act (15 U.S.C. 78m, 78n or 78o(d)) for such period (or such shorter period that each such entity was required to file such materials). Such material (except for certain enumerated items) must have been filed in a timely manner. See General Instruction I.A.4 of Form S-3. We are not proposing changes to these other eligibility conditions.

71 See the 2008 Proposing Release.

72 See Release No. 33-9069. We also held a Credit Rating Agency Roundtable on April 15, 2009 to consider further information on ratings and rating agencies. Materials related to the roundtable, including an archived webcast and a transcript of the roundtable, are available at http://www.sec.gov/spotlight/cra-oversight-roundtable.htm.

73 See comment letters from American Bar Association (ABA); American Electric Power, American Securitization Forum (ASF), Arizona Public Service Company, Boeing Capital Corporation (Boeing), Cadwalader Wickersham & Taft LLP (Cadwalader), Charles Schwab, Constance Curnow, Davis Polk & Wardwell (Davis Polk), Debevoise & Plimpton (Debevoise), Dewey & LeBoeuf, Dominion Resources, Inc., Edison Electric Institute, Incapital, LLC, Manulife Financial Corporation, Mayer Brown LLP (Mayer), Merrill Lynch Depositor, Inc., Mortgage Bankers Association, PNM Resources, Inc., Securities Industry and Financial Markets Association, Southern Company, WGL Holdings, Inc., and Wisconsin Energy Corporation. The public comments are available at http://www.sec.gov/comments/s7-18-08/s71808.shtml.

offerings on Form S-1[74] or selling the securities privately.[75] After considering comments, we are withdrawing this part of the 2008 proposal and are proposing different replacements to the ratings requirement in the shelf eligibility criteria for ABS issuers that we believe are better measures of quality, and therefore, are more appropriate eligibility criteria. We are also proposing several changes to restructure the registered ABS offering process.

B. New Registration Procedures and Forms for Asset-Backed Securities

1. New Shelf Registration Procedures

Under existing rules, as with offerings of other types of securities registered on Form S-3 and Form F-3, the shelf registration statement for an offering of asset-backed securities will often be effective before a takedown is contemplated. Pursuant to existing Securities Act Rules 409 and 430B,[76] the prospectus in the registration statement may omit the specific terms of a takedown if that information is unknown or not reasonably available to the issuer when the registration statement is made effective.[77] For ABS offerings off the shelf, because assets for a pool backing the securities will not be identified until the time of an offering, information regarding the actual assets in the pool and the material terms of the transaction are sometimes only included in a prospectus or prospectus supplement that is filed with the Commission the second business day after

---

74 17 CFR 239.11.

75 See, e.g., comment letters from ABA dated September 12, 2009; ASF; Boeing; Cadwalader; Davis Polk; Debevoise; and Mayer. As the proposal in the 2008 Proposing Release did not add requirements to the safe harbors for privately-issued asset-backed securities, these commenters did not assess whether additional requirements would have changed the result.

76 17 CFR 230.409 and 17 CFR 230.430B.

77 The prospectus disclosure in the registration statement is often presented through a ''base'' or ''core'' prospectus and a prospectus supplement. We are proposing to eliminate this type of presentation for asset-backed issuers. See Section II.D.1. below.

first use.[78] This information includes information about the pool, underwriting criteria for the assets and exceptions made to the underwriting criteria, identification of the originators of the assets and other information that is keyed off the identification of specific assets for the pool.

We recognize that asset-backed issuers have expressed the need to use shelf registration to access the capital markets quickly.[79] We understand that the creation of an asset pool to support securitized products is a dynamic and ongoing process in which changes can take place up until pricing. As a result, our proposals today generally maintain the fundamental framework of shelf registration for ABS offerings.

However, we also recognize that it is important for investor protection that ABS investors have not just adequate information to make an investment decision, but also adequate time to analyze the information and the potential investment. For the most part, each ABS offering off of a shelf registration statement involves securities backed by different assets, so that, in essence, from an investor point of view, each offering is like an initial public offering with respect to the ABS issuer. Information regarding the assets is an important piece of information for investors to use to conduct an analysis of the ability of those underlying assets to generate sufficient funds to make payments on the securities. Furthermore, some have noted the lack of time to review transaction-specific information as hindering the investors' ability to conduct adequate analysis of the

---

[78] An instruction to Rule 424(b) requires that a form of prospectus or prospectus supplement relating to a delayed offering of mortgage-backed securities or an offering of asset-backed securities be filed no later than the second business day following the date it is first used after effectiveness in connection with a public offering or sales, or transmitted by a means reasonably calculated to result in filing with the Commission by that date.

[79] Notably, according to EDGAR, in 2006 and 2007, only three ABS issuers filed registration statements on Form S-1 that went effective.

securities.[80] We believe that a more orderly process for asset-backed securities offerings with improved investor protections, where investors and underwriters have additional time to assist their review of offerings, may be needed, even if issuers may not always be able to time their offering in a way that takes advantage of short term price peaks. Therefore, we are proposing rules designed to increase the amount of time that investors have to review information regarding a particular shelf takedown and promote analysis of asset-backed securities in lieu of undue reliance on security ratings for shelf offerings.

a) Rule 424(h) Filing

We are proposing to require an asset-backed issuer using a shelf registration statement on proposed Form SF-3 to file a preliminary prospectus containing transaction-specific information at least five business days in advance of the first sale of securities in the offering. This requirement, if adopted, would allow investors additional time to analyze the specific structure, assets, and contractual rights regarding each transaction. Requiring that such information be filed at least five business days before the first sale of securities in the offering is designed to balance the interest of ABS issuers in quick access to the capital markets and the need of investors to have more time to consider transaction-specific information. We considered whether a longer minimum time period

---

[80] See, e.g., Section I.B. of CFA Institute Centre for Financial Market Integrity and Council of Institutional Investors, U.S. Financial Regulatory Reform: The Investor's Perspective, July 2009 (noting that securitized products are sold before investors have access to a comprehensive and accurate prospectus, noting that each ABS offering involves a new and unique security, and recommending that the Commission adopt rules to improve the timeliness of disclosures to investors); Dr. William W. Irving's testimony concerning "Securitization of Assets: Problems and Solutions" Before the Senate Banking, Housing and Urban Affairs Subcommittee on Securities, Insurance, and Investment (Oct. 7, 2009), at 11 (recommending that there be ample time before a deal is priced for investors to review and analyze a full prospectus and not just a term sheet). The testimony is available at http://banking.senate.gov/public/.

than five business days would be more appropriate.[81] However, we are proposing five business days, because we preliminarily believe that the proposals discussed below that require the filing of standardized and tagged loan-level information and a computer program that gives effect to the cash flow provisions of the transaction agreement could reduce the amount of time required by investors to consider transaction specific information. Our requests for comment on the proposed new procedures below include questions about the appropriate amount of time investors need to consider transaction specific information.

Under our proposal, with respect to any takedown of securities in a shelf offering of asset-backed securities where information is omitted from an effective registration statement in reliance on newly proposed Rule 430D, a form of prospectus meeting certain requirements must be filed with the Commission by a means reasonably calculated to result in filing in accordance with proposed Rule 424(h) (the "Rule 424(h) filing" or "Rule 424(h) prospectus") at least five business days prior to the first sale of securities in the offering.[82] If the preliminary prospectus is used earlier than such five business days to offer the securities, then it must be filed by the second business day after first use.

As discussed below, we are proposing new Rule 430D to provide the framework for shelf registration of ABS offerings. The proposed rule explains what information may be omitted from the prospectus filed with the effective registration statement and what information must be contained in the Rule 424(h) filing. Under new Rule 430D, as

---

[81] Some have suggested that investors be provided with up to two weeks to analyze asset information. See, e.g., Joshua Rosner, Securitization: Taming the Wild West, Roosevelt Institute's Make Markets be Markets (Mar. 3, 2010), at 73.

[82] Sale includes "contract of sale." See fn. 31 and accompanying text of the Offering Reform Release.

proposed, the Rule 424(h) filing must contain substantially all the information for the specific ABS takedown previously omitted from the prospectus filed as part of an effective registration statement,[83] except for the information with respect to the offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds or other matters dependent upon the offering price. The information required to be filed pursuant to proposed Rule 424(h) would include, among other things, information about the specific asset pool that is backing the securities in the takedown and the waterfall computer program discussed in Section III below. Proposed Rule 430D would provide that a material change in the information provided in the Rule 424(h) filing, other than offering price, would require a new Rule 424(h) filing and therefore, a new five business-day waiting period.[84] The new Rule 424(h) filing would be required to reflect the change and contain substantially all the information required to be in the prospectus, except for pricing information. For example, if a credit enhancement (that was contemplated in the registration statement) is added to the transaction after a Rule 424(h) filing is filed, we would expect the issuer to file a new Rule 424(h) filing that reflects the credit enhancement and wait an additional five business days before the first sale in the offering. This is designed to provide investors with information and time sufficient to conduct a thorough analysis of new information relating to the offering.

So long as a form of prospectus has been filed in accordance with Rule 430D, ABS issuers could continue to utilize a free writing prospectus or ABS informational and

---

[83] For example, the Rule 424(h) filing would include the waterfall computer program that we are proposing to require, as discussed in Section III.B.1 of this release. We believe that investors need adequate time to run the waterfall computer program using the asset data filed with the Rule 424(h) filing.

[84] Whether a change is material for purposes of the proposed requirement would depend on the facts and circumstances. See TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438, 448-449 (1976). See also Basic v. Levinson, 485 U.S. 224, 231 (1988).

computational materials in accordance with existing rules.[85] However, because we believe that investors should have access to a comprehensive prospectus that contains substantially all of the required information, a free writing prospectus or ABS informational and computational materials could not be used for the purpose of meeting the requirements of proposed Rule 424(h). For liability purposes, a Rule 424(h) filing would be deemed part of the registration statement on the date such form of prospectus is filed with the Commission, or if the preliminary prospectus is used earlier than five business days in advance of the first sale of securities in the offering, then the date of first use.[86] A final prospectus for ABS offerings would continue to be filed pursuant to Rule 424(b). Consistent with Rule 430B for shelf offerings of corporate issuers, under proposed Rule 430D the filing of the final prospectus under Rule 424(b) would trigger a new effective date for the registration statement relating to the securities to which such form of prospectus relates for purposes of liability under Section 11 of the Securities Act.[87]

---

[85] ABS informational and computational materials, as defined in Item 1101 of Regulation AB [17 CFR 229.1101], may be used in accordance with Securities Act Rules 167 and 426 [17 CFR 230.167 and 17 CFR 230.426]. Materials that constitute a free writing prospectus, as defined in Securities Act Rule 405 [17 CFR 230.405] may be used in accordance with Securities Act Rules 164 and 433 [17 CFR 230.164 and 17 CFR 230.433].

[86] This is consistent with the existing provisions for other preliminary prospectuses. See Rule 430B(e). We also propose in this release to repeal the exception to the prospectus delivery requirement in Exchange Act Rule 15c2-8(b) for shelf-eligible asset-backed securities. See Section II.C. below.

[87] 15 U.S.C. 77k. The proposed rule does not change the treatment of ABS offerings for purposes of Rule 159 [17 CFR 230.159]. Rule 159 provides the following:

> (a) For purposes of section 12(a)(2) of the Securities Act only, and without affecting any other rights a purchaser may have, for purposes of determining whether a prospectus or oral statement included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading at the time of sale (including, without limitation, a contract of sale), any information conveyed to the purchaser only after such time of sale (including such contract of sale) will not be taken into account.
>
> (b) For purposes of section 17(a)(2) of the Act only, and without affecting any other rights the Commission may have to enforce that section, for purposes of determining whether a

b) New Rule 430D

Currently, the framework for ABS shelf offerings, along with shelf offerings for other securities, is outlined in Rule 430B of the Securities Act. Rule 430B describes the type of information that primary shelf eligible and automatic shelf issuers may omit from a base prospectus in a Rule 415 offering[88] and include instead in a prospectus supplement, Exchange Act report incorporated by reference, or a post-effective amendment.[89] We are proposing new Rule 430D to provide the framework for delayed shelf offerings of asset-backed securities pursuant to Rule 415(a)(1)(vii), as proposed to be revised. If we adopt Rule 430D, existing Rule 430B would no longer apply to ABS offerings.

Proposed Rule 430D would require that with respect to each offering, substantially all the information previously omitted from the prospectus filed as part of an effective registration statement, except for the omission of information with respect to the offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds or other matters dependent upon the offering price, be filed at least five business days in advance of the first sale of securities in the offering in accordance with Rule 424(h). Thus, an issuer may not omit such information (other than offering price, underwriting discounts or commissions, discounts or commissions to

---

statement includes or represents any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading at the time of sale (including, without limitation, a contract of sale), any information conveyed to the purchaser only after such time of sale (including such contract of sale) will not be taken into account.

(c) For purposes of section 12(a)(2) of the Act only, knowing of such untruth or omission in respect of a sale (including, without limitation, a contract of sale), means knowing at the time of such sale (including such contract of sale).

[88] Under Rule 430B, a form of prospectus filed as part of a registration statement for offerings of asset-backed securities may omit information unknown or not reasonably available pursuant to Rule 409.

dealers, amount of proceeds or other matters dependent upon the offering price) from the Rule 424(h) filing.

We are proposing conforming revisions to the undertakings that are required by Item 512 of Regulation S-K[90] in connection with a shelf registration statement. For the most part, ABS issuers would continue to provide the same undertakings that are currently required of ABS issuers conducting shelf offerings. We are proposing a conforming revision to the undertakings relating to the determination of liability under the Securities Act as to any purchaser in the offering. It would require an undertaking that each prospectus filed by the registrant pursuant to Rule 424(h) would be deemed part of the registration statement as of the date the prospectus was deemed part of, and included in, the registration statement (i.e., the date it was filed with the Commission, or, if the prospectus was used and filed earlier, the second business day after first use).[91] Also, under our proposed revision to Item 512 of Regulation S-K, an issuer would be required to undertake to file the information required to be contained in a Rule 424(h) filing with respect to any offering of securities.

Request for Comment

- We request comment on our proposal to establish a minimum period of time available to investors to review registered ABS offering prospectuses. Are we correct that investors need additional time? Would the proposed timeline for filing the proposed preliminary prospectus at least five business days prior to the date of first sale pose problems for market participants? If so, how could

---

89 See also Section V.B.1.b of the Offering Reform Release.

90 17 CFR 229.512.

we address those concerns while still providing investors with sufficient time to analyze the securities?

- Is the proposed five business days sufficient time for investors? Should the required minimum number of days that the Rule 424(h) filing must be filed before the first sale be longer (e.g., six, seven, eight, or ten business days) or shorter than what we are proposing (e.g., two or four business days)? Given the increased amount of information that would be made available to investors under this proposal, would investors need more time to consider transaction specific information? Is our belief that the filing of standardized and tagged asset-level information and a computer program that gives effect to the cash flow provisions of the transaction agreement could reduce the amount of time investors need to consider transaction-specific information correct?
- We are cognizant that having a transaction exposed to the markets for some period of time causes concerns to some issuers and underwriters in some instances. However, we also note situations in which transaction-specific information regarding ABS is provided to other deal participants for a longer period prior to selling the securities seemingly with no or minimal effect on the issuer's ability to sell securities. We note, in particular, that the Federal Reserve Board requires information to be provided to it regarding the assets pledged to the Term Asset-Backed Securities Loan Facility (TALF) at least

---

[91] This is consistent with the existing undertaking in Item 512 for prospectuses that are filed pursuant to Rule 424(b)(3). See Item 512(a)(5)(i)(A) of Regulation S-K [17 CFR 229.512(a)(5)(i)(A)].

three weeks prior to the subscription date.[92] Similarly, rating agencies receive information prior to rating transactions.[93] If there are issues raised by exposing the transaction publicly to the markets, please provide us with specific information about the concerns and ways we can revise the proposal to address them.

- Under our proposal, the Rule 424(h) filing would not be required to include information dependent on pricing. Is that appropriate? If not, what information should be required to be included and how would an issuer have access to the information in the timeframe that we are proposing?
- Under our proposal, if a material change to the disclosure other than to pricing information occurs, the issuer would be required to file a new Rule 424(h) prospectus with updated information. Is this requirement specific enough? Should we, instead or in addition, specify particular changes that would trigger a filing, or conversely, that would not trigger a filing? Should we, for example, provide that a new Rule 424(h) filing would be required if the asset pool has changed by a certain amount? If so, what should that amount be (e.g., 1%, 5%, or 10% of the final asset pool)? How would other changes be described, such as changes to the waterfall? Would it be appropriate to allow a material change without requiring a new Rule 424(h) filing and a new five-day waiting period? Should the new Rule 424(h) filing be required as

---

92 Each issuer wishing to bring a TALF-eligible ABS transaction to market is required to provide, at least three weeks prior to the subscription date, information to the Federal Reserve Bank of New York including, but not limited to, all data on the transaction the issuer has provided to any NRSRO.

93 See Amendments to Rules for Nationally Recognized Statistical Rating Organizations, Release No. 34-59342 (Feb. 2, 2009) [74 FR 6456].

proposed to reflect the change and contain substantially all the information required to be in the prospectus, except for pricing information? Should we only require that the change be reflected in a supplement?

- The requirement to file a new Rule 424(h) filing would trigger another five-day waiting period before the first sale. Is this approach appropriate and workable? If the issuer is required to re-file the preliminary prospectus, as proposed, should the issuer be required to wait another five business days before the first sale, as proposed? If not, how long should the issuer be required to wait?
- Are there any aspects of the Rule 424(h) filing that we should specify must be substantially set at the time it is required to be filed?
- Are there any changes, other than the ones we are proposing, to the Item 512 undertaking that should be made? Is our proposed change to incorporate the Rule 424(h) filing in the undertakings relating to liability so that the Rule 424(h) filing shall be deemed part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement appropriate?
- We have designed the proposed process for ABS shelf registration to strike a balance between facilitating registered ABS offerings and providing investors a meaningful opportunity to analyze the securities. Would our proposal to require that the Rule 424(h) prospectus be filed at least five business days before the first sale make shelf registration sufficiently less attractive to issuers that they would avoid the registered market? If so, are there ways to

address this concern? Below, we are proposing to require more disclosure for private offerings of asset-backed securities that rely on the Commission's safe harbors that allow issuers to rely on an exemption from registration. Should we impose even more restrictions on private offerings of asset-backed securities than what is proposed below? For example, should we condition reliance on Rule 506 of Regulation D on a limitation of the total number of purchasers in an ABS offering, even for offerings to accredited investors or qualified institutional buyers? Alternatively, should we impose fewer restrictions on private offerings of asset-backed securities?

- Should we also require, or require instead, that the initial purchaser or investor hold the securities for a period of time prior to resales in reliance on Rule 144A to better ensure that such resales of asset-backed securities are not a distribution? Could that better ensure that the public registered ABS market operates appropriately and that the existing safe harbors do not inappropriately erode the public markets? If we were to add these additional restrictions on private offerings, what would be the impact on the broader market for structured securities? Would requiring a holding period discourage investors from purchasing ABS in exempt private placements? Would these offerings all be done as public deals, or would these offerings cease to be conducted at all? Should we provide for fewer restrictions – for example, should we require a subset of loan-level disclosures in the context of an exempt private offering? Should issuers or sponsors have the option of providing only certain

information? Or would these rules reduce the aggregate amount of transactions? What would be the economic effect?

2. Proposed Forms SF-1 and SF-3

In order to distinguish the ABS registration system from the registration system for other securities, we are proposing to add new registration forms that would be used for any sales of a security that meets the definition of an asset-backed security, as defined in Item 1101 of Regulation AB.[94] These new forms, which would be named Form SF-1 and Form SF-3,[95] would require all the items applicable to ABS offerings that are currently required in Form S-1 and Form S-3 as modified by the proposed amendments noted below. Offerings that qualify for delayed shelf registration[96] would be registered on proposed Form SF-3, and all other offerings would be registered on Form SF-1.[97]

Proposed Form SF-1 would not contain all the items that are currently required by Form S-1. Specifically, the proposed form would not include the instructions as to summary prospectuses, as we do not believe that the summary prospectus instructions are relevant for ABS offerings. Also, we are proposing to substitute the item in existing Form S-1 permitting incorporation by reference by reporting companies of previously filed Exchange Act reports and documents with an item that is more tailored to asset-backed securities on proposed Form SF-1. As discussed in Section I.D.1 below, we are proposing that ABS issuers file a single prospectus for each takedown with all of the information required by Regulation AB because we believe ABS offerings are more

---

94 17 CFR 229.1101(c).

95 The proposed forms would be referenced in 17 CFR 239.44 and 17 CFR 239.45.

96 In this release, we also refer to such offerings as shelf offerings.

closely akin to initial public offerings. Therefore, we are proposing to limit incorporation by reference to certain disclosures. In particular, as discussed below,[98] we are proposing to permit an ABS issuer to incorporate by reference into proposed Form SF-1 information by the time of effectiveness of the registration statement the information that is required to satisfy certain disclosure requirements (i.e., static pool information filed pursuant to Item 6.08 of Form 8-K, asset data filed pursuant to Item 6.06 of Form 8-K, and the waterfall computer program filed pursuant to Item 6.07 of Form 8-K).[99] We also are proposing to permit ABS issuers structured as revolving asset master trusts to incorporate by reference certain asset-level disclosures that would have been provided in previously filed Form 10-Ds.[100]

We are proposing to revise some disclosure requirements that are currently located in Form S-3 but would be moved to proposed Form SF-3. As discussed in the sections immediately following this discussion, we are proposing changes to shelf eligibility for ABS issuers, which will now become the eligibility criteria for proposed Form SF-3. In addition, we are proposing to change an eligibility requirement in existing Form S-3 relating to delinquent filings of the depositor or an affiliate of the depositor for purposes of proposed Form SF-3. For Form S-3, an issuer is not eligible for registration on the form if the depositor or an affiliate of the depositor, with respect to a class of

---

97 We also propose to make conforming changes throughout our rules to refer to the new forms, as appropriate. See, e.g., proposed revisions to Securities Act Rules 167 and 190(b)(1) and the exhibit table in Item 601 of Regulation S-K.

98 See Sections III.A.4., III.B.1.d., and III.E.4. below.

99 See General Instruction IV. and Item 10 of proposed Form SF-1 and Item 11 of proposed Form SF-3.

100 We are proposing to require ABS backed by floorplan receivables to include the performance information of assets that were part of the pool prior to the current offering. See Section III.A.1.e.iv. below.

asset-backed securities involving the same asset class, has not filed the Exchange Act reports required to be filed or has not filed such reports in a timely manner for a period of twelve months prior to the filing of the registration statement.[101] However, for certain specified reports, including reports on Form 8-K pursuant to Item 6.05, untimely filing does not result in loss of eligibility.[102] We are proposing to repeal the existing exception from the filing timeliness requirement for Item 6.05 Form 8-K reports. Item 6.05 Form 8-K reports, which we discuss in further detail below, are required to be filed if there is a change in the asset pool characteristics from the description of the asset pool provided in the final prospectus and thereby provide important information regarding the composition of the assets. Under proposed Form SF-3, the untimely filing of an Item 6.05 Form 8-K report by the depositor or affiliate of the depositor, with respect to a class of asset-backed securities involving the same asset class, during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement would result in the loss of form eligibility for up to twelve months from the time the report was due.[103] As discussed in Section V.C.1 below, we also are proposing to lower the threshold amount of change that would trigger a filing requirement for Item 6.05 Form 8-K reports from five percent of any material pool characteristic to one percent.

Request for Comment

- We request comment on our proposal to move the registration statement item requirements for ABS offerings into new forms that would apply only to asset-

---

101 General Instruction I.A.4 of Form S-3.

102 Id.

103 We are also proposing to amend Rule 415 to require a quarterly evaluation of form eligibility on proposed Form SF-3. See Section II.B.3.e. below.

backed issuers. Would the proposed new forms create any difficulties? If so, please specify.

- We are proposing to move the items applicable to asset-backed securities from Forms S-1 and S-3 to proposed Forms SF-1 and SF-3, with some exceptions noted. Do the proposed forms omit any requirement for asset-backed issuers that should be included? Do any of the requirements need further revisions?
- The proposed Form SF-1 would not include the instructions as to summary prospectuses that are included in Form S-1. Is there any reason we should provide these instructions in proposed Form SF-1 for ABS issuers?
- Are our proposed instructions for incorporation by reference appropriate?
- Should we repeal the existing carve-out for the untimely filing of an Item 6.05 Form 8-K, as we are proposing to do? Why or why not?

3. Shelf Eligibility for Delayed Offerings

We are proposing to eliminate the ability of ABS issuers to establish shelf eligibility in part by means of an investment grade credit rating. This is part of our broad ongoing effort to remove references to NRSRO credit ratings from our rules in order to reduce the risk of undue ratings reliance and eliminate the appearance of an imprimatur that such references may create.[104] In place of credit ratings, we are proposing to establish four shelf eligibility criteria that would apply to mortgage related securities and other asset-backed securities alike. These proposed requirements, along with the other current requirements,[105] would determine an asset-backed issuer's eligibility to register for a delayed shelf offering. Similar to the existing requirement that the securities must

[104] See Release No. 33-9069.

be investment grade, the proposed requirements are designed to provide for a certain quality and character for asset-backed securities that are eligible for delayed shelf registrations..

a) Risk Retention

Risk retention requirements have been discussed by some market participants as one potential way to improve the quality of asset-backed securities by better aligning the incentives of the sponsors and originators of the pool assets with investors' incentives. A chain of securitization may involve multiple participants that may serve the function of originator, sponsor, servicer, or trustee.[106] One concern that has been debated is whether the model of securitization where loan originators do not hold the loans they originate but instead repackage and sell them as securities may create a misalignment of incentives between the originator of the assets and the investors in the securities, which misalignment may have contributed to lower quality assets being included in securitizations that did not have continuing sponsor exposure to the assets in the pool.[107] The theory underlying a risk retention requirement is that if a sponsor retains exposure to the risks of the assets, the sponsor is more likely to have greater incentives to include

---

105 See fn. 70 above.

106 Under Regulation AB, "servicer" means any person responsible for the management or collection of the pool assets or making allocations or distributions to holders of the asset-backed securities. The term "servicer" does not include a trustee for the issuing entity or the asset-backed securities that makes allocations or distributions to holders of the asset-backed securities if the trustee receives such allocations or distributions from a servicer and the trustee does not otherwise perform the functions of a servicer. See Item 1101(j) of Regulation AB. In some cases, one party may act in two or more different roles, such as when a bank and/or affiliated party of the bank serves in all three functions of originator, sponsor, and servicer of an ABS offering. In contrast, in the case of so-called aggregators, the sponsor acquires loans from many other unaffiliated sellers before securitization.

107 See, e.g., European Central Bank, The Incentive Structure of the 'Originate to Distribute Model,' December 2008, at 5 (noting that securitization is fundamentally vulnerable to certain adverse behavior since agents seek to maximize their benefits while principals cannot fully observe and control the agents' actions); Amiyatosh Purnanandam, "Originate-to-Distribute Model and the Subprime Crisis" (Apr. 27, 2009), available at http://ssrn.com/abstract=1167786.

higher quality assets in the pool. Because we believe that securitizations with sponsors that have continuing risk exposure would likely be higher quality than those without, we are proposing, among other things, to replace the investment grade ratings requirement in the ABS shelf eligibility conditions with a condition that the sponsor of any securitization retain risk in each tranche of the securitization on an ongoing basis. Such a requirement has colloquially been referred to as "risk retention," or "skin in the game." We believe that the proposed risk retention requirement for shelf eligibility would distinguish the types of securities that are of a sufficient quality and character to be shelf eligible while avoiding the possibility of undue reliance on ratings.

Risk retention requirements are being considered in the U.S. and internationally. In the U.S., proposals with such requirements have come in several different forms.[108] Risk retention requirements have recently garnered support.[109] On the other hand, some

---

[108] The Federal Deposit Insurance Corporation ("FDIC") recently solicited public comments regarding proposed amendments to a "safe harbor" rule from the FDIC's statutory authority to disaffirm or repudiate contracts of an insured depository institution ("IDI") with respect to transfers of financial assets by an IDI in connection with a securitization or a participation (the "FDIC Securitization Proposal"). The FDIC Securitization Proposal also includes risk retention requirements for purposes of providing a safe harbor for IDIs, although in a different context from our proposal which would require risk retention as a condition to shelf eligibility. See Federal Deposit Insurance Corporation, Advance Notice of Proposed Rulemaking Regarding Treatment by the Federal Deposit Insurance Corporation as Conservator or Receiver of Financial Assets Transferred by an Insured Depository Institution in Connection With a Securitization or Participation After March 31, 2010 (Jan. 7, 2010) [75 FR 934]. The comment letters are available at http://www.fdic.gov/regulations/laws/federal/2010/10comAD55.html. See also H.R. 4173, 111th Cong., (bill that would require a creditor or securitizer to retain five percent of the credit risk on any loan that is transferred, sold, or conveyed); Senate proposal, 111th Congress, "Restoring American Financial Stability Act of 2010" (bill that would require five percent risk retention). The Senate bill contemplates joint rulemaking regarding the risk retention requirement with the SEC, the FDIC and the Office of Comptroller Currency and the House bill contemplates joint rulemaking with the SEC, the National Credit Union Administration Board, the Board of Governors of the Federal Reserve system, the Office of the Comptroller of the Currency, the Office of Thrift Supervisors and the FDIC.

[109] See, e.g., CFA Institute Centre for Financial Market Integrity and Council of Institutional Investors, "U.S. Financial Regulatory Reform: The Investor's Perspective," July 2009 (recommending that ABS sponsors should be required to retain a meaningful residual interest in their securitized products). See, e.g., U.S. Department of Treasury, A New Foundation: Rebuilding Financial Supervision and Regulation, June 17, 2009; H.R. 1728, 111th Cong. §213 (2009). In addition, risk retention by originating lenders has been a component of several guaranteed loan programs administered by the United States Department of Agriculture (USDA) since 1972, when amendments to the Consolidated Farm and Rural

are concerned that mandatory risk retention will not necessarily result in improved asset quality, may not be calibrated to reflect the risk in any given pool and across different asset classes, and may conflict with various other goals and purposes of securitization.[110]

In addition, in its January 2009 framework, a working group on financial reform in the Group of Thirty recommended that regulated financial institutions be required to retain a meaningful portion of the credit risk of the financial assets they are packaging into securitized and other structured credit products.[111] On May 6, 2009, the European Union adopted an amendment to the Capital Requirements Directive, which sets out the rules for Basel II implementation in Europe, that will, upon effectiveness, prohibit a credit institution from investing in a securitization unless there is disclosure from the originator, sponsor, or original lender that one of them will retain, on an ongoing basis, a net economic interest in the securitized credit risk of at least five percent.

We are proposing to make risk retention a part of the shelf eligibility conditions for asset-backed issuers. Under our proposal, Form SF-3 would require that, as a

---

Development Act (7 USC 1921 et seq.) expanded the USDA's lending authority to include guarantees of farm and rural development loans issued by commercial lenders. For example, under its guaranteed farm loan program, the Farm Service Agency can guarantee up to 90% of a loan issued by a commercial lender to an eligible farmer, but that lender must retain the full amount of the unguaranteed portion in its portfolio for the life of the loan. See 7 CFR 762.160. Similar conditions are required for guaranteed loan programs administered by the USDA's Rural Housing Service. See, e.g., 7 CFR 3575.4. See also comment letter from MetLife on the FDIC Securitization Proposal ("MetLife FDIC Letter") (generally supporting credit risk retention because it aligns interests with investors and noting that retention should represent a vertical pro rata slice of all securitization obligations, as long as retaining the interest does not cause unintended consolidation issues for the issuer) and comment letter from Consumers Union on the FDIC Securitization Proposal (supporting retention of ten percent of an economic interest because it would create stronger incentives for accurate underwriting).

[110] See, e.g., comment letter from American Securitization Forum and comment letter from American Bar Association on the FDIC Securitization Proposal.

[111] See Group of Thirty, Financial Reform: A Framework for Financial Stability (Jan. 15, 2009), at 51. The Group of Thirty, established in 1978, is a private, nonprofit, international organization composed of representatives of private and public institutions.

condition to shelf eligibility, the sponsor or an affiliate of the sponsor retain a net economic interest in each securitization in one of the two following manners:

- retention of a minimum of five percent of the nominal amount of each of the tranches sold or transferred to investors, net of hedge positions directly related to the securities or exposures taken by such sponsor or affiliate;[112] or
- in the case of revolving asset master trusts, retention of the originator's interest of a minimum of five percent of the nominal amount of the securitized exposures, net of hedge positions directly related to the securities or exposures taken by such sponsor or affiliate, provided that the originator's interest and securities held by investors are collectively backed by the same pool of receivables, and payments of the originator's interest are not less than five percent of payments of the securities held by investors collectively.[113]

Under the proposed eligibility requirement, the net economic interest required to be retained to be shelf eligible would be measured at issuance (or at origination in the case of originator's interest), and then maintained on an ongoing basis.[114] Also, proposed

---

[112] Under the proposed condition, no sponsor may purchase or sell a security, derivative, or other financial product or enter into an agreement with any third party, in which the terms or payments (or lack of payment) of any of the loans or other assets that underlie the ABS are a material term of that financial product or agreement, if the financial product or agreement in any way reduces or limits the financial exposure of the sponsor to less than five percent of the nominal amount of the ABS. Thus, hedges of market interest or currency exchange rates, would not be taken into account in the calculation of the sponsor's risk retention for purposes of the net five percent risk retention requirement. Hedges tied to securities similar to the ABS also would not be taken into account in the calculation of the sponsor's risk retention. For instance, holding a security tied to the return of a subprime ABX.HE index would not be a hedge on a particular tranche of a subprime RMBS sold by the sponsor unless that tranche itself was in the index.

[113] Currently, credit card ABS structures typically include an originator's interest, which is pari passu with the investors' interest in the pool of receivables.

[114] In 2009, the EU Commission called on Committee of European Banking Supervisors (CEBS) to provide technical advice on the amendment to the Capital Requirements Directive (i.e., Article 122a of the EU Capital Requirements Directive) which will prohibit a credit institution from investing in a securitization unless there is disclosure from the originator or sponsor that it has retained risk. Among

Form SF-3 would require disclosure relating to the interest that is retained by the sponsor.[115] Retention of five percent net economic interest is intended to align incentives of sponsors with investors, such that the quality of the assets in the pool or other aspects of the offering is likely to be higher than for a securitization without risk retention, and, thus, should be an appropriate partial substitute for the existing investment grade ratings requirement in the ABS shelf eligibility conditions. If we adopt a risk retention condition to shelf eligibility, we preliminarily believe that five percent is an appropriate amount of risk to require sponsors to retain and balances our goal of requiring some exposure to risk without overburdening the capital structure of sponsors.[116]

In constructing the risk retention shelf eligibility condition, we also considered, but are not proposing, an option of retaining risk through the retention of randomly selected exposures for purposes of meeting shelf eligibility conditions. If issuers retain randomly selected exposures, we believe the economic effects, including incentive alignment, should be approximately the same as retaining a fixed percentage of the nominal amount of each tranche, if the randomization is properly implemented. However, we believe that it would be both difficult and potentially costly for investors and regulators to verify that exposures were indeed selected randomly, rather than in a manner that favored the sponsor.

---

other things, the EU Commission requested the CEBS consider the adequacy of the minimum 5% retention requirement to meet the goal of avoiding misaligned incentives and of mitigating systemic risks from securitization markets. See publication of the Committee of European Banking Supervisors, "CEBS today received a call for technical advice -second part on article 122a of the amended CRD," available at http://www.c-ebs.org/Publications/Calls-for-Advice/2009/CEBS-today-received-a-call-for-technical-advice--s.aspx and Committee of European Banking Supervisors, "Call for Technical Advice on the Effectiveness of a Minimum Retention Requirement for Securitisations," Oct. 30, 2009.

[115] See discussion of proposed requirement relating to sponsor's interest in Section III.C.3. below.

[116] See H.R. 4173, 111th Cong., (bill requiring five percent risk retention); Senate proposal, 111th Congress, "Restoring American Financial Stability Act of 2010" (bill requiring five percent risk retention).

We believe that the proposed two different ways that a sponsor could retain risk to satisfy the risk retention shelf eligibility condition would likely result in better incentive alignment, and, consequently higher quality securities, than retention of only the residual interest in a securitization.[117] "Horizontal risk retention" in the form of retention of the equity or residual interest could lead to skewed incentive structures, because the holder of only the residual interest of a securitization may have different interests from the holders of other tranches in the securitization and, thus, not necessarily result in higher quality securities. The proposed ways that a sponsor could satisfy the risk retention shelf eligibility condition -- either by retaining a "vertical" slice of the securitization, by which we mean taking a portion of the economic risk in each class of security that is being offered, or, in the case of revolving exposures, the originator's interest, would create a direct, shared interest with all the investors in the performance of the underlying assets.

We recognize that there are differing views on the effectiveness of risk retention policies as a means to align the incentives of securitization transaction parties with the interests of investors, both as an intrinsic matter and as compared with other alternatives, as well as concerns about the collateral consequences on the securitization markets associated with conditioning shelf eligibility on risk retention. Some note that originators and other financial institutions active in the mortgage securitization chain suffered massive losses in the financial crisis as a result of their direct and indirect exposure to asset underperformance and, therefore, risk retention exposes financial institutions who

---

[117] A particular issuance of asset-backed securities often involves one or more publicly offered classes as well as one or more privately placed classes. In most instances, the subordinated classes, or residual interests, which are typically privately placed, act as structural credit enhancement for the publicly offered senior classes by receiving payments after, and therefore absorbing losses before, the senior classes. Cash flows from the pool assets back both the senior classes and the subordinate classes, and thus allocation of the cash flows to the subordinated classes could affect directly or indirectly the publicly offered classes.

are sponsors to too much risk.[118] Another criticism of risk retention posits that different forms of risk retention, such as retention of the equity piece, may lead issuers to screen assets that go into the pool differently.[119] One industry group has asserted that other forms of requiring potential loss exposure, such as more stringent representations and warranties regarding the assets in the pool, may be preferable to outright retention of an economic interest in the securities.[120] Nevertheless, we believe it appropriate at this time to propose the risk retention requirement detailed herein, balancing various considerations that will need to be accounted for before reaching any final determination as to the best way to proceed.

Although sponsors in the past may have initially held a portion of the securitization, such retention often had different motivations and different effects than retention as we propose it. In many cases, sponsors held small portions. These portions were often a small horizontal slice of the securitization and, therefore, would have been unlikely to have driven the sponsor to focus on the quality of the loans or other underlying assets in order to protect that interest. Also, retention of that small portion of those securities may have been due to an inability or lack of incentive to sell those securities. This was often because the securities had a lower return or carried lower

---

118 See Committee on Capital Markets Regulation, The Global Financial Crisis: A Plan for Regulatory Reform, May 2009 ("Committee on Capital Markets Regulation Financial Crisis Report"), at 130.

119 See, e.g., Ingo Fender and Janet Mitchell, "The future of securitisation: how to align incentives?" BIS Quarterly Review, Sept. 2009 available at http://www.bis.org/publ/qtrpdf/r_qt0909e.pdf (study that claimed to show having the originator or arranger retain the equity tranche of a securitization may lead to lower screening effort than other retention schemes and that recommended regulators focus on disclosure of the scale and nature of risk retention).

120 For example, the ASF has proposed model representations and warranties designed to enhance the alignment of incentives of mortgage originators with those of investors in mortgage loans. See American Securitization Forum Press Release, "ASF Proposes Risk Retention and Issues Final RMBS Disclosure and Reporting Packages," July 15, 2009, available at http://www.americansecuritization.com/story.aspx?id=3460.

spread, and thus were of little interest to investors seeking yield, while the higher returning securities were sold. Many of the retained securities were securities backed by similarly ranked tranches of ABS, which magnified rather than diversified risk. It may be the case that originators and/or underwriters underestimated the risk of both higher (senior) and lower (subordinated) tranches, but their retention practices did not result in the sort of overall risk assessment that our proposal would entail.[121] Thus, retaining risk in that manner would have been unlikely to have the same impact on loan originations, risk analysis, or underwriting –and the resultant asset quality -- as the risk retention requirement that we are proposing for ABS shelf eligibility.

In keeping with our belief that incentives are best aligned and quality of assets most significantly impacted if the sponsor retains an equal proportion of all tranches or the economic equivalent, we are proposing to require that, if sponsors select the second risk retention option, they retain a claim whose cash flows are at least five percent of those paid to investors, at all times and in all scenarios. This requirement means that the originator's interest must ultimately be a claim to the same pool of assets as the securities held by investors and must be equivalent in seniority to these securities. The originator's interest would, therefore, be the economic equivalent of retaining a fixed proportion of the nominal amount of all tranches held by investors. We understand that it is a typical practice for credit card ABS to retain an originator's interest in the pool.

For both options, we are proposing to require risk retention net of hedge positions directly related to the securities or exposures taken by the sponsor or its affiliate. This

---

[121] See Gillian Tett, Fool's Gold (2009); International Monetary Fund, Global Financial Stability Report: Navigating the Financial Challenges Ahead (Oct. 2009) at 25 (noting that retention of the senior tranche was motivated mainly by difficulties placing them), available at http://www.imf.org/external/pubs/ft/gfsr/2009/02/pdf/text.pdf.

would mean that sponsors would not be able to simply "resell" the specific risks related to the retained securities or asset pool underlying them and remain shelf eligible. The purpose of risk retention is to align the sponsor's incentives with the investors' incentives by exposing each of them to the same risks which thereby promotes higher quality securities in ABS shelf offerings than without risk retention by the sponsor. However, we are primarily concerned with the risks that are under the direct or indirect control of the sponsor (such as the quality of the originator's underwriting standards and the extent of the review undertaken to verify the information regarding the assets). Therefore, hedge positions that are not directly related to the securities or exposures taken by the sponsor or affiliate would not be required to be netted under our proposal. Such positions would include hedges related to overall market movements, such as movements of market interest rates, currency exchange rates, or of the overall value of a particular broad category of asset-backed securities.

As noted above, the proposed risk retention shelf eligibility condition would apply to the sponsor or affiliate of the sponsor. Our proposal is intended to provide an incentive for the sponsor to take additional steps to consider the quality of the assets that are securitized by exposing sponsors to the same credit risk that investors will be exposed to. We believe that there may be reasons to impose these risk retention requirements on the sponsor rather than the originator. Where a non-affiliated aggregator acts as the sponsor of a transaction,[122] the costs of monitoring risk retention born by an originator rather than the sponsor may be disproportionately high because the securitization may include many originators where each originator may have contributed a very small part of

[122] See discussion in fn. 106 regarding aggregators.

the assets in the entire pool. In addition, if risk retention were imposed on each originator rather than the sponsor, the amount of risk held by each originator may be small. As such, the incentives afforded through risk retention may be diminished or rendered less effective. With risk retention imposed on sponsors, we believe that sponsors would have the appropriate incentives and mechanisms to ensure that originators' lending standards are consistent with the quality and character of the ABS to be offered off of the shelf. Therefore, we believe it is more appropriate to impose risk retention requirements on the sponsor than the non-affiliated originator.[123]

Under our proposal, a sponsor may still conduct a public offering without risk retention. However, such offering would be required to be registered on proposed Form SF-1 rather than proposed Form SF-3. Those offerings would not be eligible for delayed shelf registration, which would subject them to a longer period before they could be completed since a new registration statement would need to be filed and become effective before an offering could be completed. This would allow additional time for the investors to analyze the offering.[124]

We have also considered other ancillary impacts of our proposed risk retention shelf eligibility condition. For example, we considered the impact of the shelf eligibility condition on financial reporting. We note that the Financial Accounting Standards Board's newly-issued Statements of Financial Accounting Standards No. 166 and 167, contained in FASB's Accounting Standards Codification, Topic 860, Transfers and

---

[123] As discussed in Section III.C.3 below, we also propose to add requirements for disclosure of any interest in the securities that is retained by the sponsor or originator.

[124] As we are proposing to require in Section III.C.3 below, if the offering does not include risk retention by the sponsor, an issuer should provide clear disclosure that the sponsor of the offering is not required by law to retain any risk in the securities and may sell any interest initially retained at any time, as applicable.

Servicing, and Topic 810, Consolidation, respectively, change the accounting for transfers of financial assets and the criteria for consolidation of variable interest entities. Substantially all types of special-purpose entities used in asset-backed securitization transactions are, for accounting purposes, variable interest entities.

The accounting guidance for consolidation requires a party to consolidate a variable interest entity if it has a variable interest in the securitization that is a controlling financial interest in the variable interest entity. The accounting guidance specifies that a party has a controlling financial interest if it has variable interests with both of the following characteristics: (a) the power to direct the activities of a variable interest entity that most significantly impact the variable interest entity's economic performance, and (b) the obligation to absorb losses of the variable interest entity (or the right to receive benefits from the variable interest entity) that could potentially be significant to the variable interest entity. Only one party, if any, is expected to have a controlling financial interest in a variable interest entity.

A sponsor that retains an economic interest in each tranche of securities, as we are proposing to require as a condition for shelf eligibility, generally will have a variable interest in the asset-backed securitization entity. However, satisfaction of the proposed risk retention condition would not, by itself, be determinative as to whether a sponsor's variable interests would be a controlling financial interest resulting in consolidation. This is the case because each sponsor will need to evaluate the facts and circumstances related to each particular transaction in light of the FASB's newly-issued guidance, including whether the sponsor has the power to direct the activities that most significantly impact the variable interest entity's economic performance. In some cases, the economic

performance of the variable interest entity is most significantly impacted by the performance of the assets that back the securities. In those cases, the activity that most significantly impacts the performance of the assets could be, for example, management of asset delinquencies and defaults or, as another example, selecting, monitoring, and disposing of collateral securities.

We expect the effect of the FASB's newly-issued guidance, together with the effect of satisfaction of our proposed risk retention condition for shelf eligibility (or retention of risk for other reasons), to generally increase the instances in which financial assets (and corresponding financial obligations) continue to be reported in the financial statements of the reporting entity that transfers the financial assets. However, the accounting and consolidation determinations for any particular transaction will depend on judgments about the related facts and circumstances.

We understand that the isolation of the assets comprising the pool from claims of other creditors is important to ABS investors.[125] Currently, credit card issuers typically retain an originator's interest in the pool, so our proposed risk retention shelf eligibility condition should not impact those issuers. Our proposed shelf eligibility requirement of retaining a vertical slice of the securities offered is not intended to have an impact on the isolation of the underlying assets, and we are not aware of any reason to believe it would. The proposed shelf eligibility condition would be to hold an interest in all the securities sold to investors and not the underlying assets directly nor the residual interest. True sale opinions are typically required on the transfer of assets from the originator to

---

[125] See The Bond Market Association, International Swaps & Derivatives Association, and Securities Industry Association , "Special Purpose Entities (SPEs) and the Securitization Markets," (Feb. 1, 2002) available at http://www.isda.org/speeches/pdf/SPV-Discussion-Piece-Final-Feb01.pdf (noting that

the depositor. This proposed shelf eligibility condition would apply to the sponsor, which may not necessarily be the originator. Thus, we believe the shelf eligibility condition should not impact whether there has been a true sale at law of the assets and therefore not change the analysis in the event of bankruptcy, insolvency, receivership or conservatorship of the originator or the sponsor.

Request for Comment

- Should we continue to condition shelf eligibility on requirements that are related to the quality of an ABS offering? Should we, as proposed, replace references to investment grade credit ratings with a risk retention requirement and/or the other criteria discussed below, which are intended to increase the likelihood of higher quality securities than securities that are not required to meet such criteria? Is there a possibility that, by establishing a risk retention requirement or any other criteria based on quality, investors may unduly rely on an appearance that incentives are aligned or that the security has greater quality and consequently be less inclined to expend effort to perform their own analyses creating a similar situation that over-reliance on ratings created? Do the policy bases for shelf eligibility suggest eligibility criteria based on quality of securities are appropriate? Conversely, are expedited offerings inconsistent with an attempt to promote independent analysis of asset-backed securities and reduce the likelihood of undue reliance by investors on credit ratings and therefore, should we not allow ABS offerings to be shelf registered? Should we continue to allow short-form registration for asset-backed securities? Given that each asset-backed security

---

securitizations would not take place without the ability to establish SPEs, as investors do not want to take on any risk associated with the seller).

offering off the shelf is akin to an initial public offering with respect to the particular issuer, is the premise of most other short form registration (i.e., that an eligible issuer enjoys a widespread market following) applicable to issuers of asset-backed securities?

- We request comment on risk retention as a condition to eligibility for a delayed ABS shelf offering. Would the proposed risk retention condition address concerns relating to the misalignment of incentives and lead to higher quality securities in registered ABS shelf offerings? Is this an appropriate condition for shelf eligibility? Would the requirement incentivize sponsors to consider the quality of the assets being underwritten and sold into the securitization vehicle?
- Is five percent an appropriate amount of risk for the sponsor to retain in order for the offering to be shelf eligible? Should it be higher (e.g., ten or 15%)? Should it be lower (e.g., one or three percent)? Should the amount of required risk retention be tied to another measure?
- Should the risk retention condition require retention of risk by sponsors (as proposed) or by originators?
- Are there other better ways to address alignment of incentives, and thus quality of the securities, in the aggregator situation? Should we require in that situation that all originators and the sponsor retain some risk?
- Should sponsors be permitted to satisfy the risk retention condition through a different form of risk retention than what is proposed (e.g., retention of first loss position or retention of first loss position in conjunction with retention of some form of vertical slice of the securitization)? Should the risk retention condition

relate to retention of the mezzanine tranche? Should the risk retention condition depend on the type and quality of the assets, the structure of the securities and expected economic condition? How could we structure a shelf eligibility condition to take those variables into account?

- We considered but are not proposing an alternative way to satisfy the risk retention shelf eligibility condition based on retention of randomly-selected exposures. We are concerned about the ability to subsequently demonstrate the randomness of the random selection process, including for purposes of monitoring or auditing. Should we include this alternative? Are there any mechanisms that we could adopt that would ensure adequate monitoring of the randomization process if such an alternative were permitted? For example, would our concerns be addressed if the sponsor was required to provide a third party opinion that the selection process has been random and that retained exposures are equivalent (i.e., share a similar risk profile) to the securitized exposures? Would this be sufficient? Would this opinion resemble a credit rating, raising the same issues that rule reliance on credit ratings has had? If this approach were taken, should we impose any requirements on the characteristics of such a third party? Should that third party be considered an expert for purposes of the registration statement?
- If we adopted a random selection alternative, should we require the same disclosure regarding the securitized exposures that are subject to risk retention that is required for the assets in the pool at the time of securitization and on an ongoing basis? Should the shelf eligibility condition require that the retained exposures be subject to the same servicing as the securitized exposures?

- Instead of requiring risk retention as a condition for shelf eligibility, should risk retention be made voluntary for shelf-eligible offerings and issuers only be required to add specified disclosure on the interest that the sponsor or other transaction participants retain? In other words, instead of mandating a certain amount of risk retention, should the requirement be that issuers disclose the percentage of risk retained and in what form? As discussed in greater detail in section III.C.3 of the release, we are also proposing to revise Items 1104, 1108 and 1110 of Regulation AB to require disclosure regarding the sponsor's, a servicer's or a 20% originator's interest retained in the transaction, including amount and nature of that interest. This information would be required for both shelf and non-shelf offerings. If those proposed risk retention disclosure requirements were adopted, would there be a need for or a significant incremental benefit from mandating specific minimum risk retention as a condition of shelf eligibility? Could this incremental benefit be achieved strictly through a market-based mechanism – for example, through fully-disclosed ABS covenants in which the sponsor pre-commits to retain a minimum percentage of the risk of the deal, as opposed to a regulatory requirement? Is the disclosure proposed to be required below sufficient to achieve such a benefit, and if not, what additional disclosures should we require? Would disclosure of the risk retention be a sufficient indicator of shelf-eligible offerings? Should we condition shelf eligibility on requiring the sponsor to covenant that it would maintain a minimum percentage of risk retention? If so, should we provide any limitations on the covenant (e.g., what percentage of tranche or assets must be retained, manner of sponsor's retention,

no hedging)? What are the limitations to a market-based mechanism for risk retention? Would such a transaction covenant be credible and enforceable? Would requiring this transaction covenant, along with disclosure of risk retention pursuant to the covenant, sufficiently distinguish those offerings that should be made shelf eligible from those that should not?

- Should net economic interest be measured at the time of origination/issuance as proposed? Would a different measurement date be more appropriate (e.g., the securitization cut-off date)? If the interest were measured at the time of securitization cut-off date, could this cause issuers to change various terms? Is the amount of retention that is required to be retained on an ongoing basis appropriate? Why or why not?
- Should revolving asset master trusts be permitted to satisfy the shelf eligibility requirement by retaining the originator's interest, as proposed? In those cases, should we require as proposed that the originator's interest and securities held by investors are collectively backed by the same pool of receivables, and payments of the originator's interest are not less than five percent of payments of the securities held by investors collectively? Is that typical in credit card issuances?
- Are the proposed netting provisions appropriate? Do we need to provide more guidance on what kind of hedges would be netted against the retained risk? Is the proposed "directly related" standard appropriate? Is it sufficiently clear what type of hedges would be allowed? Are there certain forms of hedges that we should indicate would not be netted against the retained risk? Is there any concern that sponsors may inadvertently hedge the economic risk required to be retained? If

so, do we need to address that and what is the best way for us to address it? Should we expand the proposed netting provisions to other types of hedging? Should we narrow the proposed netting provisions in any way?

- Should the sponsor be allowed to sell off the retained interest after a certain point in time while non-affiliates of the depositor still hold securities and still remain shelf eligible? If so, when? Would that undermine the purpose of the condition? If not, why not?
- Should there be an alternate condition to the risk retention shelf eligibility condition? For instance, should risk retention apply to RMBS that are backed by mortgages that are not qualified mortgages, as defined H.R. 1728, [126] a recent legislative proposal?[127] Would it be appropriate to require risk retention unless

---

126 See, e.g., Mortgage Reform and Anti-Predatory Lending Act, H.R. 1728, 111th Congress.

127 At §203 in H.R. 1728, a qualified mortgage is defined as a mortgage:

(i) that does not allow a consumer to defer repayment of principal or interest, or is not otherwise deemed a `non-traditional mortgage' under guidance, advisories, or regulations prescribed by the Federal Banking Agencies;

(ii) that does not provide for a repayment schedule that results in negative amortization at any time;

(iii) for which the terms are fully amortizing and which does not result in a balloon payment, where a `balloon payment' is a scheduled payment that is more than twice as large as the average of earlier scheduled payments;

(iv) which has an annual percentage rate that does not exceed the average prime offer rate for a comparable transaction, as of the date the interest rate is set--

(I) by 1.5 or more percentage points, in the case of a first lien residential mortgage loan having a original principal obligation amount that is equal to or less than the amount of the maximum limitation on the original principal obligation of mortgage in effect for a residence of the applicable size, as of the date of such interest rate set, pursuant to the sixth sentence of section 305(a)(2) the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2));

(II) by 2.5 or more percentage points, in the case of a first lien residential mortgage loan having a original principal obligation amount that is more than the amount of the maximum limitation on the original principal obligation of mortgage in effect for a residence of the applicable size, as of the date of such interest rate set, pursuant to the sixth sentence of section 305(a)(2) the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)); and

full documentation has been provided for the assets, the borrower meets a certain minimum credit score, or the terms of the loan do not involve balloon payments? Would such requirements for the mortgages in the pool be a better condition to shelf eligibility than the proposed risk retention shelf eligibility condition? Would such a shelf eligibility condition be difficult to implement? Should we instead condition shelf eligibility on risk retention for loans with an annual percentage rate that exceeds the average prime offer rate for a comparable transaction as of the date the interest rate is set by 1.5 or more percentage points for loans secured by a first lien on a dwelling, or by 3.5 or more percentage points for loans secured by a subordinate lien on a dwelling?[128] How would we structure a condition that relates to specified characteristics of the assets for other asset

---

(III) by 3.5 or more percentage points, in the case of a subordinate lien residential mortgage loan;

(v) for which the income and financial resources relied upon to qualify the obligors on the loan are verified and documented;

(vi) in the case of a fixed rate loan, for which the underwriting process is based on a payment schedule that fully amortizes the loan over the loan term and takes into account all applicable taxes, insurance, and assessments;

(vii) (vii) in the case of an adjustable rate loan, for which the underwriting is based on the maximum rate permitted under the loan during the first seven years, and a payment schedule that fully amortizes the loan over the loan term and takes into account all applicable taxes, insurance, and assessments;

(viii) that does not cause the consumer's total monthly debts, including amounts under the loan, to exceed a percentage established by regulation of the consumer's monthly gross income or such other maximum percentage of such income as may be prescribed by regulation under paragraph (4), and such rules shall also take into consideration the consumer's income available to pay regular expenses after payment of all installment and revolving debt;

(ix) for which the total points and fees payable in connection with the loan do not exceed 2 percent of the total loan amount, where `points and fees' means points and fees as defined by Section 103(aa)(4) of the Truth in Lending Act (15 U.S.C. 1602(aa)(4)); and

(x) for which the term of the loan does not exceed 30 years, except as such term may be extended under paragraph (4).

[128] See definition of "higher-priced mortgage loans" in 12 CFR 226.35(a) and Truth in Lending, Federal Reserve System, 73 FR 44522 (July 30, 2008).

classes that may not have those variables or those industry standards or have different underwriting standards? What would be the appropriate categories and thresholds? Do those appropriate categories and thresholds differ for different classes? If so, how? Are there securitized asset classes that have no clear or established standards that could demarcate assets meriting shelf eligibility and those that do not?

- The residual interest of a commercial mortgage securitization is typically sold to a third party purchaser, also known as the "B-piece buyer," before the issuance of the securities. In light of this practice, should we permit third party retention of a portion of the securitization to fulfill the shelf eligibility condition? How can we ensure that incentives between the sponsor and investors are aligned in a manner that results in higher quality if the sponsor is permitted to sell off its risk to a third party? For example, should such a shelf eligibility condition require that if a third party will retain the credit risk, the third party purchaser must retain a higher percentage (e.g., ten or 15%) of the risk, rather than five percent? If we allow this approach, should we condition shelf eligibility on a requirement that the third party separately examine the assets in the pool and/or not sell or hedge its holdings? Are there reasons we should, or should not, permit a third party to retain risk in order satisfy the proposed risk retention condition?[129]
- Should any asset classes or types of securities be exempt from the proposed risk retention shelf eligibility condition or have different risk retention requirements apply? Because of the unique nature of residential mortgages in the financial

[129] In recent years, it was not uncommon for the securitization residual or equity interests to be repackaged into CDOs and sold in the private markets.

markets, should risk retention apply to shelf offerings of residential mortgage-backed securities (RMBS) but not offerings of other ABS? If so, what would be an appropriate partial substitute for investment grade rating for shelf eligibility for those other asset classes?

- How would the proposed risk retention shelf eligibility condition impact how sellers account for the transfer of assets in a securitization transaction? Is it desirable to revise the proposal to lessen that impact and if so, how?
- Would the proposal have an impact on the true sale at law of the assets or on the rights of ABS investors as a result of conservatorship, receivership or bankruptcy of the originator or sponsor? If so, how can we revise the proposed risk retention condition to require risk retention without jeopardizing the transfer of assets as a true sale at law or the remoteness of those assets in the event of any bankruptcy, conservatorship, or receivership of the sponsor or originator?
- We note that FINRA Rule 5130 (Restrictions on the Purchase and Sale of IPOs of Equity Securities) generally prohibits FINRA members from selling initial public offerings to broker dealers and their affiliates. The rule is designed to protect the integrity of the public offering process by ensuring that: 1) members make bona fide public offerings of securities at the offering price; 2) members do not withhold securities in a public offering for their own benefit or use securities to reward persons who can give them future business; and 3) industry insiders do not take advantage of their insider position to purchase IPOs for their own benefit at the expense of the public.[130] Under FINRA's rules, if an ABS is an equity

[130] NASD notice to Members 03-79 (March 23, 2004) Initial Public Offerings.

security, it is excluded from the application of the rule if the security is sold pursuant to an exemption under the Securities Act or if it is an offering of investment grade rated ABS. Will this rule have any significant impact on the ability to retain risk as a requirement for shelf eligibility? While our rule changes would eliminate references to credit ratings, sponsors may still obtain ratings, which would potentially qualify the offering for this exemption. Alternatively, FINRA could change its rule to provide the exemption to shelf-eligible ABS rather than investment grade rated ABS. Are there any other regulations or rules that may impact the retention of risk?

b) Third Party Review of Repurchase Obligations

In the underlying transaction agreements for an asset securitization, sponsors or originators typically make representations and warranties relating to the pool assets and their origination, including about the quality of the pool assets. For instance, in the case of residential mortgage-backed securities, one such representation and warranty is that each of the loans has complied with applicable federal, state and local laws, including truth-in-lending, consumer credit protection, predatory and abusive laws and disclosure laws. Another representation that may be included is that no fraud has taken place in connection with the origination of the assets on the part of the originator or any party involved in the origination of the assets. Upon discovery that a pool asset does not comply with the representation or warranty, under transaction covenants, an obligated party, typically the sponsor, must repurchase the asset or substitute the non-compliant asset with a different asset that complies with the representations and warranties.

The effectiveness of these contractual provisions has been questioned and lack of responsiveness by sponsors to potential breaches of the representations and warranties relating to the pool assets has been the subject of investor complaint.[131] Transaction agreements typically have not included specific mechanisms to identify breaches of representations and warranties or to resolve a question as to whether a breach of the representations and warranties has occurred.[132] Thus, these contractual agreements have frequently been ineffective because without access to documents relating to each pool asset, it can be difficult for the trustee, which typically notifies the sponsor of an alleged breach, to determine whether or not a representation or warranty relating to a pool asset has been breached. Investors and trustees must rely on the sponsor to provide the necessary documentation about the assets in question. Without further safeguards, the protective quality of the representations and warranties can be compromised.

We are proposing to require as a condition to shelf eligibility, that the pooling and servicing agreement or other transaction agreement for the securitization, which is required to be filed with the Commission,[133] contain a specified provision to enhance the

---

131 See the Committee on Capital Markets Regulation Financial Crisis Report, at 135 (noting that contractual provisions have proven to be of little practical value to investors during the crisis); see also Investors Proceeding with Countrywide Lawsuit, Mortgage Servicing News, Feb. 1, 2009 (describing class action investor suit against Countrywide in which investors claim that language in the pooling and servicing agreements requires the seller/servicer to repurchase loans that were originated with "predatory" or abusive lending practices) and American Securitization Forum, ASF Releases Model Representations and Warranties to Bolster Risk Retention and Transparency in Mortgage Securitizations, (Dec. 15, 2009), available at http://www.americansecuritization.com/. Only large investors of ABS such as Fannie Mae and Freddie Mac have been able to exercise repurchase demands. See Aparajita Saha-Bubna, "Repurchased Loans Putting Banks in Hole," Wall Street Journal (Mar. 8, 2010)(noting that most mortgages bouncing back to lenders are coming from Fannie Mae and Freddie Mac).

132 See also Moody's Investors Service, Inc., Special Report: Moody's Criteria for Evaluating Representations and Warranties in U.S. Residential Mortgage Backed Securitizations (RMBS), November 24, 2008 (noting that historically RMBS have not incorporated mechanisms and procedures to identify breaches of representations and warranties and recommending that post-securitization forensic reviews be conducted by an independent third party for delinquent loans).

133 ABS issuers are currently required to file these agreements as an exhibit to the registration statement.

protective nature of the representations and warranties. The specified provision would require the obligated party (i.e. the representing and warranting party) to furnish a third party's opinion relating to any asset for which the trustee has asserted a breach of any representation or warranty and for which the asset was not repurchased or replaced by the obligated party on the basis of an assertion that the asset met the representations and warranties contained in the pooling and servicing or other agreement.[134] The third party opinion would confirm that the asset did not violate a representation or warranty contained in the pooling and servicing agreement or other transaction agreement. Because we believe that annual review of the assets is not sufficient to address investors' concerns regarding the enforceability of these provisions in the underlying transaction documents, the opinion would be required to be furnished to the trustee at least quarterly.

To better ensure that the opinion is impartial, we are proposing to require that the third party providing the opinion not be an affiliate of the obligated party. This proposed third party loan review condition to shelf eligibility is designed to help ensure that representations and warranties about the assets provide meaningful protection to investors, which should encourage sponsors to include higher quality assets in the asset pool.[135] As a result, we believe that this proposed condition is an appropriate partial substitute for the investment grade ratings requirement.

Request for Comment

---

[134] See proposed General Instruction I.B.1(b) of proposed Form SF-3. Under existing rules, the transaction agreement is required to be filed as an exhibit to the registration statement. See Item 601 of Regulation S-K [17 CFR 229.601].

[135] As described below, we also propose to add a disclosure requirement to Exchange Act Form 10-D that would require disclosure of the number of loans that have been presented for repurchase to the party obligated to repurchase the assets under the transaction agreements and the number of those assets that have not been repurchased or replaced.

- Is this proposed condition an appropriate shelf eligibility condition for ABS offerings?
- Would this proposed condition, which would only require an undertaking from the issuer, have a measurable benefit to investors? Should we require more assurance that third party opinions have been provided to investors as a condition to shelf eligibility? For example, should we instead condition eligibility on receipt of a certification from the trustee in offerings of the same asset class by the depositor or its affiliates to the effect that all required opinions have been obtained? Should we condition eligibility on a requirement that the trustee provide notice if required third party opinions are not obtained, along with an absence of a notice from the trustee to the effect that there was a failure to provide required opinions?
- Should we provide more guidelines in this shelf eligibility condition regarding the specifics of the provision that would be required to be included in the pooling and servicing or other agreement? If so, what should be detailed?
- Should the proposed condition provide any further specification of the terms of the third party opinion provision?
- Is it appropriate to require, as proposed, the third party to be non-affiliated with the obligated party? Should we specify further any requirements relating to providers of the third party opinion? Should we specify that the third party opinion provider must be an independent expert, similar to what is required in Section 314(d)(1)[136] of the Trust Indenture Act of 1939?[137]

---

136 15 U.S.C. 77nnn(d)(1).

- Should we specify who should provide the third party opinion or who should not be permitted to provide the opinion? Should diligence firms that provide third party pre-securitization review of a random sample of assets be allowed to provide this opinion? Should we specify that it must be a legal opinion? Would attorneys or law firms be willing to provide this opinion? Why or why not? Would it be appropriate to allow a sponsor's in-house counsel to provide the opinion? If a law firm provides the opinion, should we prohibit the law firm that assisted in the offering from providing such an opinion?
- Based on existing attestation standards of either the PCAOB or AICPA, we do not believe that the proposed opinion could be provided by a public accountant. Would a public accountant be able to provide the proposed opinion under existing attestation standards? If so, which standard or standards should be applied, what level of assurance should be provided and how should the third party opinion be reported?
- Should we provide that the third party opinion must cover all of the representations and warranties in the agreement related to the assets, as proposed? Instead, are there certain representations and warranties that are the most significant that the opinion should cover? Are there types of representations and warranties that the third party opinion should not be required to opine on? For example, are there certain representations and warranties that an attorney or a law firm would not be able to opine on? If so, why?

---

137 15 USC 77aaa et. seq.

- Are there any other types of limitations that a third party opinion provider would or should place on the required opinion? In general, what type of exam, assessment or evaluation would a third party opinion provider need to make in order to provide the required opinion?
- How costly or burdensome would it be for an issuer to be required to have a third party provide an opinion to satisfy the proposed shelf eligibility condition? Would this impose too much burden on ABS issuers? Are there ways to lessen the cost?
- Should the third party opinion be required to be furnished annually rather than quarterly, as proposed?
- Should we require that the third party opinion also be filed as an exhibit to an Exchange Act report?
- We are aware of some insurance providers that have offered to insure in the context of mergers and acquisitions any breach of the representations and warranties in the transaction agreement. As an alternative to conditioning ABS shelf eligibility on an undertaking in the transaction agreement that the issuer furnish a third party opinion on assets not repurchased (or instead of the proposed condition), should we allow the issuer to purchase insurance to insure a minimum amount or percentage of the sponsor or originator's obligations under the transaction agreement? If so, what kind of disclosure should we require about the insurance provider? How can we ensure that this alternative method of meeting shelf eligibility adequately improves the incentive structure and therefore the quality of the securities?

c) Certification of the Depositor's Chief Executive Officer

We also are proposing to establish a requirement that, as a condition to ABS shelf eligibility to replace investment grade ratings criteria, the issuer provide a certification signed by the chief executive officer of the depositor of the securitization regarding the assets underlying the securities for each offering.[138] The certification would require the depositor's chief executive officer to certify that to his or her knowledge, the assets have characteristics that provide a reasonable basis to believe they will produce, taking into account internal credit enhancements, cash flows at times and in amounts necessary to service payments on the securities as described in the prospectus. This officer would also certify that he or she has reviewed the prospectus and the necessary documents for this certification.[139]

Because we would frame this ABS shelf eligibility condition as a certification requirement instead of a disclosure requirement, we are using slightly different language than a similar EU disclosure requirement in order to more precisely outline what the officer is certifying to. We are proposing a certification rather than a disclosure requirement because we preliminarily believe the potential focus on the transaction and the disclosure that may result from an individual providing a certification should lead to

---

[138] See proposed General Instruction I.B.1(c) to proposed Form SF-3.

[139] This condition is similar to the current disclosure requirements for asset-backed issuers in the European Union. Annex VIII, Disclosure Requirements for the Asset-Backed Securities Additional Building Block, Section 2.1 (European Commission Regulation (EC) No. 809/2004 (April 29, 2004). The EU requires asset-backed issuers to disclose in each prospectus that the securitized assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities. Similarly, under the North American Securities Administrator's Association (NASAA)'s guidelines for registration of asset-backed securities, sponsors are required to demonstrate that for securities without an investment grade rating, based on eligibility criteria or specifically identified assets, the eligible assets being pooled will generate sufficient cash flow to make all scheduled payments on the asset-backed securities after taking certain allowed expenses into consideration. The guidelines are available at www.nasaa.org.

enhanced quality of the securitization.[140] We believe, as we did when we proposed the certification for Exchange Act periodic reports, that a certification may cause these officials to review more carefully the disclosure, and in this case, the transaction, and to participate more extensively in the oversight of the transaction.[141]

We are proposing that the statements required in the certification would be made based on the knowledge of the certifying officer. As signatories to the registration statement, we would expect that chief executive officers of depositors would have reviewed the necessary documents regarding the assets, transactions and disclosures. Under current requirements, the registration statement for an ABS offering is required to include a description of the material characteristics of the asset pool,[142] as well as information about the flow of funds for the transaction, including the payment allocations, rights and distribution priorities among all classes of the issuing entity's securities, and within each class, with respect to cash flows, credit enhancement and any other structural features in the transaction.[143] The proposed certification would be an explicit representation by the chief executive officer of the depositor of what is already

---

140 For instance, a depositor's chief executive officer may conclude that in order to provide the certification, he or she must analyze a structural review of the securitization. Rating agencies would also conduct a structural review of the securitization when issuing a rating on the securities.

141 See Certification of Disclosure in Companies' Quarterly and Annual Reports, Release No. 34-46079 June 14, 2002. See also Testimony Concerning Implementation of the Sarbanes-Oxley Act of 2002 by William H. Donaldson, Chairman U.S. Securities and Exchange Commission Before the Senate Committee on Banking, Housing and Urban Affairs (September 9, 2003) (noting that a consequence of "the combination of the certification requirements and the requirement to establish and maintain disclosure controls and procedures has been to focus appropriate increased senior executive attention on disclosure responsibilities and has had a very significant impact to date in improving financial reporting and other disclosure").

142 See Item 1111 of Regulation AB [17 CFR 229.1111].

143 See Item 202 of Regulation S-K [17 CFR 229.202] and Item 1113 of Regulation AB [17 CFR 229.1113].

implicit in this disclosure contained in the registration statement.[144] This is similar to the certifications of Exchange Act periodic reports required by Exchange Act Rules 13a-14 and 15d-14,[145] which also refer to the disclosure. As with the certifications required by these rules, the language of the proposed certification could not be altered. Instead, any issues in providing the certification would need to be addressed through disclosure in the prospectus.[146] For instance, if the prospectus describes the risk of non-payment, or probability of non-payment, or other risks that such cash flows will not be produced or such payments will not be made, then those disclosures would be taken into consideration in signing the certification.

The chief executive officer of the depositor is already responsible as signatory of the registration statement for the issuer's disclosure in the prospectus and can be liable for material misstatements or omissions under the federal securities laws.[147] An officer providing a false certification potentially could be subject to Commission action for violating Securities Act Section 17.[148] The certification would be a statement of what is known by the signatory at the time of the offering and would not serve as a guarantee of payment of the securities.

Under our proposal, this certification would be an additional exhibit requirement for the shelf registration statement that would not be applicable to the non-shelf

---

144 This approach is somewhat similar to the approach we took with Regulation AC, which requires certifications from analysts. We noted there that Regulation AC makes explicit the representations that are already implicit when an analyst publishes his or her views – that the analysis of a security published by the analyst reflects the analyst's honestly held views. Section II of Regulation Analyst Certification, Release No. 33-8193 (Feb. 23, 2003) [68 FR 9482].

145 17 CFR 240.13a-14 and 17 CFR 240.15d-14.

146 See Section III.D.6 of the 2004 ABS Adopting Release.

147 See Securities Act Section 11 (15 U.S.C. 77k(a)) and Exchange Act Section 10(b) (15.U.S.C. 78j(b)).

registration statement, Form SF-1, and that would be required to be filed by the time the final prospectus is required to be filed under Rule 424.[149] We believe that requiring the chief executive officer of the depositor to sign the certification is consistent with other signature requirements for asset-backed securities.[150]

Request for Comment

- Is our proposal to require certification appropriate as a condition to shelf eligibility? Would investors find the certification valuable?
- Is the proposed language for the certification requirement appropriate? Should we revise it in any way? Should we require that the officer certify that he has a reasonable basis to believe that the assets will produce cash flows at times and in amounts necessary to service payments on the securities as described in the prospectus (rather than certify that the assets have characteristics that provide a reasonable basis to believe that the assets will produce cash flows at times and amounts necessary to service payments as described)?
- Should we identify the level of inquiry required by the executive officer? Should we specify which documents (other than the prospectus) would need to be reviewed for purposes of the certification, and, if so, which ones should we specify?
- Under the proposal, the certifying officer could take into account internal credit enhancements for purposes of evaluating whether the assets have characteristics that provide a reasonable basis to believe they will produce cash flows at times

---

148 15 U.S.C. 77q(a).

149 See proposed revision to Item 601(b) of Regulation S-K.

and in amounts necessary to service payments on the securities as described in the prospectus. Should we also permit the certifying officer to also take into account external credit enhancements that may be utilized in the securitization?[151]

- Are there concerns that it is not possible for any individual to be in a position to certify that the assets in the pool have characteristics that provide a reasonable basis to believe they will produce, taking into account internal credit enhancements, cash flows at times and in amounts necessary to service payments on the securities as described in the prospectus? If so, how can we address those concerns or are there steps we should take to ensure that the level of uncertainty in the structure and assets is clear to investors?
- Instead of, or in addition to, requiring a certification, should we require the sponsor to disclose its estimates of default probability for all tranches in the transaction, default probability of loans in the pool, and/or the expected recovery rate on the loans conditional on default? Such estimates would be expected to be consistent with assumptions used in sponsors' internal modeling. Would this disclosure potentially provide investors useful insights into the sponsor's view of the creditworthiness of pool assets and the securitization overall? Would it convey information similar to that contained in credit ratings, which also have, historically, reflected beliefs about default probabilities and expected recovery rates? Do sponsors currently have internal models, or make internal assumptions

---

150 See, e.g., Item 601(b)(31)(ii) of Regulation S-K (exhibit requirement for ABS regarding certification required by Exchange Act Rules 13a-14(d) and 15d-14(d)).

151 Examples of external credit enhancement may include third party insurance to reimburse losses on the pool assets or the securities or an interest rate swap or similar swap transaction to provide incidental changes to cash-flow and return.

for valuation purposes, that could be used to readily produce these numbers? If so, should we require that disclosed estimates be consistent with those used in sponsors' internal models? Should we indicate whether or not such disclosures constitute forward-looking statements?

- Should the chief executive officer of the depositor, as proposed, be required to sign the certification, or should an individual in a different position be required to certify? Which individual should be required to sign the certification? Should we instead require that the certification be signed by the senior officer of the depositor in charge of securitization, consistent with other signature requirements for ABS? Given that the depositor is often a special purpose subsidiary of the sponsor, would it be more appropriate to have an officer of the sponsor sign the certification? If so, should it be the senior officer in charge of securitization or some other officer of the sponsor?
- Is it appropriate to require the certification be filed as an exhibit to the registration statement at the time of the final prospectus by means of a Form 8-K?

d) Undertaking to File Ongoing Reports

Our last proposed new shelf eligibility criterion replacing the investment grade ratings requirement is a requirement that the issuer provide an undertaking to file Exchange Act reports with the Commission on an ongoing basis. Exchange Act Section 15(d) requires an issuer with an effective Securities Act registration statement to file ongoing reports with the Commission. However, the statute also provides that for issuers that do not also have a class of securities registered under the Exchange Act the duty to file ongoing reports is automatically suspended after the first year if the securities of each

class to which the registration statement relates are held of record by less than three hundred persons. As a result, typically the reporting obligations of all asset-backed issuers,[152] other than those with master trust structures,[153] are suspended after they have filed one annual report on Form 10-K because the number of record holders falls below, often significantly below, the 300 record holder threshold.[154]

In the proposing release for Regulation AB, we requested comment on whether the ability to suspend reporting under Section 15(d) should be revisited.[155] One investor group recommended conditioning ABS shelf registration upon an issuer agreeing either to continue filing reports under Section 15(d) or to make publicly available on their Web sites copies of reports that contain the information required by Form 10–D.[156] While in 2004 we did not adopt rules that would create ongoing reporting obligations for asset-backed issuers, we did note that the concerns raised by investors confirm the importance

---

[152] Under Rule 3b-19 under the Exchange Act [17 CFR 240.3b-19], an issuer is defined in relation to asset-backed securities in the following way:

> (a) The depositor for the asset-backed securities acting solely in its capacity as depositor to the issuing entity is the ''issuer'' for purposes of the asset backed securities of that issuing entity.
>
> (b) The person acting in the capacity as the depositor specified in paragraph (a) is a different ''issuer'' from that same person acting as a depositor for another issuing entity or for purposes of that person's own securities.

[153] In a securitization using a master trust structure, the ABS transaction contemplates future issuances of asset-backed securities backed by the same, but expanded, asset pool that consists of revolving assets. Pre-existing securities also would therefore be backed by the same expanded asset pool.

[154] One source noted that in a survey of 100 randomly selected asset-backed transactions, the number of record holders provided in reports on Form 15 ranged from two to more than 70. The survey did not consider beneficial owner numbers. See Committee on Capital Markets Regulation Financial Crisis Report, at fn. 349.

[155] See Section III.D.2 of Asset-Backed Securities, Release No. 33–8419 (May 3, 2004) [69 FR 26650].

[156] See comment letter from Investment Company Institute (ICI).

to investors of post-issuance reporting of information regarding an ABS transaction in understanding transaction performance and in making ongoing investment decisions.[157]

We are proposing to require as a condition to ABS shelf eligibility that the issuer undertake to file with the Commission reports to provide disclosure as would be required pursuant to Exchange Act Section 15(d) and the rules thereunder, if the issuer were required to report under that section.[158] The issuer's reporting obligation under the undertaking would extend as long as non-affiliates of the depositor hold any of the issuer's securities that were sold in registered transactions.[159] We believe that ongoing reporting of an asset-backed issuer would provide investors and the markets with transparency regarding many aspects about the ongoing performance of the securities and servicer in its compliance with servicing criteria, among other things. We believe this transparency is important for investors and the market and that it is appropriate to encourage ABS issuers to provide ongoing reports by conditioning shelf eligibility on an undertaking to do so. Thus, we believe this requirement is a reasonable additional condition to shelf eligibility. In conjunction with our proposal to require asset-level information, it may prove even more useful to investors.[160]

---

157 See Section III.A.3.d of the 2004 ABS Adopting Release. We noted that modifying the reporting obligation would raise broad issues about the treatment of other non-ABS issuers that do not have public common equity. We believe our ABS shelf eligibility proposal is sufficiently distinguishable from the treatment of non-ABS issuers.

158 See proposed Item 512(a)(7)(ii) of Regulation S-K.

159 We also are proposing to add a checkbox to the cover page of Forms 10-K, 10-D, and 8-K where the issuer would be required to indicate whether the report is being filed pursuant to the proposed undertaking.

160 See the Committee on Capital Markets Regulation Financial Crisis Report, at 151-152 (noting that loan-level data is not useful if issuers can opt out of periodic reporting and recommending that the Commission consider whether Section 15(d) of the Exchange Act should apply to the typical RMBS issuance); Statement of Paul Schott Stevens President and CEO, ICI, for SEC Roundtable on Oversight of Credit Rating Agencies, April 15, 2009, available at http://www.sec.gov/comments/4-579/4579-15.pdf (recommending that the Commission require disclosure under Regulation AB be required to be made on an ongoing basis in spite of Section 15(d)).

In connection with this shelf eligibility condition, we are proposing to require disclosure in the prospectus that is filed as part of the registration statement that the issuer has undertaken and will file with the Commission the reports as would be required pursuant to Exchange Act Section 15(d) and the rules thereunder if the issuer were required to report under that section. Such disclosure would be subject to the same liability as other disclosure in the prospectus.

Also, we are proposing to add a disclosure requirement to Item 1106 of Regulation AB[161] that would require disclosure in a prospectus of any failure in the last year of an issuing entity established by the depositor or any affiliate of the depositor to file, or file in a timely manner, an Exchange Act report that was required either by rule or by virtue of an undertaking. We are proposing further changes to ABS shelf eligibility requirements in connection with the proposed condition, as discussed in the following section.

Request for Comment

- We request comment on our proposal to require ABS issuers who wish to conduct delayed shelf offerings to undertake to file reports that would be required under Section 15(d) of the Exchange Act for as long as non-affiliates of the depositor hold any securities that were sold in registered transactions. Should we impose such a requirement? Should ABS issuers who use shelf registration be permitted to terminate their reporting obligations at an earlier period in time under shelf eligibility conditions? If so, when?

---

[161] 17 CFR 229.1106.

- Should we require, as proposed, the disclosure of any failure in the last year of an issuing entity established by the depositor or any affiliate of the depositor to file, or file in a timely manner, an Exchange Act report that was required either by rule or by virtue of the proposed undertaking?
- We request comment on all of the four new proposed shelf eligibility conditions in general. Are the proposed shelf eligibility conditions appropriate alternatives to the existing investment grade ratings requirement? If one or more of these proposed criteria are not adopted, should an investment grade rating continue to determine whether or not an ABS issuer is eligible for shelf registration? Or should we prohibit ABS issuers from using shelf registration altogether? What would the impact be if ABS issuers were prohibited from utilizing shelf registration? Do the proposed changes to the shelf registration procedures described above, coupled with the proposed shelf eligibility conditions, mitigate concerns about ABS issuers using shelf registration?
- Should our proposed shelf eligibility conditions (or some subset of them) be used in addition to the existing investment grade ratings requirement rather than replace it?
- What is the aggregate effect of the proposed revisions to shelf eligibility criteria and the shelf registration process for ABS offerings? If these revisions are adopted, would this make using non-shelf registration (Form SF-1) more attractive to an ABS issuer? How would this change the costs and benefits analysis for using shelf registration for ABS issuers? Would this change cause shelf registration to be less attractive or become uneconomic?

- If we continue to condition shelf eligibility, in part, on characteristics of the securities that relate to quality, should we establish shelf eligibility based on different criteria than the four proposed criteria? Should shelf eligibility be conditioned on a limitation of the capital structure of ABS offerings? For instance, should shelf offerings not be allowed to include leveraged tranches or should we limit the number of tranches? If so, how many (e.g., five, six, or seven)? Should we put restrictions on the size of each tranche? If so, how should we do that? Should we limit ABS shelf eligibility to offerings backed by assets that are seasoned for some period of time? If so, how much time for each asset class (e.g., six months, one year, or two years)? Are there certain standardized structures that we should use as a requirement for shelf offering?

e) Other Proposed Form SF-3 Requirements

We are proposing other amendments to Rule 401 and the instructions in proposed Form SF-3 relating to form eligibility. Currently, to be eligible to use Form S-3, the existing form for ABS shelf registration, an issuer must meet the form's registrant requirements, which generally pertain for ABS issuers to reporting history under the Exchange Act of the depositor and affiliates of the depositor with respect to the same asset class, and at least one of the form's transaction requirements. One of the current ABS transaction requirements for use of Form S-3 is that the securities are investment grade securities, and above we have described our proposals for four new transaction requirements for use of Form SF-3 that would replace the investment grade ratings requirement (i.e., risk retention, third party opinion review of repurchase demands, certification, and the undertaking to file Exchange Act reports). We are proposing to add

new registrant requirements that pertain to compliance with the four proposed transaction requirements. These registrant requirements would be new shelf eligibility conditions to registration on proposed Form SF-3, and would also serve as the new eligibility conditions to be evaluated prior to conducting an offering off an effective Form SF-3 shelf registration statement.

i) Registrant Requirements to be Met for Filing a Form SF-3

In order to be eligible to file a registration statement on proposed Form SF-3, we are proposing that the registrant meet the following new requirements. First, we are proposing to require that to the extent the sponsor or an affiliate of the sponsor of the ABS transaction being registered was required to retain risk with respect to a previous ABS offering involving the same asset class, then, at the time of filing the registration statement, such sponsor or affiliate must be holding the required risk.

Second, we are proposing that to the extent the depositor or an issuing entity previously established, directly or indirectly, by the depositor or any affiliate of the depositor were at any time during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement required to comply with the other transaction requirements of Form SF-3 ("twelve-month look-back period"), with respect to a previous offering of securities involving the same asset class, the following requirements would apply:

- Such depositor and each such issuing entity must have timely filed all the transaction agreements that contained the required provision relating to the third party opinion review of repurchase demands;[162]

[162] Under our proposal discussed in Section III.F below, we are proposing to revise Item 1100(f) to require that exhibits be filed no later than the date of filing the final prospectus.

- Such depositor and each such issuing entity must have timely filed all the required certifications of the depositor's chief executive officer; and
- Such depositor and each such issuing entity must have filed all the reports that they had undertaken to file during the previous twelve months (or such shorter period during which the depositor or issuing entity had undertaken to file reports) as would be required under the Section 15(d) of Exchange Act if they were subject to the reporting requirements of that section.

Third, as proposed, there must be disclosure in the registration statement on Form SF-3 stating that these proposed registrant requirements have been complied with.

These proposed new registrant requirements are, in many respects, consistent with the existing Form S-3 registrant requirement relating to Exchange Act reporting.[163] As with the existing Form S-3 Exchange Act reporting registrant requirement, which we are retaining for proposed Form SF-3, the proposed new registrant requirements would require specified compliance with respect to previous offerings of the depositor or its affiliates. The proposed twelve-month look-back period (except for the requirement relating to risk retention) is also consistent with the existing Form S-3 Exchange Act reporting registrant requirement. The proposed new registrant requirement relating to risk retention requires an issuer to measure its risk retention as of the date of filing the

[163] Under existing Form S-3, prior to filing a registration statement, to the extent the depositor or any issuing entity previously established by the depositor or an affiliate of the depositor are or were at any time during the twelve calendar months and any portion of a month immediately preceding the filing of the Form S-3 required to file Exchange Act reports, with respect to a class of asset-backed securities involving the same asset class, such depositor and each such issuing entity must have filed all material required to be filed during the twelve months (or shorter period that the entity was required to have filed such materials). Also, such material, other than certain specified reports on Form 8-K, must have been filed in a timely manner. See General Instruction I.A.4 to Form S-3.

registration statement, which we believe is a reasonable requirement. As described in more detail below, we are not proposing to require the sponsor or an affiliate of the sponsor to ensure that all risk was retained at all times during the previous twelve calendar months, for purposes of shelf eligibility, out of a concern that it may be overly burdensome.

ii) Evaluation of Form SF-3 Eligibility in Lieu of Section 10(a)(3) Update

Form S-3 eligibility under the current rules is determined at the time of filing the registration statement and at the time of updating that registration statement under Securities Act Section 10(a)(3) [164] by filing audited financial statements. Because ABS registration statements do not contain financial statements of the issuer, a periodic determination of whether the issuer can continue to use the shelf would be specified by rule.[165] Such an evaluation would also provide a means for the Commission and its staff to better oversee compliance with the proposed new Form SF-3 eligibility conditions that would replace the existing investment grade ratings requirement. Therefore, in lieu of Section 10(a)(3) updating, we are proposing to revise Rule 401 to require, as a condition to conducting an offering off an effective shelf registration statement, an annual evaluation of whether the Exchange Act reporting registrant requirements have been satisfied. Under the proposal, an ABS issuer wishing to conduct a takedown off an effective shelf registration statement must evaluate whether affiliated issuers that were required to report under Sections 13(a) or 15(d) of the Exchange Act during the previous

164 15 U.S.C. 77j(a)(3).

165 See Securities Act Rule 401(b) [17 CFR 230.401(b)].

twelve months, have filed such reports on a timely basis, as of ninety days after the end of the depositor's fiscal year end.[166]

iii) Quarterly Evaluation of Eligibility to Use Effective Form SF-3 for Takedowns

We also are proposing to require a quarterly evaluation of whether the ABS issuer has satisfied the proposed new registrant requirements relating to risk retention, third party opinions, the depositor's chief executive officer certification, and the undertaking to file ongoing reports. Under our proposal, an ABS issuer wishing to conduct a takedown off an effective shelf registration statement must evaluate its compliance with the proposed new registrant requirements as of the last day of the most recent fiscal quarter.

(A) Risk Retention

Accordingly, if the interest that a sponsor was required under the proposed risk retention shelf eligibility condition to retain during the previous twelve months (or shorter period as applicable), with respect to a previous offering of securities off a Form SF-3 registration statement involving the same asset class, was sold off or hedged as of the last day of the most recent fiscal quarter, the related shelf registration statement could not be utilized for subsequent offerings until the fiscal quarter after the sponsor has re-acquired the risk that was required to be retained (e.g., by removing the disqualifying hedge or open market purchases of the securities) and such risk was on the sponsor's books as of the end of the fiscal quarter. We have provided for quarterly testing because we are concerned that more frequent testing could be unnecessarily costly. By requiring an evaluation of risk retention at the end of the quarter, we are not suggesting that a

[166] Under this proposal, the related registration statement could not be utilized for subsequent offerings for at least one year from the date the issuer that had failed to file Exchange Act reports then became current in its Exchange Act reports (and the other requirements had been met).

sponsor could permissibly sell or hedge the required risk. Such activities would be inconsistent with the risk retention shelf eligibility condition, with the disclosure relating to a sponsor's interest in the transaction that we are proposing to require in the registration statement, and would be subject to our proposed periodic reporting disclosure requirements related to the sponsor's interest described in Section III.C.3. below. At the same time, we are concerned that there may be circumstances where a sponsor or its affiliates undertake transactions that inadvertently hedge a required risk retention interest, and discover this after a take-down off the shelf by an affiliated ABS issuer. We are not proposing that this would necessarily cause the new offering to be deemed not to have been registered on the appropriate form. However, we believe that it is important that our requirements take into consideration a practicable testing schedule that promotes compliance with the proposed shelf eligibility criteria without creating undue burdens or uncertainty for issuers, and we are proposing requirements that would require at least quarterly testing to achieve that goal. Similarly, with respect to our proposed registrant requirement relating to risk retention, we are proposing that an issuer evaluate whether the sponsor has retained required risk at the time of filing the registration statement.

(B) Transaction Agreements and Officer Certification

An ABS issuer must also evaluate whether, during the previous twelve months, the depositor or it affiliates had filed the transaction agreements required to contain the third party opinion provision and the depositor's chief executive officer certifications on a timely basis as of the end of the quarter. If they had not, then the depositor could not utilize the registration statement or file new registration statement on Form SF-3 until one year after the required filings were filed.

(C) Undertaking to File Exchange Act Reports

Finally, under this proposal, an issuer must evaluate whether Exchange Act reports, with respect to previous takedowns off an effective registration statement of the depositor or affiliate of the depositor, where the issuer had undertaken to file such reports during the prior twelve months had, in fact, been filed as of the last day of the most recent fiscal quarter. In this way, the reports required under Section 13(a) or 15(d) must continue to be timely for shelf eligibility but reports required pursuant to the undertaking must be current as of the end of the quarter. As such, the ABS issuer would need to confirm once a quarter that it continued to be eligible to use the effective registration statement for takedowns.

Request for Comment

- Should we add, as proposed, registrant requirements that would require, as a condition to form eligibility, affiliated issuers of the depositor that had offered securities of the same asset class that were registered on Form SF-3 to have complied with the risk retention, third party opinion, certification and ongoing reporting shelf eligibility conditions that replace the investment grade ratings requirement? Will these requirements lead to better compliance by ABS issuers with the new shelf eligibility conditions that we are proposing?
- Should we require disclosure, as proposed, in the registration statement that the registrant requirements have been complied with? Should we specify a location in the registration statement for such disclosure?
- In our proposed registrant requirements for Form SF-3, we are proposing to require that sponsors of affiliated issuers have retained the required risk at the

time of filing the registration statement. Is that appropriate? Should we require continued monitoring of risk retention compliance instead? Should we provide the loss of shelf eligibility if the sponsor of a previously established affiliated issuer has not retained at any time during the previous twelve months all of the risk that it was required to retain during that time? Or would such a requirement be overly burdensome?

- Is it appropriate to require, as proposed, that the certifications and the transaction agreement containing the required third party opinion provision that are required to be filed pursuant to our proposed shelf eligibility conditions be filed on a timely basis? Why or why not?
- We are proposing to require an affiliated issuer that has undertaken to file Exchange Act reports in the last twelve months to have filed such reports as required pursuant to the Exchange Act rules. Is this an appropriate additional registrant requirement for proposed Form SF-3? Should we also specify that such reports must have been filed on a timely basis?
- Should we revise Rule 401, as proposed, to require that as a condition to continued use of an existing shelf registration statement for takedowns, an issuer conduct a periodic evaluation of form eligibility? Why or why not? If not, how should we address the concern that ABS issuers do not file amendments for purposes of Section 10(a)(3)?
- Should we require, as proposed, that an issuer test for sponsor's compliance with risk retention requirements as of the end of the fiscal quarter? Could there be situations where a sponsor or its affiliates undertake transactions

that inadvertently hedge a required risk retention interest? Alternatively, because the testing for compliance would occur at predictable intervals, are there concerns that the quarterly test for risk retention compliance could allow a sponsor to hold less than the required risk in between testing intervals? Should our requirements provide for testing that is made at different intervals (e.g., once a month, once a distribution period, twice a quarter, at minimum number of random intervals)?

- Should we require that the evaluation of whether Exchange Act reports of affiliated issuers have been filed on a timely basis be made as of the 90 days after the depositor's fiscal year, as proposed? Should the evaluation be made on a different timeframe, such as the last day of the most recent fiscal quarter, consistent with our other proposals here?
- Should we require, as proposed, that the evaluation of whether the registrant requirements relating to risk retention, third party opinions, certification, and the issuer's undertaking to file ongoing reports be made as the last day of the most recent fiscal quarter? Should that evaluation be made at different periods, such as monthly or annually?

4. Continuous Offerings

We also are proposing to amend Rule 415 to limit the registration of continuous offerings for ABS offerings to "all or none" offerings. While we have not encountered particular problems with respect to continuous ABS offerings to date (and we believe that ABS offerings are not typically continuous), we believe that our proposal would help ensure that ABS investors receive sufficient information relating to the pool assets, if an

issuer registered an ABS offering to be conducted as a continuous offering. We believe that this would close a potential gap in our regulations for ABS offerings.

In an all or none offering, the transaction is only completed if all of the securities are sold. However, in a best-efforts or "mini-max" offering, a variable amount of securities may be sold. In those latter cases, because the size of the offering would be unknown, investors would not have the transaction-specific information and, in particular, would not know the specific assets to be included in the transaction. Thus, Item 1111, either in its existing form or as proposed to be amended, could not be complied with.[167] Under our proposal, the continuous offering must be commenced promptly and must be made on the condition that all of the consideration paid for such security will be promptly refunded to the purchaser unless (A) all of the securities being offered are sold at a specified price within a specified time, and (B) the total amount due to the seller is received by the seller by a specified date.[168]

Request for Comment

- Is our proposed amendment to Rule 415 relating to continuous offerings of ABS appropriate?
- Should we restrict the duration of a continuous offering of ABS? If so, how long should the offering be permitted to continue?

5. Mortgage Related Securities

As noted above, mortgage related securities, as that term is defined in Section 3(a)(41) of the Exchange Act, currently are eligible for shelf registration regardless of

[167] The staff has advised us that they believe that neither best efforts offerings nor any continuous offerings have been utilized in the past for public offerings of asset-backed securities.

[168] All or none offerings are described in Exchange Act Rule 10b-9 [17 CFR 240.10b-9] in the same manner.

form eligibility. This was a provision that was added to Rule 415 contemporaneous with the enactment of SMMEA.[169] As a result, an offering of mortgage related securities that does not meet the requirements of Form S-3 can be registered on a delayed basis on Form S-1.[170]

We believe that mortgage related securities should meet all the requirements we are proposing for shelf eligibility in order to be eligible for registration on a delayed basis since these securities present the same complexities and concerns as other asset-backed securities. To achieve this goal and to better coordinate shelf registration for all types of asset-backed securities, we are proposing to amend Rule 415 to eliminate the provision for shelf eligibility for mortgage related securities regardless of the form that can be used for registration of the securities.[171] Under the proposal, offerings of mortgage related securities will only be eligible for shelf registration on a delayed basis if, like other asset-backed securities, they meet the criteria for eligibility for shelf registration that we are proposing today. Thus, as proposed, delayed shelf offerings of mortgage related securities must be registered on new proposed Form SF-3, and accordingly, must meet the eligibility requirements of Form SF-3.

Request for Comment

- We request comment on the proposed amendment for mortgage related securities. Should we instead treat mortgage related securities differently from other asset-

---

169 See Section II.A. and fn. 61 above.

170 See fn. 61 of 2004 ABS Adopting Release.

171 As proposed, Rule 415(a)(1)(vii) would enumerate the provision that permits delayed offerings for all asset-backed securities that are eligible to register on the proposed new Form SF-3. This provision would include offerings of eligible mortgage related securities.

backed securities by continuing to condition the ability to conduct a delayed offering of mortgage related securities on their credit ratings by an NRSRO?

- We are proposing to require that delayed offerings of mortgage related securities be registered on proposed Form SF-3, the same registration form for delayed offerings of other asset-backed securities. Is there any reason to permit delayed offerings of mortgage related securities on either proposed Form SF-1 or proposed Form SF-3?

C. Exchange Act Rule 15c2-8(b)

Except for securities issued under master trust structures, shelf-eligible ABS issuers generally are not reporting issuers at the time of issuance. Under Exchange Act Rule 15c2-8(b),[172] with respect to an issue of securities where the issuer has not been previously required to file reports pursuant to Sections 13(a) and 15(d) of the Exchange Act, unless the issuer has been exempted from the requirement to file reports thereunder pursuant to Section 12(h) of the Exchange Act, a broker or dealer is required to deliver a copy of the preliminary prospectus to any person who is expected to receive a confirmation of sale at least 48 hours prior to the sending of such confirmation ("48-hour preliminary prospectus delivery requirement"). The rule contains an exception to the 48-hour preliminary prospectus delivery requirement for offerings of asset-backed securities eligible for registration on Form S-3. An exception to the 48-hour preliminary prospectus

[172] 17 CFR 240.15c2-8(b).

delivery requirement was first provided in 1995 by staff no-action position.[173] This staff position was later codified in 2004.[174]

In light of recent economic events and to make this rule consistent with our other proposed revisions, we are proposing to eliminate this exception so that a broker or dealer would be required to deliver a preliminary prospectus at least 48 hours before sending a confirmation of sale for all offerings of asset-backed securities, including those involving master trusts. Because each pool of assets in an ABS offering is unique, we believe that an ABS offering is akin to an initial public offering, and therefore we believe the 48-hour preliminary prospectus delivery requirement in Rule 15c2-8(b) should apply. Even with subsequent offerings of a master trust, the offerings are more similar to an initial public offering given that the mix of assets changes and is different for each offering. Moreover, requiring that a broker or dealer provide an investor with a preliminary prospectus at least 48 hours before sending a confirmation of sale should be feasible and made easier to implement as a result of our proposal that a form of preliminary prospectus be filed with the Commission at least five business days in advance of the first sale in a shelf offering. We, therefore, are proposing to amend Rule 15c2-8(b) by repealing the exception for shelf-eligible asset-backed securities from the 48-hour preliminary prospectus delivery requirement.[175]

---

[173] See fn. 163 of the 2004 ABS Adopting Release and accompanying text (discussing staff no-action letters providing relief to ABS issuers from Rule 15c2-8(b)).

[174] In the 2004 ABS Adopting Release, we noted some concerns that investors did not have sufficient time to consider ABS offering information. However, we determined to codify the staff position in light of other proposals that we were considering at the time that sought to address information disparity in the offering process.

[175] Because of the other changes we are proposing, we are also proposing to repeal Rule 190(b)(7). Rule 190(b)(7) provides that if securities in the underlying asset pool of asset-backed securities are being registered, and the offering of the asset-backed securities and the underlying securities is not made on a firm commitment basis, the issuing entity must distribute a preliminary prospectus for both the underlying

Under the proposed amendment, a broker or dealer would be required to comply with the 48-hour preliminary prospectus delivery requirement with respect to the sale of securities by each ABS issuer, regardless of whether the issuer has previously been required to file reports pursuant to Sections 13(a) or 15(d) of the Exchange Act.[176] In addition, the 48-hour preliminary prospectus delivery requirement would also apply to ABS issuers utilizing master trust structures that are exempt from the reporting requirements pursuant to Section 12(h) of the Exchange Act. In a master trust securitization, assets may be added to the pool in connection with future issuances of the securities backed by the pool.[177] Although ABS issuers utilizing master trust structures may be reporting under the Exchange Act at the time of a "follow-on" or subsequent offering of securities, additional assets are added to the entire pool backing the trust in connection with a subsequent offering of securities. Additional assets are added to the pool also in connection with a subsequent offering by an issuer utilizing a master trust structure that is exempt from reporting under Section 12(h) or the rules thereunder. Requiring a broker-dealer to deliver a preliminary prospectus at least 48 hours before sending a confirmation of sale of ABS involving master trust structures issued by a

---

securities and the expected amount of the issuer's securities that is to be included in the asset pool to any person who is expected to receive a confirmation of sale of the asset-backed securities at least 48 hours prior to sending such confirmation. Rule 190(b)(7) effectively overrules the exclusion in Rule 15c2-8 for ABS issuers from the 48-hour preliminary prospectus delivery requirement for particular types of ABS offerings. Because we are proposing to repeal the Rule 15c2-8 exclusion for ABS issuers, and because our proposed disclosure requirements regarding the underlying securities for resecuritizations would require significantly more information than what is required in Rule 190(b)(7) to be provided in the preliminary prospectus, we are proposing to delete Rule 190(b)(7).

176 See definition of issuer in relation to asset-backed securities in Exchange Act Rule 3b-19.

177 The typical master trust securitization is backed by assets arising out of revolving accounts such as credit card receivables or dealer floorplan financings.

reporting ABS issuer could afford investors more time to consider information about the assets that is not provided in Exchange Act reports.[178]

We are also proposing a correcting amendment to Rule 15c2-8(j). Paragraph (j) states that the terms "preliminary prospectus" and "final prospectus" include terms that are defined in a Rule 434. In 1995, at the same time we adopted Rule 434, we added paragraph (j) to expand the use of the terms "preliminary prospectus" and "final prospectus" to reflect the terminology used in Rule 434.[179] Rule 434, however, was later repealed in 2005.[180] Accordingly, we are proposing to delete paragraph (j), which is no longer applicable.

Request for Comment

- Should we adopt a 48-hour preliminary prospectus delivery requirement for all ABS issuers, as proposed? Should we instead provide a different application of the 48-hour preliminary prospectus delivery requirement for ABS issuers? Should a broker or dealer be required to deliver a preliminary prospectus for an ABS offering at a different time from initial public offerings, such as 48 hours before the first sale in the offering (instead of 48 hours before confirmation)?
- Does our proposal to require filing of a preliminary prospectus pursuant to proposed Rule 424(h) at least five business days before the first sale in the offering make the proposed changes to Rule 15c2-8(b) unnecessary? Or is delivery of the preliminary prospectus, as contemplated by Rule 15c2-8(b),

---

178 We note that many such issuers currently often provide preliminary prospectuses to investors for each offering. Therefore, we do not believe our proposal would be overly burdensome on such issuers.

179 See Section II.B.4.a of Prospectus Delivery; Securities Transactions Settlement, Release No. 33-7168 (May 11, 1995) [60 FR 26604].

180 Rule 434 was repealed in the Offering Reform Release.

important? Would the proposed amendment to 15c2-8(b) provide a meaningful change in the information and time that investors are given to consider offering materials?[181]

- How should the prospectus delivery requirement apply to master trust structures? Is our proposal appropriate with respect to master trusts? Should we instead amend the rule to apply the 48-hour preliminary prospectus delivery requirement to master trusts only if the pool assets have changed by a specified level? If so, what should that level be (e.g., a change in five, ten, or 20% of pool assets, a change in a specified percentage such as five, ten, or 20% of the dollar value of the pool assets as measured by the principal balance, a significant change in the pool assets)? Are there other ways of measuring change in pool assets? Should this be determined by asset class, and if so, which asset classes should be subject to what standards? For example, should a change in pool assets for purposes of Rule 15c2-8 be measured differently for credit card ABS than for dealer floorplan ABS?
- As proposed, there are no specific disclosure requirements applicable to the 48-hour preliminary prospectus. Do we need to specify further how much asset or other information should be contained in the 48-hour preliminary prospectus? Or

181 The 48-hour preliminary prospectus delivery requirement is triggered by when a broker-dealer sends a confirmation of sale. Under Exchange Act Rule 10b-10 [17 CFR 240.10b-10], the Commission's confirmation rule, broker-dealers must send confirmations to their customers at or before completion of a securities transaction. Given the industry practice of a lengthy time to complete an ABS transaction, a customer may not receive a preliminary prospectus until well after he or she has made an investment decision. See also Exchange Act Rule 15c1-1 [17 CFR 240.15c1-1] (defining "completion of the transaction").

is that unnecessary in light of proposed Rule 430D and the proposed Rule 424(h) filing requirements?

D. Including Information in the Form of Prospectus in the Registration Statement

1. Presentation of Disclosure in Prospectuses

As currently permitted, asset-backed offerings registered on a shelf basis typically present disclosure through the use of two primary documents: the "base" or "core" prospectus and the prospectus supplement.[182] The base prospectus filed prior to effectiveness of the registration statement outlines the parameters of the various types of ABS offerings that may be conducted in the future, including asset types that may be securitized, the types of security structures that may be used and possible credit enhancements or other forms of support. The registration statement at the time of effectiveness also contains one or more forms of prospectus supplement, which outline the format of transaction-specific information that will be disclosed at the time of each takedown.[183] At the time of a takedown, a final prospectus supplement is used which describes the specific terms of the securities being offered.[184] The base prospectus and the final prospectus supplement together form the final prospectus which is filed with the

---

[182] The Form S-3 requirements adopted in 2004 incorporated the existing practice of using a base and supplement format. In Section III.A.3.b. of the 2004 ABS Adopting Release, we noted that we did not intend to change existing practices of asset-backed issuers.

[183] Rule 430B describes the type of information that primary shelf eligible issuers and automatic shelf issuers may omit from a base prospectus in a Rule 415 offering and include instead in a prospectus supplement, Exchange Act report incorporated by reference, or a post-effective amendment. Under Rule 430B a base prospectus in a shelf registration statement must comply with the applicable form requirements, but can omit information that is unknown or not reasonably available to the registrant pursuant to Rule 409. See Section V.B.1.b.i.(A) of the Offering Reform Release.

[184] We note that currently stand alone trust issuers do not usually provide preliminary prospectuses to investors.

Commission pursuant to Securities Act Rule 424(b).[185]

This practice has also been utilized by non-ABS issuers. However, for typical corporate issuers, their base prospectus is substantially shorter than in an ABS offering as the bulk of the information is incorporated by reference into the prospectus from the issuer's Exchange Act reports.

In the 2004 ABS Adopting Release, we explained that when presenting disclosure in base prospectuses and prospectus supplements, the base prospectus must describe the types of offerings contemplated by the registration statement.[186] We also noted that a takedown off of a shelf that involves assets, structural features, credit enhancement or other features that were not described as contemplated in the base prospectus will usually require either a new registration statement (e.g., to include additional assets) or a post-effective amendment (e.g., to include new structural features or credit enhancement) rather than simply describing them in the final prospectus filed with the Commission pursuant to Securities Act Rule 424. However, we admonished registrants to exercise discretion and describe only those material asset types and features reasonably contemplated to be included in an actual takedown in order to make the information easily accessible to investors.[187]

Today, we also remind issuers of the importance of providing disclosure in compliance with our plain English rules. Under Securities Act Rule 421,[188] information

---

185 See Section III.A.3.b of the 2004 ABS Adopting Release and Section V.B.1.b.i.(A) of the Offering Reform Release.

186 See Securities Act Rule 409 [17 CFR 230.409] and Section III.A.3.b. of the 2004 ABS Adopting Release.

187 See Section III.A.3.b of the 2004 ABS Adopting Release.

188 17 CFR 230.421. See also A Plain English Handbook: How to Create Clear SEC Disclosure Documents, available at http://www.sec.gov/pdf/handbook.pdf.

in a prospectus must be presented in a clear, concise and understandable manner. The note to Rule 421(b) states that issuers should avoid copying complex information directly from legal documents without any clear and concise explanation of the provisions. The rule also cautions against using boilerplate disclosure and repeating disclosure in different sections of the document because it increases the size of the document and it does not enhance the quality of information.[189]

Notwithstanding the discussion in the 2004 ABS Adopting Release and the provisions of Rule 421, we are concerned that the base and supplement format has resulted in unwieldy documents with excessive and inapplicable disclosure that is not useful to investors. Many ABS prospectuses in this format often include boilerplate disclosure and complex information that appears to be imported directly from forms of transaction agreements. Some issuers file a base prospectus that contemplates multiple asset types, security structures and possible types of enhancement and support that are never actually utilized in a takedown. Moreover, the length of a disclosure document for an ABS offering, as a result of the base and prospectus supplement format, is often overwhelming and is burdensome for investors to navigate.

Another problem that has arisen under current practices is that in some instances, issuers have filed with the Commission at the time of takedown only the prospectus supplement and not the base prospectus that was included in the registration statement. Since the base and the prospectus supplement together form the final prospectus, when an ABS issuer excludes the base prospectus from the EDGAR filing at the time of takedown, an investor needs to locate the base prospectus filed with the initial effective

189 See 17 CFR 230.421(b).

registration statement on Form S-3 on EDGAR. Given that a shelf registration statement is available for three years,[190] it can be unclear what information from the base prospectus is applicable to the current offering or is superseded by the supplement.

The current format has the unintended effect of encouraging a drafting approach that builds in the largest possible flexibility for as many differing transactions as possible, although with the negative effect that an investor bears the burden of determining which disclosures are relevant to a particular transaction. The current rule benefits issuers but may not be as useful for investors, when the registration statement is primarily for the benefit of investors. We believe we should facilitate investor understanding and access to prospectuses for ABS and eliminate unnecessary disclosures given to investors. Investors must be able to readily access and understand the information for a specific offering. Consequently, we are proposing to eliminate the practice of providing a base prospectus and a prospectus supplement for ABS issuers. To accomplish this, we are proposing to add a provision in new Rule 430D and an instruction to proposed Form SF-3 that would require ABS issuers to file a form of prospectus at the time of effectiveness of the proposed Form SF-3 and to file a single prospectus for each takedown, which would require that all of the information required by Regulation AB be included in the prospectus.[191] We believe our proposal will help issuers comply with our plain English requirements, help reduce the size of the offering documents, and eliminate the need to

---

190 See Securities Act Rule 415 (a)(5).

191 Disclosure may still be incorporated by reference as allowed by proposed Rule 430D and the applicable Form requirements. Proposed Rule 430D(c) would provide that information omitted from a form of prospectus that is part of an effective registration statement in reliance on Rule 430D(a) that is subsequently included in the prospectus that is part of a registration statement must contain all of the information that is required to be included in the prospectus pursuant to the requirements of the registration statement with respect to the offering. Under this proposed requirement, an ABS issuer would not be permitted to include information on the offering in a prospectus base and supplement format. We discuss this proposal in more depth in Section II.B.1.b.

review inapplicable disclosure.

Other than the proposed limitation of one depositor and asset class per registration statement discussed below, we believe requiring only one form of prospectus with the registration statement would not limit the flexibility of the issuer to vary its structural features from takedown to takedown. As is the case today, assets, structuring and other features may be presented in brackets in the form of prospectus filed with the registration statement. Under the proposal, issuers could include the same bracketed information in the form of prospectus filed with the registration statement. At the time of the offering, only the disclosure applicable to the transaction at hand would be included in the prospectus provided to investors and filed with the Commission.

Currently, some sponsors create a separate depositor for each of its various loan programs, and each depositor files its own shelf registration statement. Other issuers have included multiple depositors,[192] multiple base prospectuses and multiple prospectus supplements all in one registration statement.[193] Under our proposal, each depositor would be required to file a separate registration statement for each form of prospectus. Each registration statement would cover offerings by one depositor securitizing only one asset class.[194] Although this would change current practice for asset-backed issuers, we

---

192 With respect to registration statements with multiple depositors, each depositor is an issuer of each takedown of securities off of a shelf. See Securities Act Rule 191 [17 CFR 230.191].

193 Also, the current instructions to Form S-3 state that a registration statement may not merely identify several alternative types of assets that may be securitized. Under current requirements, a separate base prospectus and form of prospectus supplement must be presented for each asset class that may be securitized in a discrete pool in a takedown under that registration statement. See General Instruction V.A.2 of Form S-3 and Section III.A.3.b. of the 2004 ABS Adopting Release.

194 For instance, resecuritization transactions of mortgage-backed securities would be considered a separate asset class from mortgage-backed securities and, thus, require a separate registration statement, even if the depositor would be the same. As we currently require for offerings registered on Form S-3, a separate registration statement would be required for takedowns involving pools of foreign assets where the assets originate in separate countries or the property securing the pool assets is located in separate countries. In cases where an underlying security such as a special unit of beneficial interest (SUBI) or

believe such a change would make disclosure for investors much more accessible and useful.

Request for Comment

- Is the proposed change to presentation of disclosure in the prospectus appropriate? Would investors benefit from the proposed change? Would it be unduly burdensome for issuers to prepare the disclosure in a single document? If so, how can we better mandate clear and concise documents so that investors are able and encouraged to analyze the investment?
- Is our proposal to require a depositor to file a separate registration statement for each form of prospectus appropriate?
- Are there any particular asset classes that should retain the base and form of prospectus supplement format? If so, why?
- Should issuers be able to file more than one form of prospectus with a registration statement? If so, why? If issuers were permitted to do so, what other steps could be taken to help market participants understand the transaction?
- Are there other changes we should make to the format and form of the prospectus to assist investors in analyzing the potential investment?

2. Adding New Structural Features or Credit Enhancements

We are also proposing to restrict the ability of ABS issuers to file a prospectus under Rule 424(b) for the purpose of adding certain types of information to the form of prospectus. Under the existing Rule 430B, ABS issuers and other issuers are permitted to

---

collateral certificate is also registered, the depositor of the underlying SUBI or collateral certificate would also be included in the same registration statement. Collateral certificates and SUBIs are discussed further in Section VII.A. below.

provide the information omitted from the prospectus that is part of a registration statement at the time of the offering as a prospectus supplement, a post-effective amendment, or where permitted as described below, through its Exchange Act filings that are incorporated by reference into the registration statement and prospectus that is part of the registration statement and identified in a prospectus supplement.[195] In the 2004 ABS Adopting Release, we stated our longstanding position that the type or category of asset to be securitized must be fully described in the registration statement at the time of effectiveness.[196] We further explained the structural features contemplated also should be disclosed, as well as identification of the types or categories of securities that may be offered, such as interest-weighted or principal-weighted classes (including IO or PO securities), planned amortization or companion classes or residual or subordinated interests.[197] We stated that a takedown off of a shelf that involves assets, structural features, credit enhancements or other features that were not described as contemplated in the base prospectus will usually require either a new registration statement (*e.g.*, to include additional assets) or a post-effective amendment (*e.g.*, to include new structural features or credit enhancement) rather than simply describing them in the final prospectus filed with the Commission pursuant to Securities Act Rule 424.[198] Although, with Offering Reform, we adopted Rule 430B,[199] which provides all issuers on Form S-3 with the alternative to include information previously omitted in a prospectus filed pursuant to 424(b) or by incorporating periodic and current Exchange Act reports and the staff has

---

195 See Securities Act Rule 430B(d) and Offering Reform Release Section V.B.1.b.i.(B).

196 See Section III.A.3.b. of the 2004 ABS Adopting Release.

197 See id.

198 See id.

199 See Securities Act Rule 430B(d) and Section V.B.1.b.i.(B) of the Offering Reform Release.

continued to apply our position articulated in the 2004 ABS Adopting Release. We confirm that position by proposing to codify our statement regarding when a post-effective amendment would be required in Rule 430D.[200]

We are proposing to require that when the issuer desires to add information that relates to new structural features or credit enhancement, the issuer must file that information by post-effective amendment. As a result of this proposal, the staff would have the opportunity to review new structural features or credit enhancements that would be contemplated for future offerings. With respect to new assets, we believe that if the issuer intends to offer securities that are backed by assets that are not contemplated in the form of prospectus that is filed as part of the registration statement, a new registration statement should be filed.[201]

Request for Comment

- Is our proposal to require issuers to file a post-effective amendment to reflect new structural features or credit enhancements and provide a related undertaking appropriate?

E. Pay-as-You-Go Registration Fees

In 2005, we first adopted pay-as-you-go rules[202] to allow well-known seasoned issuers using automatic shelf registration statements to pay filing fees at the time of a securities offering.[203] To alleviate some of the burden of managing multiple registration

---

200 See proposed Securities Act Rule 430D(d)(2).

201 If the asset pool includes securities, registration would be required under Securities Act Rule 190.

202 See Securities Act Rules 456(b) [17 CFR 230.456(b)] and 457(r) [17 CFR 230.457(r)].

203 See Section V.B.2.b.(D) of the Offering Reform Release. Under the current pay-as-you-go procedure for WKSIs, an issuer can pay any filing fee, in whole or in part, in advance of takedown or at the time of takedown providing flexibility in the timing of the fee payment. Issuers using pay-as-you-go can still deposit monies in an account for payment of filing fees when due. The fee rules applicable to the use

statements among ABS issuers, we are proposing to allow, but not require, asset-backed issuers eligible to use Form SF-3 to pay filing fees as securities are offered off of a shelf registration statement. If this approach, commonly known as "pay-as-you-go," is adopted for ABS issuers, no filing fees would need to be paid at the time of filing a registration statement on Form SF-3. A dollar amount or a specific number of securities would not be required to be included in the calculation of the registration fee table in the registration statement, unless a fee based on an amount of securities is paid at the time of filing.[204] However, under our proposal the fee table on the cover of the registration statement must list the securities or class of securities registered and must indicate if the filing fee will be paid on a pay-as-you-go basis.[205]

Under our proposal, the triggering event for a fee payment would be the filing of a preliminary prospectus under proposed Rule 424(h).[206] At the time of filing a Rule

---

of such account, also referred to as the "lockbox account," apply. The amount of the fee is calculated based on the fee schedule in effect when the money is withdrawn from the lockbox account. This flexibility had been provided so issuers may determine the fee payment approach most appropriate for them. See fn. 529 of the Offering Reform Release.

204 See proposed Securities Act Rule 457(s).

205 In the case of ABS, the fee table on the registration statement would typically list the offering of certificates and notes as separate classes of securities. Each class (or tranche) of those certificates and notes offered would not need to be separately listed on the fee table. However, if the ABS is a resecuritization, where registration of the underlying securities would be required under Rule 190 and the underlying security was not listed on the fee table of the Form SF-3 registration statement, the offering would require a new registration statement. Likewise, if a servicer or trustee invests cash collections in other instruments which may be securities under the Securities Act, such as guarantees or debt instruments of an affiliate, under Rule 190 those underlying securities would also need to be registered concurrently with the asset-backed offering. If those underlying securities were not listed on the fee table of the registration statement, a new registration statement would be required.

206 See proposed Securities Act Rule 456(c). Unlike the pay-as-you-go rules for WKSIs, we do not believe that a cure period is necessary for ABS issuers because we are proposing to require ABS issuers to pay the required fee at the time the preliminary prospectus is filed under Rule 424(h). The timing of the fee payment for ABS would not give rise to the same effective date and registration concerns that arise with WKSIs. Section V.B.2.b.(D) of the Offering Reform Release.

424(h) prospectus,[207] the asset-backed issuer would include a calculation of registration fee table on the cover page of the prospectus and would be required to pay the appropriate fee calculated in accordance with Securities Act Rule 457.[208]

Request for Comment

- Is our proposal for a pay-as-you go fee alternative for ABS issuers appropriate? Should ABS issuers be able to register offerings of an unspecified amount of securities on Form SF-3?
- Would this help with the management of multiple shelves for asset-backed issuers? Are there other steps we could take to help sponsors and depositors manage shelves for ABS?
- Should we revise Rule 457(p), as proposed, to clarify that if an ABS offering is not completed after the fee is paid, the fee could be applied to future registration statements by the same depositor or affiliates of the depositor across asset classes?

F. Signature Pages

We also are proposing to revise the signature pages for registration statements of asset-backed issuers. Securities Act Section 6[209] requires that the registration statement be signed by the issuer, its principal executive officer or officers, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of

---

[207] If an issuer is filing a Rule 424(h) filing solely in order to update the fee table and pay additional fees, the 424(h) filing would not trigger a new five business day waiting period.

[208] The amount of the filing fee is calculated based on the fee schedule in effect at the time of payment (upon filing in advance, or at the time of an offering) in accordance with the provisions of Rule 457. Thus the fee amount may be different depending on the time of payment. Also, as provided in Rule 457(p), if all or a portion of the securities offered under a registration statement remain unsold after the offering's completion or termination, or withdrawal of the registration statement, the aggregate total dollar amount of the filing fee associated with those unsold securities may be offset against the total filing fee due for a subsequent registration statement. Currently, if an ABS offering is not completed after the fee is paid, the fee could be applied to future registration statements by the same depositor or affiliates of the depositor.

directors or persons performing similar functions. In 2004, we clarified that the depositor is the issuer for purposes of ABS.[210] We codified in the general instructions to Forms S-1 and S-3 that the registration statement must be signed by the depositor, the depositor's principal executive officer or officers, principal financial officer and controller or principal accounting officer, and by at least a majority of the depositor's board of directors or persons performing similar functions.[211]

Asset-backed issuers are not required to file financial statements of the issuer under our rules or pursuant to their governing documents, and these issuers do not employ a principal accounting officer or controller. Thus, because such signatures appear to serve no purpose, we are proposing to exempt asset-backed issuers from the requirement that the depositor's principal accounting officer or controller sign the registration statement.

The Form 10-K report for ABS issuers must be signed either on behalf of the depositor by the senior officer in charge of securitization of the depositor, or on behalf of the issuing entity by the senior officer in charge of the servicing. In addition, the certifications for ABS issuers that are required under Section 302 of the Sarbanes-Oxley Act[212] must be signed either on behalf of the depositor by the senior officer in charge of securitization of the depositor if the depositor is signing the Form 10–K report, or on behalf of the issuing entity by the senior officer in charge of the servicing function of the

---

209 15 U.S.C. 77f(a).

210 Securities Act Rule 191 and Exchange Act Rule 3b-19 state that the depositor for the asset-backed securities acting solely in its capacity as depositor to the issuing entity is the ''issuer'' for purposes of the asset-backed securities of that issuing entity. These rules also provide that the person acting in the capacity as such depositor is a different ''issuer'' from that same person acting as a depositor for another issuing entity or for purposes of that person's own securities.

211 See General Instruction VI.C of Form S-1 and General Instruction V.B. of Form S-3.

servicer if the servicer is signing the Form 10-K report. We are now proposing to require that the senior officer in charge of securitization of the depositor sign the registration statement (either on Form SF-1 or Form SF-3) for ABS issuers. We believe that requiring such individual to sign the registration statement is more meaningful in the context of ABS offerings because it is more consistent with our other signature requirements for ABS issuers.

Request for Comment

- Is our proposed amendment to the registration statement signature requirements appropriate? Is there any reason we should not exempt, as we are proposing to do, ABS issuers from the requirement that the depositor's principal accounting officer or comptroller sign the registration statement?
- Is our proposal to require the senior officer in charge of securitization of the depositor to sign the registration statement for ABS issuers appropriate?

III. Disclosure Requirements

In addition to reformatting how prospectuses are presented in ABS offerings, we are proposing several changes to the disclosure requirements in Regulation AB for asset-backed securities. Three of our proposals involve significant changes from our current requirements. First, subject to certain exceptions, we are proposing to require asset-level information regarding each asset in the pool backing the securities. Second, we are proposing that issuers of ABS backed by credit card pools provide standardized grouped account data regarding the underlying asset pool. Third, we are proposing to require that most issuers provide the flow of funds, or waterfall, in a waterfall computer program. In

---

[212] 15 U.S.C. 7241.

addition, we are proposing changes that refine other disclosure requirements, including those relating to pool-level disclosure, the prospectus summary, transaction parties, and static pool information.

A. Pool Assets

We are proposing to increase the required disclosure regarding the assets underlying the ABS. We are proposing that in most ABS offerings asset-level data be required in the prospectus at the time of offering and in Exchange Act reports. For credit card ABS issuers, we are proposing that issuers provide grouped account data. In order to facilitate investors' use of asset data files, we are proposing that the data be filed on EDGAR in Extensible Mark-Up Language (XML). We also are proposing revisions to our pool-level disclosure requirements designed to enhance the information available to analyze the pool.

While Regulation AB does not restrict the type or quality of assets that may be included in the asset pool, our rules under the Securities Act are designed to assure that a prospectus contains disclosure regarding the assets that facilitates informed investment decisions.[213] We believe access to robust information concerning the pool assets is important to investors' ability to make informed investment decisions about asset-backed securities.[214] We also believe disclosure about the pool should be as multi-faceted as necessary to provide a full picture of the composition and characteristics of the pool

---

213 Item 1111 of Regulation AB contains our disclosure requirements regarding the pool assets. Item 1111 requires disclosure of the material aspects of the composition of the asset pool, sources of pool cash flow, changes to the asset pool, and rights and claims regarding the pool assets. See Section III.B.5. of the 2004 ABS Adopting Release.

214 See also Section III.B.5 of the 2004 ABS Adopting Release.

assets. In addition, it is critical that the pool asset information be presented in a comprehensible and clear fashion.[215]

1. Asset-Level Information in Prospectus

To augment our current principles-based pool-level disclosure requirements, we are proposing a new requirement to disclose asset-level information. Investors, market participants, policy makers and others have increasingly noted that asset-level information is essential to evaluating an asset-backed security.[216] Some have said that there is a need and investor appetite for increased asset-level disclosures.[217] We have heard that understanding a borrower's ability to repay may be more important than the features of the underlying loan, or even the collateral, on an asset-level basis.[218] Others have stated that having access only to pool data (and not asset-level data) has made it difficult to discern whether the riskiest loans were to the most creditworthy borrowers or to the least creditworthy borrowers in the asset pool.[219]

The public availability of asset-level information has been limited. In the past, some transaction agreements for securitizations required issuers to provide investors with

---

215 See id.

216 See, e.g., "Restoring Confidence in the Securitization Markets," Global Joint Initiative Report, Dec. 3, 2008, at 11.

217 See Committee on Capital Markets Regulation Financial Crisis Report, at 147 (noting that a survey of data fields provided to investors did not include 21 data fields considered essential by all investors surveyed). See also Joshua Rosner, Securitization: Taming the Wild West, Roosevelt Institute Project on Global Finance, Make Markets Be Markets (Mar. 2010) at 75 (noting investors need for timely loan-level performance data in order to accurately price securities).

218 See Committee on Capital Markets Regulation Financial Crisis Report, at 151 (recommending that standard, granular, loan-level data be provided sufficient to allow investors to complete their own credit analysis). See also Rosner, at 77 (noting that the lack of clear definitions interferes with investors' ability to compare performance of various deals, issuers, and underlying collateral).

219 Testimony of Patricia A. McCoy, Hearing on "Securitization of Assets: Problems and Solutions" before the U.S. Senate Banking Housing and Urban Affairs Subcommittee on Securities, Insurance and Investment, Oct. 7, 2009.

asset-level information, or information on each asset in the pool backing the securities.[220] Such loan schedules provided to an investor are sometimes filed as part of the pooling and servicing agreement or as a free writing prospectus. We believe that all investors and market participants should have access to the information necessary to assess the credit quality of the assets underlying a securitization transaction at inception and over the life of the transaction.[221]

For most investors, the usefulness of asset-level data is generally limited unless the individual data points are standardized. Standardizing the information facilitates the ability to compare and analyze the underlying asset-level data of a particular asset pool as well as compare them with other pools. [222] Standardized and easily accessible data points also may facilitate stronger independent evaluations of ABS by market participants.

Prior to today, the Commission had not proposed to require asset-level data or proposed standards for such information. We are aware that some standards have already been developed for registered and unregistered offerings of commercial mortgage-backed

---

[220] This usually includes information such as the principal balance at the time of origination, the date of origination, the original interest rate, the type of loan (e.g., fixed, ARM, hybrid), the borrower's debt to income ratio, the documentation level for origination of the loan, and the loan-to-value ratio.

[221] Others have noted the importance of loan-level data to investors. See U.S. Department of Treasury, A New Foundation: Rebuilding Financial Supervision and Regulation, June 17, 2009; (noting in particular, that issuers of ABS should be required to disclose loan-level data); Federal Deposit Insurance Corporation, Supervisory Insights: Enhancing Transparency in the Structured Finance Market, available at http://www.fdic.gov/regulations/examinations/supervisory/insights/sisum08/article01_transparency.html (stating that a lack of complete and public dissemination of a securitization's loan-level data reduces transparency and hampers the investor's ability to fully assess risk and assign value).

[222] See Statement of Former Federal Reserve Governor Randall S. Kroszner at the Federal Reserve System Conference on Housing and Mortgage Markets, Washington, D.C., Dec. 4, 2008 (stating that a necessary condition for the potential of private-label MBS to be realized going forward is for comprehensive and standardized loan-level data covering the entire pool of loans backing MBS be made available and easily accessible so that the underlying credit quality can be rigorously analyzed by market participants).

securities and residential mortgage-backed securities.[223] The CRE Finance Council (formerly Commercial Mortgage Securities Association)'s[224] Investor Reporting Package includes data fields on loan, property and bond-level information for commercial mortgage-backed securities at issuance and while the securities are outstanding.[225] The American Securitization Forum (ASF)[226] recently published disclosure and reporting packages for residential mortgage-backed securities that included standardized definitions for loan or asset-level information.[227] The package is part of the group's Project on Residential Securitization Transparency and Reporting ("Project RESTART"). The ASF has proposed implementation dates involving new issuance loans under the Disclosure Package of February 1, 2010.[228] Other organizations, such as Mortgage Electronic Registration Systems, Inc. (MERS),[229] have developed reporting packages to capture and report data at different times during the life of the underlying residential or commercial loan. Sellers of mortgage loans to Fannie Mae and Freddie Mac[230] are required to deliver

---

[223] The collection of standardized disclosure given to investors is generally called a reporting package.

[224] The CRE Finance Council (formerly Commercial Mortgage Securities Association) is a trade organization for the commercial real estate finance industry.

[225] Materials related to the CRE Finance Council Investor Reporting Package are available at: http://www.crefc.org/.

[226] ASF is a securitization industry group that represents issuers, investors, financial intermediaries, rating agencies, legal and accounting firms, trustees, servicers, guarantors, and other market participants.

[227] See American Securitization Forum RMBS Disclosure and Reporting Package Final Release (July 15, 2009), available at http://www.americansecuritization.com/.

[228] Implementation dates for ongoing monthly reporting under the Reporting Package are set for August 1, 2010 on a trial basis and November 1, 2010 on a permanent basis.

[229] MERS is affiliated with the Mortgage Industry Standards Maintenance Organization (MISMO), a not-for profit subsidiary of the Mortgage Bankers Association.

[230] Fannie Mae and Freddie Mac are government sponsored enterprises (GSE's) that purchase mortgage loans and issue or guarantee mortgage-backed securities (MBS). MBS issued or guaranteed by these GSEs have been and continue to be exempt from registration under the Securities Act and reporting under the Securities Exchange Act. As a result, only non-GSE ABS, or so called "private label" ABS, will be required to comply with the new rules. For more information regarding the GSEs, see Task Force on

loan-level data in a standardized electronic form.[231] Other federal agencies, such as the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) also collect certain loan-level data on mortgages. The OCC and the OTS gather mortgage performance data from national banks and thrifts.[232] We are unaware of any publicly available data standards for other asset classes and currently there is no mandatory requirement that issuers follow any of these standards for reporting to investors in asset-backed securities.

Because we believe that issuers should provide transparent and comparable data, we are proposing to require asset-level information in a standardized format to be included in the prospectus and periodic reports and filed on EDGAR. Our proposal specifies and defines each item that must be disclosed for each asset in the pool. In our discussion below, we refer to each individual item requirement as an asset-level data point. Some of the asset-level data points that we are proposing are indicator fields. Indicator fields will require an answer of "yes" or "no," and are designed to facilitate investor review of the data.[233] We are also proposing an instruction to Schedule L that

---

Mortgage-Backed Securities Disclosure, "Staff Report: Enhancing Disclosure in the Mortgage-Backed Securities Markets" (Jan. 2003) available on our Web site at http://www.sec.gov/news/studies/mortgagebacked.htm.

231 See Fannie Mae Loan Delivery Data requirements at https://www.efanniemae.com/sf/refmaterials/prodmortcodes/index.jsp. See also Freddie Mac Product Delivery requirements at http://www.freddiemac.com/singlefamily/sell/delivery/.

232 The results are collected and published in a quarterly Mortgage Metrics Report. The reports are available at http://www.occ.gov/mortgage_report/MortgageMetrics.htm or at http://www.ots.treas.gov/?p=Mortgage%20Metrics%20Report. See Joint Press Release of the Office of the Comptroller of the Currency and the Office of Thrift Supervision, "OCC and OTS Expand Data Collection on Mortgage Performance," February 13, 2009, available at http://www.occ.treas.gov/ftp/release/2009-9.htm. (attaching Web site link to the data dictionary).

233 For example, we are proposing an asset-level data point to disclose whether the asset has been modified. The response would be either yes or no. If the answer is no, a preparer or user of the data would then know that asset-level data points related to modifications would not be applicable to that particular asset.

will contain definitions for some of the terms that we use throughout the schedule. Because we believe that asset-level data should be provided to investors and all market participants in a form that facilitates data analysis, we are also proposing to require that asset-level data be filed on EDGAR in XML format. These proposals would be in addition to the disclosure currently required about the composition and characteristics of the pool of assets taken as a whole. We believe the pool-level disclosure currently required by Regulation AB is still important to investment decisions and can facilitate an investor's understanding of the overall investment opportunity.

Request for Comment

- Is our proposal to require asset-level disclosure with data points identified in our rules appropriate?
- Is a different approach to asset-level disclosure preferable, such as requiring it generally, but relying on industry to set standards or requirements? If so, how would data be disclosed for all the asset classes for which no industry standard exists or for which multiple standards may exist? To the extent multiple standards exist, how would investors be able to compare pools? Please be detailed in your response.
- We note that there are several different standards under which asset-level data is already required. Would our requirements impose undue burdens on ABS issuers?
- Should we instead amend our current requirements regarding pool-level disclosure by requiring issuers to present certain pool-level tables in a standardized manner? For instance, should we specify how statistical data

should be presented by defining the groups or incremental ranges that must be presented? What would those appropriate groups or incremental ranges be for an individual table? For instance, what would be the appropriate range for obligor income and why? Please be specific in your response.

- Are the definitions of terms in the proposed instruction to Schedule L appropriate? Are there any other terms that should be included in the instruction?

a) When Asset-Level Data Would be Required in the Prospectus

Today we are proposing new Item 1111(h) and Schedule L of Regulation AB which enumerate all of the data points that must be provided for each asset in the asset pool at the time of the offering. Schedule L data would be an integral part of the prospectus, and in order to facilitate investor analysis prior to the time of sale, we are proposing to require issuers to provide Schedule L data as of a recent practicable date that we define as the "measurement date" at the time of a Rule 424(h) prospectus. So that investors receive a data file with final pool information at the time of the offering, we also are proposing that an updated Schedule L, as of the cut-off date for the securitization, be provided with the final prospectus under Rule 424(b).[234] Likewise, if issuers are required to report changes to the pool under Item 6.05 of Form 8-K, updated Schedule L data would be required.[235] As we discuss in Section III.A.3, we are proposing a new Item 6.06 to Form 8-K for issuers to file the XML data file.

---

234 The cut-off date would be the date specified in the instruments governing the transaction (i.e., the date on and after which collections on the pool assets accrue for the benefit of the asset-backed security holders).

235 If a new asset is added to the pool during the reporting period, an issuer would be required to provide the asset-level information for each additional asset as required by our proposed revisions to Item 1111 and Item 6.05 on Form 8-K.

Request for Comment

- Is the proposed requirement to provide Schedule L data with the proposed Rule 424(h) prospectus, the final prospectus under 424(b) and for changes under Item 6.05 of Form 8-K appropriate? Should Schedule L data be required at any other time? If so, please tell us when and why.
- Are the proposed measurement dates appropriate? Are there any data fields that would be inappropriate or too burdensome to supply as of two different measurement dates (i.e., the measurement date and the cut-off date)? If so, please specify the data field and provide a detailed explanation.
- Should we provide further guidance about what would be a recent practicable date for purposes of determining the measurement date?

b) Proposed Disclosure Requirements and Exemptions

We are proposing that issuers of ABS of most asset classes must provide the standardized data points enumerated in Schedule L. The proposed standardized data points would serve to indicate the payment stream related to a particular asset, such as the terms, expected payment amounts, indices and whether and how payment terms change over time. Such data points would be important in order to analyze the future payments on the asset-backed securities. To perform better prepayment analysis or credit analysis, we are proposing data points that indicate the quality of the obligor or the asset origination process. For instance, in the case of residential mortgages, data points we are proposing to require, among others, are credit score of the obligors, employment status, income, and how that information was verified. To perform analysis of the collateral related to the asset in the pool, we are proposing data points related to each property. For

instance, in the case of loans or leases secured by automobiles, issuers would need to provide data points related to the type and model of car and the value of the car.

Except with respect to certain asset classes (as described below), we are proposing that every issuer must provide the data points listed under Item 1. General described below. We are proposing to subdivide Schedule L based on the asset class. We believe the general data points are consistent with the principles-based definition of an asset-backed security and apply to almost every asset class underlying a transaction that has been registered in the past, and should also apply to any new asset classes that may be included in a registered offering in the future. We also propose asset class specific data point requirements for eleven specific asset classes: residential mortgages, commercial mortgages, auto loans, auto leases, equipment loans, equipment leases, student loans, floorplan financings, corporate debt and resecuritizations. We are proposing item requirements for these asset classes because, based on our experience with registered offerings for these types of asset classes, we believe these data points are among those that represent the more useful information for investors.

i) Proposed Coded Responses

Consistent with our efforts to standardize asset-level disclosure, we are proposing that issuers provide responses to the asset-level disclosure requirements as a date, a number, text or a coded response. The required coded responses will be contained in the EDGAR Technical Specifications. Attached at the end of this release we provide an appendix which contains a table for the proposed general item requirements as well as asset class specific item requirements. Each table lists the proposed item number, the title of the proposed data field, the proposed definition, the proposed response type and

codes, if applicable, and proposed category of information. The proposed category of information designates the type of information we are proposing so that users will know when the data point is applicable.

We are sensitive to the possibility that certain asset-level disclosure may raise concerns about the personal privacy of the underlying obligors. In particular, we are aware that data points requiring disclosure about the geographic location of the obligor or the collateralized property, credit scores, income and debt may raise privacy concerns. As we stated in the 2004 ABS Adopting Release, issuers and underwriters should be mindful of any privacy, consumer protection or other regulatory requirements when providing loan-level information, especially given that in most cases, the information would be publicly filed on EDGAR.[236] However, as we noted above, information about credit scores, employment status and income would permit investors to perform better credit analysis of the underlying assets. In light of privacy concerns, instead of requiring issuers to disclose a specific location, credit score, or exact income and debt amounts, we are proposing ranges, or categories of coded responses.

For instance, to designate geographic location of an obligor who is a person, instead of requiring, city, state or zip code of the property, we are proposing that issuers provide the broader geographic delineations of Metropolitan or Micropolitan Statistical Areas. [237] Metropolitan and Micropolitan Statistical Areas are geographic areas, designated by a five-digit number, defined by the U.S. Office of Management and Budget (OMB) for use by Federal statistical agencies in collecting, tabulating, and publishing

---

[236] See Section III.C.1.c. of the 2004 ABS Adopting Release.

[237] Current lists and definitions of Metropolitan and Micropolitan Statistical Areas are available at http://www.census.gov/population/www/metroareas/metrodef.html.

Federal statistics.[238] A Metropolitan Statistical Area may also contain a subdivision, called a Metropolitan Division.[239] As an example, if the underlying property that serves as collateral to a mortgage is located in Alexandria, Virginia, the issuer would need to designate the geographic location as 47894 - Washington-Arlington-Alexandria, DC-VA-MD-WV, the appropriate Metropolitan Division.

For asset-level disclosure data points that require disclosure of obligor credit scores, we are proposing coded responses that represent ranges of credit scores. The ranges are based on the ranges that some issuers already provide in pool-level disclosure. For monthly income and debt ranges, we developed the ranges based on a review of statistical reporting by other governmental agencies.

We also realize that a situation may arise where an appropriate code for disclosure may not be currently available in the technical specifications. To accommodate those situations, our proposals provide a coded response for "not applicable," "unknown" or "other." However, "not applicable," "unknown" or "other" would not be appropriate responses to a significant number of data points and registrants should be mindful of their

---

238 A Metropolitan Statistical Area contains a core urban area of 50,000 or more population, and a Micropolitan Area contains an urban core of at least 10,000 (but less than 50,000) population. Each Metro or Micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core. The OMB also further subdivides and designates New England City and Town Areas. The OMB may also combine two or more of the above designations and identify it as a Combined Statistical Area.

239 For example, 47900 designates the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area. 47900 contains two subdivisions. One is 13644 Bethesda-Frederick-Rockville, MD Metropolitan Division which includes Frederick County and Montgomery County. The other is 47894 Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division which contains the District of Columbia, DC; Calvert County, MD; Charles County, MD; Prince George's County, MD; Arlington County, VA; Clarke County, VA; Fairfax County, VA; Fauquier County, VA; Loudoun County, VA; Prince William County, VA; Spotsylvania County, VA; Stafford County, VA; Warren County, VA; Alexandria City, VA; Fairfax City, VA; Falls Church City, VA; Fredericksburg City, VA; Manassas City, VA; Manassas Park City, VA; and Jefferson County, WV. See OMB Bulletin No. 09-01, "Update of Statistical Area Definitions and Guidance on Their Uses," List 3, November 2008.

responsibilities to provide all of the disclosures required in the prospectus and other reports.[240] Additionally, a situation may arise where an issuer would like to disclose other data not already defined in our proposed disclosure requirements.[241] In these cases, registrants should provide appropriate explanatory disclosure. As we discuss in more detail below, we are proposing that issuers file explanatory disclosure and or definitions of additional data points as another exhibit to Form 8-K at the same time the asset-level data file is required to be filed on Form 8-K. The Form 8-K and each of these exhibits would be incorporated by reference into the prospectus.[242]

Request for Comment

- Are the proposed coded responses contained in the attached tables appropriate? Please be specific in your responses by commenting on specific proposed line items and codes.
- The combination of certain asset-level data disclosures may raise privacy concerns. Are there particular asset-level data points that give rise to privacy concerns, in addition to the ones noted above and why? Are there other ways we could provide investors with similar information and lessen privacy concerns? Which information raises the most significant privacy concerns?
- Which data points, or combination of data points would be the most important to an investor's analysis? For instance, if we do not adopt any requirement to disclose geographic location, would the coded range of FICO score, coded

240 See Securities Act Rule 409 [17 CFR 230.409] and Exchange Act Rule 12b-21[17 CFR 240.12b-21].

241 See our discussion regarding adding tags to our XML schema in Section III.A.4. below.

242 See Section III.A.4. below, proposed Item 6.06 to Form 8-K and proposed Item 601(b)(103) of Regulation S-K

range of income, and sales price still be useful to investors? If we do not adopt a requirement to disclose geographic location, a coded range of FICO score and coded range of income, would the sales price alone still be useful to investors? Please be specific in your response.

- Is our approach to geographic location appropriate? Does the use of the Metropolitan or Micropolitan Statistical Area, or Metropolitan Division provide investors with meaningful disclosure? Should we require only Metropolitan and Micropolitan Statistical Area which would be a broader description? For example, for a property in Alexandria, Virginia, 47900-Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area would be the appropriate designation that would be a larger geographic area than Metropolitan Division. Would disclosure by state or zip code be appropriate? If a particular geographic area is experiencing a low volume of real estate transactions, would the low volume of transactions make it easier to identify the underlying obligor using other publicly available resources? Are there other ways to designate geographic location that would provide investors meaningful disclosure while also addressing privacy concerns? For instance, instead of requiring geographic location at the asset-level, should we proscribe requirements for a pool-level table that presents the geographic concentration of the pool subdivided by state, size of loan and number of loans? In using such a pool-level disclosure approach would it also be necessary to subdivide by income, credit score and sales price?

- Is our approach to credit scores, income and debt appropriate? Does our approach appropriately balance investor need for the information while addressing privacy concerns? Do the categories provide meaningful ranges for investor analysis? If not, please be specific in your response. Should we instead require asset-level disclosure of the specific credit score, amount of income and amount of debt of an obligor?
- Are there other privacy issues that arise for issuers of ABS backed by foreign assets? How do the privacy laws of foreign jurisdictions differ from U.S. privacy laws? If the privacy laws of foreign jurisdictions are more restrictive regarding the disclosure of information, how should we accommodate issuers of ABS backed by foreign assets? Is there substitute information that could be provided to investors? Please be specific in your response.

ii) Proposed General Disclosure Requirements

With respect to each asset in the pool, the issuer would be required to provide the disclosure described below. A description of the 28 proposed data points is provided in Table 1 of the Appendix. We believe the proposed general item requirements are basic characteristics of assets that would be useful to investors in ABS across asset classes.

1. A unique asset number applicable only to that asset and the source of the number. We are aware that identifiers for each asset may be generated in many ways. These identification numbers may have been generated at origination or at different times through the securitization process. An asset number is necessary so that investors and other market participants may follow the performance of a loan through ongoing periodic reporting. We do

not propose a specific naming or numbering convention; however, we are proposing an instruction to clarify what type of asset numbers would satisfy this requirement and an instruction to clarify that the same asset number should be used to identify the asset for all reports required of an issuer under Section 13(a) or 15(d) of the Exchange Act. For instance, asset number types that would satisfy the requirements could be generated by CUSIP Global Services (CUSIP);[243] the American Securitization Forum (ASF Universal Link); MERS (Mortgage Identification Number); by the registrant;[244] or by using the convention "[CIK-number]-[Sequential asset number]";[245]

2. Whether the asset is designated to a particular collateral group. Some asset pools designate assets to particular groups in order to determine how cash flows will be passed on to investors;
3. Information regarding origination, such as origination date, original amount of the loan or contract, original term of the asset in number of months;
4. The asset maturity date, which is the month the final payment on the asset is scheduled to be made;
5. The original amortization term, which is the number of months in which the asset would be retired if the amortizing principal and interest were to be paid each month;

---

[243] A CUSIP number would be appropriate if the asset being securitized itself is a security.

[244] For instance, if a registrant uses its own unique numbering to track the asset throughout its life, disclosure of that number would satisfy this proposed item requirement.

[245] For instance, if a registrant used the "[CIK-number]-[Sequential asset number]" format, the number would first list the 10-digit CIK of the issuing entity and the second half would be a number for the pool, e.g, " 0000350001-000001."

6. Information regarding interest rate, such as the original interest rate, amortization type which means whether the interest rate is fixed or adjustable;
7. If the asset has an interest only term, the number of months in which the obligor is permitted to pay only interest on the asset;
8. Whether the interest calculation is simple or actuarial. A simple interest calculation is always based on the original principal, thus interest on interest is not included. An actuarial calculation is based on principal plus accrued interest;
9. The identity of the primary servicer that has the right to service the asset, either by name or by the MERS organization number (in the case of RMBS);
10. The servicing fees, either expressed as a percentage of the asset amount or as a flat-dollar amount, as applicable;
11. The servicing advance methodology by indicating the code that best describes the manner in which principal and/or interest are to be advanced by the servicer;
12. Whether the loan or asset was an exception to defined or standardized underwriting criteria; and
13. The measurement date, which would be the date the asset-level data is provided in accordance with proposed Item 1111(h)(1).[246]

As discussed above, proposed Item 1111(h)(2) would also require issuers to provide Schedule L data as part of a final prospectus filed in accordance with Rule

[246] As discussed above, proposed Item 1111(h)(1) would require issuers provide Schedule L data at the time of a Rule 424(h) prospectus as of a recent practicable date.

424(b), as of the cut-off date for the securitization.[247] The cut-off date would be the date specified in the instruments governing the transaction (i.e., the date on and after which collections on the pool assets accrue for the benefit of the asset-backed security holders). In addition, we are proposing the following data points to update for activity that could occur during the period between the time the asset-level data would have been previously provided in the proposed Rule 424(h) prospectus and the cut-off date.

1. The current asset balance, current interest rate, and current payment amount due.
2. The number of days the obligor is delinquent and the number of payments the obligor is past due as of the cut-off date.
3. If the obligor has not made the full scheduled payment, the number of days between the scheduled payment date and the cut-off date.[248] We are proposing this item requirement so that investors will receive comparable data about the payment performance of an asset.[249] We note that the disclosure provided in response to this proposed requirement may differ from other

---

[247] We note that the proposed requirement to file Schedule L data with the final prospectus does not address the timing and adequacy of information available to the investor at the time the investment decision is made. Under Securities Act Rule 159, information conveyed after the time of the contract of sale (e.g., a final prospectus) is not taken into account in evaluating the adequacy of information available to the investor at the time the investment decision was made.

[248] For example, if the scheduled payment date is December 25, and the full payment due is not received by the cut-off date for the report, December 31, the appropriate response to this item would be 6 days. We note that some delinquency recognition policies may not consider the payment delinquent at the same point in time.

[249] We are also proposing that issuers be required to report the number of days a full scheduled payment is past due in each Form 10-D. See discussion in Section III.A.2.a.

asset-level or pool-level delinquency disclosure due to the various delinquency recognition policies across issuers and asset classes.[250]

4. Remaining term to maturity, which would be the number of months between the cut-off date and asset maturity date.

Request for Comment

- Are the general data points that would apply to all securitizations (other than credit cards, charge cards and stranded costs) appropriate? Should any be deleted or made applicable only to certain asset classes? If so, what data points? Are there any other data points that should apply to all asset classes? Please provide a detailed explanation of the reasons why or why not.
- Is the approach to asset number identifier workable? Should we only require or permit one type of asset number for all asset classes? If so, which one would be most useful? It appears that our proposed naming convention of "[CIK-number]-[Sequential asset number]" would be applicable to all asset classes. Does the use of an asset number alleviate potential privacy issues for the underlying obligor? Why or why not? What issues arise if the asset

[250] We are proposing this item instead of proposing to define delinquency for all issuers. In the 2004 ABS Adopting Release we stated that delinquency should be determined in accordance with any of the following: the transaction agreements for the asset-backed securities; the delinquency recognition policies of the sponsor, any affiliate of the sponsor that originated the pool asset or the servicer of the pool asset; or the delinquency recognition policies applicable to such pool asset established by the primary safety and soundness regulator of any entity listed above or the program or regulatory entity that oversees the program under which the pool asset was originated. We adopted that definition because commenters requested flexibility since policies relating to delinquency vary somewhat across asset types and sponsors. The approach we adopted gave consideration to a party's delinquency recognition policies and we emphasized robust disclosure about those policies. For instance, some sponsors do not consider an obligor delinquent when any portion of a contractually required payment is late, but instead only when less than some percentage or amount of a payment is received. See Section III.A.d.iii. of the 2004 ABS Adopting Release. In the context of standardized asset-level data, we believe the disclosure of the number of days from the scheduled payment due date and the cut-off date allows flexibility for the definition of delinquent while allowing for analysis and comparability of asset-level data.

number is determined by the registrant? Would there be any issues with investors being able to specifically identify each asset and follow its performance through periodic reporting?

- Should we require a data point to disclose the CIK number of the sponsor? Would all sponsors have a CIK number? If not, in what other ways could we require standardized disclosure of the identity of sponsors?
- Should we define delinquency in order to provide comparable delinquency disclosure across issuers and asset classes? If so, how should it be defined and why? Would market participants be able to make changes to their current systems to capture information to satisfy a standardized delinquency disclosure requirement? Would such a requirement be burdensome? Is there another way to provide comparable delinquency disclosure across issuers and asset classes? Please be detailed in your response.
- The response to some data points requires the identification of a party (e.g., originator or servicer) or the MERS generated number of the organization. Is this approach to identification workable? Do any issues arise with allowing a text response to these types of data points? What alternatives would alleviate such issues? What if the organization does not have a MERS number?

iii) Asset Specific Data Points

As discussed in detail below, we are proposing to further subdivide the Schedule L data points so that issuers can determine whether or not the data field applies to their transaction. For instance, if the asset pool contains only residential mortgages, then issuers would only need to provide those data points designated under proposed Items 1

and 2 of Schedule L. Similarly, if the asset pool contains only student loans, the issuer would only need to provide those data points designated under proposed Items 1 and 8. If the asset pool contains assets for which we have not proposed asset class specific data points, the issuer would only need to provide those general data points designated under proposed Item 1. Further, if the asset pool of residential mortgages consists only of fixed-rate mortgages, all of the data points related to adjustable rate mortgages[251] need not be included in the data file. Likewise, in a pool of student loans, if the asset pool comprised only loans issued under a federal student loan program, such as the Federal Family Education Loan Program (FFELP),[252] information related to private label student loan programs need not be included in the data file.[253] The issuer, however, may need to provide data in the appropriate indicator field, which is a "yes" or "no" answer to whether the characteristic is present. This approach is designed to facilitate investor review of the asset-level data.

Request for Comment

- Is the proposed subdivision of Schedule L appropriate? Would this approach facilitate investor review of the asset-level data?

iv) Proposed Exemptions

We are proposing to exclude ABS backed by credit cards, charge cards, and stranded costs from the requirement to provide asset-level data. Based on staff reviews of credit card and charge card asset pools, it appears that some may contain as many as

---

[251] Item 2(a)(16) of proposed Schedule L.

[252] FFELP loans are generally based on need, instead of credit quality of the underlying obligor. For more information, see the U.S. Department of Education Web site at http://www2.ed.gov/programs/ffel/index.html.

[253] Item 8(c) of proposed Schedule L.

20 to 45 million accounts. Based on the overwhelming volume of data in these types of asset classes, we do not believe that granular asset-level information would be as useful for investors and the provision of asset-level data may be cost-prohibitive for issuers. We have also heard anecdotally that investors in credit card or charge card ABS do not have a desire for asset-level data. For these asset classes, we are proposing that credit card ABS issuers provide grouped account data that we discuss below.[254]

For ABS backed by stranded costs, the underlying asset is transition property or system restoration property. Stranded costs are the costs associated with a decline in the value of electricity-generating assets due to restructuring of the industry, and the underlying property is called transition property.[255] System restoration property is a similar underlying asset, but provides for recovery of system restoration costs incurred by electric utilities as a result of hurricanes, tropical storms, ice or snow storms, floods and other weather-related events and natural disasters. These types of property are usually created by the action of a state legislature or other designated authority.[256] The property generally includes a right and interest to impose, collect and receive charges payable by electric customers in a particular territory. Also, this right usually provides that the designated state authority may periodically adjust the charges billed to customers in order to recover the stranded costs in the event all collections are not made. Because transition property is not originated on a customer-by-customer basis, and is instead the right to

---

254 See Section III.A.3.

255 When the electricity industry deregulated, prices for electricity were expected to decline as competition was introduced into the market. With prices projected to fall more than production costs, utilities would earn less and the value of their assets would shrink. Thus, with falling prices eroding the value of the utilities' assets, some of their costs would be unrecoverable, or stranded. See Electric Utilities: Deregulation and Stranded Costs, Congressional Budget Office, October 1998.

256 See, e.g., Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 39.001-.463

impose charges on customers based on electrical usage, we preliminarily do not believe it is appropriate to require asset-level data be provided for stranded cost ABS.

Request for Comment

- Should asset-level data be provided by credit card, charge card or stranded cost issuers? If so, please explain why and what asset-level data should be provided.
- Would requiring asset-level data for these asset classes, rather than grouped asset data, as proposed below, be useful for investors? Is the volume of data in these types of asset classes a concern to investors? If so, are there ways to address this, for example, by facilitating the presentation of the data, to make it more useful to investors?
- Are there any other asset classes that should be exempt from the requirement to provide asset-level data and why?
- In light of the proposal not to set forth asset-level data for these assets, is there any pool-level data that should be provided by credit card, charge card, or stranded cost issuers? If so, please identify the pool-level data that we should require and explain why.
- Should we specify standardized definitions for pool-level data? For instance, for credit cards or charge cards, should we define terms such as modification, excess spread and charge-off? How are issuers currently defining these various terms?
- Should pool-level data for credit cards and charge cards be provided at the same time that we propose for other issuers to provide Schedule L data (i.e.,

with the proposed Rule 424(h) prospectus, the final prospectus under 424(b) and for changes under Item 6.05 of Form 8-K)? Should it also be provided at any other time, such as in periodic reports? If so, please tell us when and why.

- Should we revise Item 1111 to require pool-level disclosure in a standardized format for ABS backed by credit cards or charge cards? Current Item 1111 requires issuers to present pool-level statistical information in appropriate distributional groups or incremental ranges in addition to presenting appropriate overall pool totals, averages and weighted averages, if such presentation will aid in the understanding of the data. In the case of credit cards and charge cards, should we proscribe the distributional groups or incremental ranges for material pool characteristics such as credit scores, credit limit, account balance, account age, geographic location or annual percentage rate (APR)?[257] For instance, in the case of FICO credit scores, should the distributional groups be similar to the coded response ranges for asset-level data in proposed Item 2(c)(3) of Schedule L?[258] What other types of credit scores are used by credit card issuers, if any? Are any proprietary? What distributional groups would be useful for disclosure of other types of credit scores?

---

[257] In the FDIC Securitization Proposal, the FDIC also solicited comments on specific questions of disclosure related to securitizations. We note the suggestions of one commenter regarding the disclosure that should be provided by issuers of ABS backed by credit cards. See comment letter from MetLife on the FDIC Securitization Proposal ("MetLife FDIC Letter"), available at http://www.fdic.gov/regulations/laws/federal/2010/10comAD55.html.

[258] See Table 2 of the Appendix to this release.

- In the case of credit limit and account balance, should we proscribe the following distributional groups for disclosure with respect to credit card and charge card pools: (1) <$1,000; (2) $1,000-$5,000; (3) $5,000-$10,000; (4) $10,000-$20,000; (5) $20,000-$30,000; (6) $30,000-$40,000; (7) $40,000-$50,000; and (8) greater than $50,000? Would using these distribution groups lead to useful disclosure?
- In the case of account age, should we proscribe the following distributional groups for disclosure with respect to credit card and charge card pools: (1) 12 months or less; (2) 12-24 months; (3) 24-36 months; (4) 36-48 months; (5) 48-60 months; (6) 60-84 months; (7) 84-120 months; and (8) over 120 months? Would using these distribution groups lead to useful disclosure?
- In the case of geographic location, should we require disclosure by state or by Metropolitan Statistical Area for credit card and charge card pools?[259] Which would be more useful? Should issuers be required to disclose all states or Metropolitan Statistical Areas for the entire pool, or only the top 10, 20 or some other number?
- In the case of interest rate or APR, what would be the appropriate distributional groups? For example, would the following distributional groups be appropriate: (1) 0 to 1.99%; (2) 2.00% to 4.99%; (3) 5.00% to 9.99%; (4) 10.00% to 14.99%; (5) 15.00% to 19.99%; (6) 20.00% to 24.99%; (7) 25.00% to 29.99%; (8) 30.00% to 34.99%; (9) 35.00% to

[259] See discussion in Section III. A.1.b.i. above.

39.99%; and (10) over 40.00%? Are there other characteristics that should be included in the same statistical table of information, such as how many accounts are currently deferring interest, deferring interest/principal, or other types of promotions?

- Should we require issuers of ABS backed by credit cards and charge cards to provide statistical tables to disclose the amount of credit that is available for purchases? If so, should we proscribe the following distributional groups: (1) <$1,000; (2) $1,000-$5,000; (3) $5,000-$10,000; (4) $10,000-$20,000; (5) $20,000-$30,000; (6) $30,000-$40,000; (7) $40,000-$50,000; and (8) greater than $50,000? Would using these distribution groups lead to useful disclosure? Would this information be useful to investors and why?
- Should we require issuers of ABS backed by credit cards and charge cards to provide statistical tables to disclose the type of products in the pool? For instance, credit card products could include affinity,[260] co-branded cards,[261] merchant cards, partner cards, and reward cards. Would this information be useful to investors and why?
- Should we require issuers of ABS backed by credit cards and charge cards to provide statistical tables to disclose whether there any accounts in the pool are under a debt management program, have

[260] Affinity card programs are offered by organizations such as universities, alumni associations, sports teams, professional associations and others.

[261] A co-branded credit card generally is a credit card jointly sponsored by a bank and retail merchant, such as a department store.

redefaulted, are diluted or whether the account has been closed? Would this information be useful to investors and why?

- Should we require issuers of ABS backed by credit cards and charge cards to provide statistical tables to disclose payment habits of the obligors, such as the number of accounts, or percentage of the pool that make minimum payments, pays balances in full, or other payment types? Are there any other categories of payment behavior that would be useful to investors?
- Should we require issuers of ABS backed by credit cards and charge cards to provide statistical tables to disclose whether the obligors are homeowners, mortgage holders or renters? Would this information be useful to investors and why? Do issuers have this information? Because credit card securitizations are usually structured as master trusts, how would issuers be able to provide updated information at the time of each takedown?
- Should we require issuers of ABS backed by credit cards and charge cards to provide statistical tables to disclose whether the obligors are employed and if so, the type of employment? Should we specify the categories for this type of information, such as: (1) professional; (2) technical; (3) managerial; (4) clerical; (5) sales; (6) service; (7) agricultural; (8) laborers; (9) military; (10) student; (11) retired; (12) unemployed; and (13) unknown? Would this information be useful to investors and why?

- Should we require issuers of ABS backed by credit cards and charge cards provide statistical tables to disclose the level of education of the obligors? Should we specify the categories for this type of information such as: (1) graduate; (2) college-4 year; (3) college-2 year; (4) high school or (5) unknown? Would this information be useful to investors and why?
- Should we require issuers of ABS backed by credit cards and charge cards to provide statistical tables to disclose the debt-to-income ratio of the obligors? Would this information be useful to investors and why? Should the debt-to-income ratio be defined and calculated in the same manner as required in Schedule L?[262] What would the appropriate distributional categories? For example, would the following distributional groups be appropriate: (1) 0 to 4.99%; (2) 5.00% to 9.99%; (3) 10.00% to 14.99%; (4) 15.00% to 19.99%; (5) 20.00% to 24.99%; (6) 25.00% to 29.99%; (7) 30.00% to 34.99%; (8) 35.00% to 39.99%; (9) 40.00% to 44.99%; (10) 45.00% to 49.99%; (11) 50.00% to 54.99%; (12) 55.00% to 59.99%; (13) 60.00% to 64.99%; (14) 65.00 to 69.99%; (15) 70.00% to 74.99%; (16) over 75.00%?
- Because credit card securitizations are usually structured as master trusts, how would issuers be able to provide updated information

[262] See proposed Items 2(a)(21)(iv) and 2(a)(20)(v) of Schedule L.

described in the previous four bullet points at the time of each takedown?

- Should we specify the data that should be presented for each distributional group in the above requests for comment? For instance, for each distributional group of credit scores, issuers typically provide a table detailing the number of accounts, dollar amount and percentage of the pool. Should we also require that issuers provide the following information for each credit score distributional group in the same table: (1) weighted average credit limit; (2) weighted average utilization rate; (3) weighted average account age; (4) percentage of obligors that pay in full; (5) percentage of obligors that make minimum payments; (6) weighted average credit score; (7) weighted average APR; (8) portfolio yield; (9) amount of interchange; (10) amount of fees; (11) amount of gross charge-offs; (12) amount of recoveries; (13) amount of prepayments; (14) dollar amount of accounts that are over 30 days delinquent; (15) number of accounts that are over 30 days delinquent; and (16) weighted average excess spread?[263] Is there any other information that would be useful for investors in this format?

- Should we require aggregated asset-level data in a machine-readable form for issuers of ABS backed by stranded costs so that investors may download the data and input it into a waterfall computer program? If so, please specify the

[263] See, e.g., Appendix A, Attachment I of the MetLife FDIC Letter.

characteristics, the appropriate distributional groups and related definitions and formulas, if applicable.

c) Residential Mortgage-Backed Securities

We are proposing 137 data points for ABS backed by residential mortgages. The staff has surveyed the data and definitions provided by the organizations mentioned above, as well as other industry sources. We are proposing to require additional data fields that relate to residential mortgages that are based mainly on information already typically provided by sellers to Fannie Mae and Freddie Mac or likely to be collected by participants in Project RESTART.

Some of the Fannie Mae, Freddie Mac and Project RESTART data points appear in the general section (Item 1), because we believe those data points would apply to all types of asset-backed securities. We did not, however, include every data point included in those loan-level packages. We believe that there are numerous ways to capture the same data, and after reviewing other loan-level data dictionaries, our definitions may have minor differences from those in Fannie Mae, Freddie Mac and Project RESTART because we wanted to make sure that we captured disclosure that may be provided to other organizations. For instance, we believe that many of the points are also consistent with the data dictionary developed by MISMO.[264] We also reviewed other data definitions currently used by banks for reporting to the OCC and OTS.[265] As noted above, we also are proposing several indicator fields that usually require a "yes" or "no" answer in order to facilitate investor review of the data.

---

[264] As noted above, MISMO is an affiliate of MERS. The MISMO data dictionary is available at http://www.mismo.org/pages/Residential%20Specifications.aspx.

[265] See "OCC/OTS Mortgage Metrics – Loan Level Data Collection: Field Definitions," January 7, 2009, available at http://www.occ.treas.gov/ftp/release/2009-9a.pdf.

With respect to each mortgage in the pool, the issuer would be required to disclose the information described below. A complete description of each proposed data point is provided in Table 2 of the Appendix to this release.

1. A code that describes the loan purpose.
2. The lien position of the loan.
3. Whether the obligor is subject to any prepayment penalties, a code that describes the type of penalty, the term of penalty and a code that describes how the penalty is calculated.
4. The origination channel and whether a broker took the application.
5. The Nationwide Mortgage Licensing System (NMLS) loan originator number and loan origination company number.[266]
6. Whether the loan allows for negative amortization and information regarding the negative amortization terms which would include:

---

[266] In 2008, Congress passed The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act) which required the creation of a Nationwide Mortgage Licensing System and Registry. The SAFE Act is designed to enhance consumer protection and reduce fraud by encouraging states to establish minimum standards for the licensing and registration of state-licensed mortgage loan originators and for the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) to establish and maintain a nationwide mortgage licensing system and registry for the residential mortgage industry. The SAFE Act was enacted as part of the Housing and Economic Recovery Act of 2008, Public Law 110–289, Division A, Title V, sections 1501–1517, 122 Stat. 2654, 2810–2824 (July 30, 2008), codified at 12 U.S.C. 5101–5116. The Federal Housing Finance Agency will require that mortgages purchased by Freddie Mac and Fannie Mae include loan-level identifiers of the loan originator and loan origination company for mortgage applications taken on or after July 1, 2010. The original date of compliance was January 1, 2010; however, this has been extended to July 1, 2010. See Federal Housing Finance Agency News Release, "FHFA Announces New Mortgage Data Requirements," January 15, 2009, available at http://www.fhfa.gov/webfiles/400/LoanOrigIDS11509.pdf. See also Freddie Mac Bulletin 2009-27, December 4, 2009, available at http://www.freddiemac.com/sell/guide/bulletins/pdf/bll0927.pdf and Fannie Mae Selling Notice "Mortgage Loan Data Requirements – Update," October 6, 2009, available at https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2009/ntce100609.pdf.The NMLS maintains the following Web site: http://mortgage.nationwidelicensingsystem.org/Pages/default.aspx.

a. the maximum dollar amount and the number of months negative amortization amount allowed;
b. the initial and subsequent number of months an obligor can initially pay the minimum payment before a new payment is determined;
c. the current negative amortization amount that has accumulated;
d. the number of months the payment is fixed and the initial and subsequent limits on payment increases and decreases;
e. the length of the initial and any subsequent recast periods in number of months; and
f. the current minimum payment amount.

7. Whether the loan has been modified. If so:
    a. the number of modifications;
    b. a code that describes the reason for modification;
    c. the effective date of the modification;
    d. updated debt-to-income ratios of the obligor;
    e. the total amount added to the principal balance of the loan due to the modification or capitalized amount;
    f. any deferred amount that is non-interest bearing; and
    g. the pre-modification interest rate, the pre-modification payment amount, and the forgiven principal and interest amounts.
8. Whether the loan documents require a lump-sum payment of principal at maturity, otherwise known as a balloon loan.
9. In the case of a refinance transaction, the amount of cash the obligor received.

10. The number of months a buydown period would be in effect. A buydown period is when a lump sum payment is made to the creditor by the obligor or by a third party to reduce the amount of some or all of the obligor's periodic payments.
11. The date through which interest is paid with the current payment, which is the date from which interest will be calculated for the application of the next payment.
12. The number of days after which a servicer can stop advancing funds on a delinquent loan.
13. Amount of any junior mortgages on the property and if the loan in the pool is a junior loan, information on the senior loan such as origination date, amount, loan type, hybrid period, and negative amortization limit.
14. If the loan is an adjustable rate mortgage:
    a. the index on which the adjustable rate is based;
    b. the margin, which is the number of percentage points added to the index to establish the new rate;
    c. the fully indexed rate, which is the index rate plus the margin;
    d. if the interest rate is initially fixed for a period of time, the number of months between the first payment date and the first interest adjustment date;
    e. the maximum percentage by which a mortgage rate may increase or decrease, initially, at subsequent points in time, and over the lifetime of the loan;

f. the number of months between interest rate reset periods;

g. the number of days prior to an interest rate effective date which is used to determine the appropriate index rate or lookback;

h. the date of the next interest rate adjustment;

i. the method of rounding and the rounding percentage;

j. whether the loan is an option ARM, that is whether the obligor can choose payment options;

k. a code that describes the means of computing the lowest monthly payment available to the obligor after recast. When the loan is recast, a new minimum payment is calculated to fully amortize the loan over the remaining term of the loan.;

l. the initial minimum payment an obligor is required to make; and

m. whether the loan is convertible to a fixed interest rate.

15. Whether the loan is a home equity line of credit, or HELOC, and the related period in which the obligor may draw funds against the HELOC account.

With respect to each mortgage loan in the pool, the issuer would be required to disclose the information on the property securing the loan described below.

1. Geographic location of the property, designated by Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.
2. A code that describes the property type and occupancy status of the property.
3. Sales price.

4. The appraised value used to approve the loan and most recent appraised value, the property valuation method, date of valuation, valuation scores and types of scores.
5. Combined and original loan-to-value ratios and the calculation date.
6. If the obligor pledged financial assets to the lender instead of making a down payment, the total value of assets pledged as collateral for the loan at the time of origination.

If the loans in the pool relate to manufactured housing, the issuer would be required to disclose the information described below.

1. A code that describes the interest of others in the real estate.
2. A code that describes the community ownership structure.
3. The name of manufacturer and model name, the year the home was manufactured and whether it was constructed in accordance with the 1976 HUD Code.
4. Gross and net invoice price of the home.
5. Loan to invoice ratios, whether the loan was made by a lender related to the community, and whether the securitized property is considered chattel or real estate.
6. The source of the obligor's down payment.

With respect to each mortgage in the pool, the issuer would be required to disclose the information on the obligor described below.

1. Obligor and co-obligor's credit scores and types of scores.

2. Obligor and co-obligor's wage and other income and a code that describes the level of verification.
3. A code that describes the level of verification of assets of the obligor and co-obligor.
4. Obligor and co-obligor's length of employment, whether they are self-employed and a code that describes the level of verification.
5. The dollar amount of verified liquid/cash reserves after the closing of the mortgage loan.
6. The total number of properties owned by the obligor that currently secure mortgages.
7. The amount of the obligor's other monthly debt.
8. The obligor's debt to income ratio used by the originator to qualify the loan.
9. A code that describes the type of payment used to qualify the obligor for the loan, such as the payment under the starting interest rate, the first year cap rate, the interest only amount, the fully indexed rate or the minimum payment.
10. The percentage of down payment from obligor's own funds other than any gift or borrowed funds.
11. The number of obligors on the loan.
12. Any other monthly payment due on the property other than principal and interest.
13. The number of months since any obligor bankruptcy or foreclosure.
14. The obligor and co-obligor's wage income, other income and all income.

With regard to mortgage insurance, the issuer would be required to disclose the information below.

1. Whether mortgage insurance is required.
2. The name of the mortgage insurance company, coverage plan type, certificate number, and insurance coverage percentage.
3. Whether the insurance is lender or borrower paid.
4. If there is pool insurance, the name of pool insurance provider and pool insurance stop loss percentage.

Request for Comment

- Are all of the RMBS data points appropriate? Are there other data points that should be required for all RMBS issuers? Are any data points not necessary or overly burdensome to obtain? Please specify the proposed data points and provide a detailed explanation of the reasons why or why not.
- Some data points request the results of calculations, such as debt-to-income ratios. Can these ratios otherwise be calculated from data provided by the other asset-level data points? If so, can users of the information independently calculate these data points? And should we not require these data points to be included in the asset-level data file?
- Should we include a data point to require what effort an originator or sponsor made to see if there are other loans secured by the same property? If we were to code the response, what code descriptions should we provide?

- Are the proposed type of responses and coded responses appropriate? Are there additional codes that should be included? Please provide a detailed explanation of the reasons why or why not.
- What privacy concerns arise if we require issuers to disclose the sales price of the property, if any? Would rounding the sales price to the nearest thousandth alleviate privacy concerns? If not, what would be the appropriate rounding method? If we instead required the disclosure of sales price be provided by a coded range of dollar amounts, would that alleviate privacy concerns? What would be the appropriate ranges of dollar amounts? Would the above mentioned options have an effect on an investor's ability to analyze the asset-level data or use the waterfall computer program? If so, please be specific in your response. In what other ways could we require the disclosure of sales price so that investors receive useful information and also address any privacy concerns?

d) Commercial Mortgage-Backed Securities

We are proposing 61 data points for ABS backed by commercial mortgages. The data points we are proposing to require are primarily based on the definitions included in the CRE Finance Council Investor Reporting Package, current Regulation AB requirements and staff review of current disclosure. The CRE Finance Council disclosure package standardizes bond, loan and property level information for commercial mortgage-backed securities.[267] We are not proposing, however, to include every data point included in the CRE Finance Council reporting package. Some of the

[267] According to the CRE Finance Council, transaction disclosure should be updated and provided monthly. See http://www.crefc.org/.

data points already appear in the general section (Item 1), because we believe those data points would apply to all types of asset-backed securities. We did not include others because we did not believe the level of detail was necessary for investor analysis as we believe that the most important data points for CMBS are those that relate to the loan term and the property. With respect to each commercial mortgage loan in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point and related response is provided in Table 3 to the Appendix to this release.

1. A code that describes the loan structure, including the seniority of participated mortgage loan components.
2. The current remaining term of the loan.
3. A code that describes the payment method, the amount of the periodic principal and interest payment, and frequency of payment for the loan, frequency that the payment will be adjusted, and grace days allowed.
4. The number of properties that serve as mortgage collateral for the loan;
5. The hyper-amortizing date, which is the current anticipated repayment date after which principal and interest may amortize at an accelerated rate, and/or interest to the mortgagor increases substantially.
6. Whether the loan is interest only or requires a balloon payment.
7. Whether the obligor is subject to prepayment penalties, the effective date after which the lender allows prepayment of a loan, the date after which yield maintenance prepayment penalties are no longer effective and the date after which prepayment premiums are no longer effective.

8. If the loan permits negative amortization, the maximum percentage and amount of the original loan balance that can be added to the original loan balance as a result of negative amortization.
9. If the loan is an adjustable rate mortgage:
    a. the index on which the adjustable rate is based;
    b. the first rate adjustment date;
    c. the first payment adjustment date;
    d. the number of percentage points that are added to the current index rate to establish the new note rate each interest adjustment date,
    e. the maximum percentage by which a mortgage rate may increase or decrease, initially, at subsequent points in time, and over the lifetime of the loan;
    f. a code describing the frequency with which the periodic mortgage rate is reset and a code describing the frequency with which the periodic mortgage payment will be adjusted; and
    g. the number of days prior to an interest rate effective date which is used to determine the appropriate index rate or lookback.
10. Whether the loan had been modified from its terms at the time of origination.

The issuer also would be required to provide information on each of the properties collateralizing the loan. This would include:

1. The property name, geographic location, designated by zip code, as applicable, and the year that the property was built;

2. A code describing the current use of the property, including net rentable square feet of a property, number of units/beds/rooms, and percentage of rentable space occupied by tenants;
3. The valuation amount of the property as of a valuation date and source of valuation;
4. The total underwritten revenues from all sources for a property and total underwritten operating expenses (including real estate taxes, insurance, management fees, utilities, and repairs and maintenance);[268]
5. The date when the defeasance option becomes available. A defeasance option is when an obligor may substitute other income-producing property for the real property without pre-paying the existing loan;[269]
6. Net operating income and net cash flow, including a code describing how operating income and net cash flow were calculated (i.e., using the CMSA standard, using a definition in the pooling and servicing agreement, or using the underwriting method);
7. The ratio of underwritten net operating income to debt service, the ratio of underwritten net cash flow to debt service, and an indicator showing how the debt service coverage ratio was calculated;[270] and

---

[268] For this purpose "underwritten" means the amount of revenues or expenses adjusted based on a number of assumptions made by the mortgage originator or seller. We believe issuers should include narrative disclosure about the assumptions used in the prospectus.

[269] See Mary Stuart Freydberg and Mary MacNeill,, "Defeasance by Design: Frequently Asked Questions," CMBS World, March 1999, available at http://www.cmsaglobal.org/cmbsworld/cmbsworld_toc.aspx?folderid=31374.

[270] For this purpose, "underwritten" means that the amount disclosed is adjusted based on a number of assumptions made by the mortgage originator or seller. We believe issuers should include narrative disclosure about the assumptions used in the prospectus. Such an indicator would consider whether the servicer allocates debt service only to properties where financial statements are received, whether all

8. The three largest tenants (based on square feet), including square feet leased by the tenant and lease expiration dates of the tenant.

We note that some of the data points that we are proposing to include in Schedule L are currently required on a loan-level basis under existing Item 1111(b)(9)(i) of Regulation AB.[271] Such items are described in the list above and relate to: the location and use of each property; net operating income and net cash flow information, as well as the components of net operating income and net cash flow, for each mortgaged property; current occupancy rates for each mortgaged property and the identity, square feet occupied by and lease expiration dates for the three largest tenants at each mortgaged property. Issuers of ABS backed by CMBS would be required to continue to provide the information required by Item 1111(b)(9)(i) in the prospectus in a narrative form.

Request for Comment

- Are all of the CMBS data points appropriate? Is there any reason not to incorporate any of the requirements for commercial mortgage-backed securities into Schedule L? Are there any additional fields we should include? Are there any changes we should make for specific types of commercial properties?
- Should we include the current Item 1111(b)(9)(i) asset-level disclosure requirement for CMBS in Schedule L, as proposed? Should we eliminate the

properties are reported on one rolled up financial statement from the borrower, whether all financial statements were collected for all properties, whether no financial statements were received, whether not all properties received financial statements and the servicer leaves empty, or whether or not all properties received financial statements and the servicer allocates 100% of debt service to all properties where financial statements are received.

[271] Specifically, we are proposing to include the requirements of Item 1111(b)(9)(i)(A), (B), (C), and (D) in Schedule L.

requirement to provide the asset-level information in narrative form? If so, would any material information relating to a commercial mortgage be lost?

- We are proposing to require an indicator that shows how net operating income and net cash flow were calculated for commercial mortgages. The code options for this indicator would show whether these items were calculated using a CMSA standard, using a definition in the pooling and servicing agreement, or using an underwriting method. Are these appropriate codes? Are there any additional codes that should be included?
- We are proposing to require an indicator that shows how the debt service coverage ratio was calculated for commercial mortgages. The code options for this indicator would be: (1) Average- not all properties received financial statements, and the servicer allocates debt service only to properties where financial statements are received; (2) Consolidated – all properties reported on one "rolled up" financial statement from the borrower, (3) Full- all financial statements collected for all properties, (4) None Collected – no financial statements were received; (5) Partial – not all properties received financial statements and servicer to leave empty; and (6) "Worst Case" – not all properties received financial statements, and servicer allocates 100% of debt service to all properties where financial statements are received. Are these codes appropriate? Are there additional codes that should be included?
- We currently require disclosure of the three largest tenants that occupy the underlying property in the prospectus. Should we also require issuers to disclose whether the named tenants are affiliated with the obligor as a data

point in Schedule L and in narrative form in the prospectus? Should we require a description of the relation in narrative form?

- Should we continue to require Item 1111(b)(9)(i) data in the prospectus, as proposed, or is the proposed asset-level data sufficient?

e) Other Asset Classes

We are unaware of any other organization that has standardized data points for asset classes other than mortgages for investor reporting.[272] As we explain above, standardized data points provide disclosure to investors about the payment stream and amount of payments related to individual assets; make it possible for users to perform prepayment and credit analysis on an individual asset, and evaluate the collateral, if any, that secures the individual asset.[273] Consequently, in order to make the asset-level information useful to investors, we are proposing data points derived from the aggregate pool-level disclosure that is commonly provided in prospectuses for the following asset classes: automobile loans and leases; equipment loans and leases; student loans; floorplan financing; repackagings of corporate debt and resecuritizations. We are also proposing to add several data points related to obligor and co-obligor income, assets, employment, and credit scoring. These data points mirror the definitions proposed for RMBS in an effort to provide more robust disclosure about obligor credit quality. We solicit comment on all of our proposed asset specific data points and have specific questions on certain asset classes.

---

[272] We note that the ASF contemplates expanding Project RESTART to other major asset classes, such as student loans, credit cards and automobile securitizations. See American Securitization Forum RMBS Disclosure and Reporting Package Final Release (July 15, 2009) at 29, available at http://www.americansecuritization.com/.

[273] See Section III.A.1.b.

Request for Comment

- Are there any organizations that have produced standardized data definitions for other asset classes? If so, would these definitions be appropriate for the proposed asset specific data points?
- Are the asset specific data points appropriate? What other data points should be required by all issuers of that asset class? Please provide a detailed explanation of the reasons why or why not.

i) Automobiles

Asset-backed securities may be backed by a pool of automobile loans or automobile leases. We are proposing to require 31 additional data fields that relate to ABS backed by loans for the purchase of automobiles and 33 data fields that relate to ABS backed by automobile leases. With respect to each loan or lease in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 4 for automobile loans and Table 5 for automobile leases.

1. Whether payments are required monthly or a balloon payment is due;
2. Whether a form of subsidy was received by the borrower, such as an incentive or rebate;
3. Geographic location of the dealer by zip code;
4. The vehicle manufacturer, model, model year, vehicle type and whether it is new or used;
5. The vehicle value and source of vehicle value at the time of origination;
6. For leases, base residual value and source of residual value;

7. The obligor and co-obligor's credit scores and credit score type;
8. The obligor and co-obligor's wage and other income and a code that describes the level of verification;
9. A code that describes the level of verification of assets of the obligor and co-obligor;
10. The obligor and co-obligor's length of employment and a code that describes the level of verification; and
11. The geographic location of the obligor by Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.

Request for Comment

- Are all of the automobile data points appropriate? What other data points should be required by all issuers of ABS backed by automobile loans or leases? Please provide a detailed explanation of the reasons why or why not.
- For ABS backed by automobile leases, should we require a field indicating whether the lessor or lessee is responsible for selling the vehicle at the end of the lease? If so, please explain why.
- We are proposing to require an indicator for the source of the vehicle value. The code options for this indicator would be: (1) Invoice price; (2) Sales Price; (3) Kelly Blue Book; and (98) Other. Are these codes appropriate? Are there additional codes that should be included?
- We are proposing to require an indicator for the source of a vehicle's residual value. The code options for this indicator would be: (1) Black Book; (2)

Automotive Lease Guide; and (98) Other. Are these codes appropriate? Are there additional codes that should be included?

ii) Equipment

We are proposing to require five additional data fields that relate to ABS backed by equipment loans and eight that relate to equipment leases. With respect to each equipment loan or lease in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 6 for equipment loans and Table 7 for equipment leases.

1. The frequency of payments, such as whether payments are due monthly, quarterly, semiannually, or annually.
2. The type of equipment financed and whether it is new or used.
3. The obligor industry and geographic location as indicated by zip code.
4. For leases, whether the lease type is a true lease or a finance lease.
5. For leases, the residual value of the equipment and source of residual value.

Request for Comment

- Are all of the equipment data points appropriate? What other data points should be required by all issuers of ABS backed by equipment loans or leases? Please provide a detailed explanation of the reasons why or why not.
- Should we require data points on the obligor's ability to pay the equipment loan or lease? If so, please provide a detailed explanation of the types of data points and what code descriptions should be provided.

- Should we require a data point to disclose whether the equipment that serves as collateral is the subject of certain provisions of the US Bankruptcy Code? For instance, section 1110 of the Bankruptcy Code[274] applies to financiers of aircraft, aircraft engines, and other defined equipment. If so, please provide a detailed explanation of what the data point should be and what code descriptions should be provided.
- We are proposing to require an indicator for equipment type. The code options for this indicator would be: (1) Construction; (2) Furniture and Fixtures; (3) General Office Equipment/Copiers; (4) Industrial; (5) Maritime; (6) Printing Presses; (7) Technology; (8) Telecommunications; (9) Transportation; and (98) Other. Are these codes appropriate? Are there additional codes that should be included?
- We are proposing to require an indicator for the obligor industry. The code options for this indicator would be: (1) Agriculture and Resources; (2) Communications and Utilities; (3) Construction; (4) Distribution/Wholesale; (5) Electronics; (6) Financial Services; (7) Forestry and Fishing; (8) Healthcare; (9) Manufacturing; (10) Mining; (11) Printing and Publishing; (12) Public Administration; (13) Retail; (14) Services; (15) Transportation; and (98) Other. Are these codes appropriate? Is code "(15) Transportation" too broad? If so, what codes would be more useful? Are there additional codes that should be included?

[274] 11 U.S.C. § 1110

- We are proposing to require an indicator for the source of the equipment residual value. The code options for this indicator would be: (1) Internal; (2) External Consultant; and (3) Other. Are these codes appropriate? Are there additional codes that should be included? Are there any published guides to equipment residual values?

iii) Student Loans

We are proposing to require 28 additional data fields that relate to ABS backed by student loans. With respect to each loan in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 8.

1. Whether payments on the loan are subsidized through a federal program.
2. A code describing the repayment terms and the current number of years in repayment.
3. The name of any guarantee agency.
4. The date the loan was disbursed to the obligor.
5. Whether the obligor payment status is in-school, grace period, deferral, forbearance or repayment.
6. Geographic location of the obligor by Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.
7. A code describing the type of school or program. Code options for this data point would be continuing education, graduate, K-12, medical, or undergraduate.

8. If the loan was not issued under a federally funded program, the following additional disclosure would be required:
    a. The obligor and co-obligor's credit scores and credit score type;
    b. The obligor and co-obligor's wage and other income and a code that describes the level of verification;
    c. A code that describes the level of verification of assets of the obligor and co-obligor; and
    d. The obligor and co-obligor's length of employment and a code that describes the level of verification.

Request for Comment

- Are all of the student loan data points appropriate? What other data points should be required by all issuers of ABS backed by student loans? Please provide a detailed explanation of the reasons why or why not.
- We are proposing to require an indicator for repayment type. The code options for this indicator would be: (1) Level; (2) Graduated Repayment; (3) Income-sensitive or (4) Interest Only Period. Are these codes appropriate? Are there additional codes that should be included?
- We are proposing to require an indicator for school type. The code options for this indicator would be: (1) Continuing Education; (2) Graduate; (3) K-12; (4) Medical; or (5) Undergraduate. Are these codes appropriate? Are there additional codes that should be included?

iv) Floorplan Financings

Asset-backed securities may be backed by a pool of floorplan receivables. Floorplan receivables are used by wholesalers and retailers to finance purchases of inventory, for instance, an automobile dealership will finance purchases of the vehicles available for sale in its inventory. Floorplan receivables are usually revolving in nature and are commonly structured as revolving asset master trusts. Payment terms may vary, but usually payment is due when the underlying collateral is sold. Generally, when new inventory is purchased, a new receivable is created; therefore, we are proposing that the asset-level data be provided for each receivable, instead of each account.

We are proposing to require six additional data fields that relate to ABS backed by floorplan financings. With respect to each receivable in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 9.

1. The account origination date.
2. The type of inventory product line.
3. Whether the property financed is new or used.
4. Information related to the obligor such as geographic location by zip code, and credit score and type.
5. If the issuing entity is structured as a master trust that has previously issued securities, the information required by Items 1 and 9 of Schedule L-D for assets that were part of the asset pool prior to the current offering.[275]

Request for Comment

[275] We believe prior performance information of pre-existing assets would be useful for investor analysis of the asset pool. If the information was previously reported, issuers would be able to incorporate by reference the previously filed Form 10-D.

- Since floorplan financings are usually structured as master trusts, we are proposing to require asset-level data based on each receivable in the pool. Should the data be provided by account? Which is more appropriate and why?
- Are all of the proposed floorplan financing data points appropriate? What other data points should be required by all issuers of ABS backed by floorplan financings? Please provide a detailed explanation of the reasons why or why not.
- We are proposing to require an indicator for product line type. The code options for this indicator would be: (1) Accounts Receivable;[276] (2) Consumer Electronics and Appliances; (3) Industrial; (4) Lawn and Garden; (5) Manufactured Housing; (6) Marine; (7) Motorcycles; (8) Musical Instruments; (9) Power Sports; (10) Recreational Vehicles; (11) Technology; (12) Transportation and (98) Other. Are these codes appropriate? Are there additional codes that should be included?
- Is our proposal to require the information in Item 1 and Item 9 of Schedule L-D for pre-existing assets in master trusts appropriate?

[276] With respect to accounts receivable, an originator generally makes loans that are secured by accounts receivable owed to the dealer, manufacturer, distributor or other commercial customer against which an extension of credit was made and, in limited cases, by other personal property, mortgages on real estate, assignments of certificates of deposit or letters of credit. The accounts receivable which are pledged to an originator as collateral may or may not be secured by collateral. In the case of a loan facility secured by accounts receivable, the lender usually has discretion as to whether to make advances to the borrower under that facility.

v) Corporate Debt

Asset-backed securities may be backed by corporate debt securities. Asset-backed securities backed by corporate debt securities are typically issued in smaller denominations than the underlying security and the ABS are registered under Section 12(b) of the Exchange Act for trading on an exchange. Additionally, a pooling and servicing agreement may also permit a servicer or trustee to invest cash collections in corporate debt instruments which may be securities under the Securities Act.[277] We are proposing nine additional data fields for ABS backed by corporate debt. We believe the data points in Item 1. General are appropriate because items such as origination date, maturity date, amortization term, etc. would also apply to corporate debt. A description of each proposed data point is provided in the Appendix to this release in Table 10.

1. Title of the underlying security or agreement, denomination, and currency.
2. The payment frequency of the security or agreement.
3. Whether the security or agreement is callable.
4. Name of trustee.
5. Underlying SEC file number and CIK number.
6. Whether the security is a zero-coupon, that is whether it bears interest by means of periodic payments or by means of purchase at a discount and full price repayment at maturity.

Request for Comment

[277] An asset pool of an issuing entity includes all other instruments provided as credit enhancement or which support the underlying assets of the pool. If those instruments are securities under the Securities Act, they must be registered or exempt from registration if included in the asset pool as provided in Securities Act Rule 190, regardless of their concentration in the pool. See Securities Act Rule 190(a) and (b). See also Section III.A.6.a. of the 2004 ABS Adopting Release.

- Should asset-level disclosure be required for ABS backed by corporate debt? Are all of the corporate debt data points appropriate? What other data points should be required by all issuers of ABS backed by corporate debt? Please provide a detailed explanation of the reasons why or why not.
- Should we require asset-level disclosure of credit enhancements related to the underlying security? If so, how would we define the data point(s) and the related responses?

vi) Resecuritizations

In a resecuritization ABS, the asset pool is comprised of one or more asset-backed securities. We are proposing that issuers provide the same Schedule L data as required for corporate debt-backed securities, for each asset-backed security in the asset pool because the same information about the underlying asset-backed security, such as the title of the security, payment frequency, whether it is callable, the name of trustee and the underlying SEC file number and CIK number would be useful to an investor. In addition, we are proposing that issuers provide Schedule L data for assets underlying those securities.[278] For instance, in an offering where the asset pool is comprised of several RMBS, then the data points in Item 1 and Item 10 of Schedule L would be required for every RMBS security in the asset pool, as well as the data points in Item 1 and Item 2 for each loan underlying each RMBS security. Also, under current rules, if the assets that will be securitized are themselves securities under the Securities Act, the offering of

[278] The waterfall computer program would also be required for each underlying security. See our proposed changes to Item 1113 (h) of Regulation AB discussed in Section III.B.1 below.

those securities must be registered or exempt from registration under the Securities Act, and all disclosures for a registered offering is required.[279]

Request for Comment

- Is our proposal for resecuritizations appropriate? What other data points should be required by all issuers of that asset class? Please provide a detailed explanation of the reasons why or why not.
- Should we require disclosure of the ratings of the resecuritized securities in Schedule L?
- Should we require Schedule L data for the asset pool only, *i.e.* only the data points in Item 1 and Item 9 of Schedule L?
- Would issuers of the resecuritization ABS be able to obtain the asset-level data for the pool of assets underlying the resecuritized ABS? Should we phase in the requirement? We note that Project RESTART recommends that issuers provide the loan-level reporting package for outstanding RMBS,[280] although we note that the ASF recommendation may only serve to provide information similar to our proposed requirements for periodic reports, and may not include all the information required at the time of an offering.

---

[279] Due to the exposure created in the underlying instrument through the asset-backed offering, under current rules, information related to any underlying instrument is required to be disclosed in accordance with offering disclosure requirements of current Forms S-1and S-3. For example, updated and current information includes updated pool data, static pool, risk factors, performance information, how the underlying securities were acquired, and whether and when the underlying securities experienced any trigger events or rating downgrades. As we stated in the 2004 ABS Adopting Release, not all items of disclosure required at the time of offering the resecuritization ABS are available through incorporation by reference of Exchange Act reports. See Section III.A.7. and footnote 193 of the 2004 ABS Adopting Release. Furthermore, under our proposal requiring one prospectus for each ABS offering, all of the information must be contained in the prospectus.

[280] See American Securitization Forum RMBS Disclosure and Reporting Package Final Release (July 15, 2009) at 21, available at http://www.americansecuritization.com/.

2. Asset-Level Ongoing Reporting Requirements

In addition to asset-level information at the time of the offering, we are proposing to require asset-level performance information in a standardized format filed on EDGAR in periodic reports required under Sections 13 and 15(d) of the Exchange Act, including those required pursuant to the new undertaking to continue reporting described above. The proposed asset-level performance data in periodic reports would differ from information that would be required at the time of the offering. We believe that in periodic reports, some of the most important information focuses on whether an obligor is making payments as scheduled, the efforts by the servicer to collect amounts past due, and the losses that may pass on to the investors.

Currently, issuers report performance information in periodic reports on an aggregate basis; however, we believe that it would be most useful for investors to receive information regarding whether an individual obligor is making payments as scheduled, the efforts by the servicer to collect amounts past due, and the loss that may pass on to the investors on an asset-level basis. That way, an investor may use the asset-level information to conduct his or her own valuation of the credit quality of a particular asset and its effect on the pool throughout the life of the investment. We also believe that regulators could find this information useful. Like asset-level data at the time of the offering, we are proposing to require asset-level performance data to be filed on EDGAR in XML in order to facilitate data analysis. The proposed disclosure requirements are contained in proposed Item 1121(d) and Schedule L-D.

As we discussed earlier, in to order facilitate comparison of information across securities, we believe that asset-level data should be standardized, and some

organizations have already developed data points for ongoing reporting of information for registered and unregistered commercial mortgage-backed securities and residential mortgage-backed securities.[281] In our proposed periodic reporting requirements, we have utilized such standardization where feasible. Like our proposal for asset-level data at the time of the offering, our proposed periodic reporting requirements specify and define each item that must be disclosed for each asset in the pool. We are also proposing an instruction to Schedule L-D that will contain definitions for some of the terms that we use throughout the schedule. Attached at the end of this release we provide an appendix which contains a table of the proposed general item requirements as well as asset class specific item requirements. Each table lists the proposed item number, the title of the proposed data field, the proposed definition, the proposed response type and codes, if applicable, and proposed category of information. The proposed category of information designates the type of information we are proposing so that users will know when the data point is applicable.

Proposed Item 1121(d) and Schedule L-D disclosure would be required at the time of each Form 10-D. Periodic reports on Form 10-D are required to be filed within 15 days after each required distribution date on the asset-backed securities, as specified in the governing documents for such securities.[282] If assets are added to the pool during the reporting period, either through prefunding periods, revolving periods or substitution, disclosure would be required under our proposed revisions to Item 6.05 on Form 8-K

---

281 Materials related to the CRE Finance Council Investor Reporting Package are available at: http://www.crefc.org/Industry_Standards/CMSA-Investor_Reporting_Package/CRE_Finance_Council_IRP/ . See American Securitization Forum RMBS Disclosure and Reporting Package Final Release (July 15, 2009), available at http://www.americansecuritization.com/.

discussed in Section V.C.1. Similarly, the Schedule L data contained in proposed Item 1111A would need to be provided.

Request for Comment

- Are the definitions of terms in the proposed instruction to Schedule L appropriate? Are there any other terms that should be included in the instruction?
- Are the proposed coded responses contained in the attached tables appropriate? Does our approach to responses provide investors with meaningful disclosure while also addressing any privacy concerns? Please be specific in your response by commenting on specific proposed line items and codes.
- Is the proposed requirement to provide Schedule L-D data with Form 10-D appropriate? Should Schedule L-D data be required at any other time, such as daily or monthly for all asset classes? Please tell us why.

a) Proposed Disclosure Requirements

We are proposing that the same asset classes, subject to the requirement to provide asset-level data at the time of the offering, would also be required to provide the standardized data points enumerated in Schedule L-D. Like the proposed asset-level information at the time of the offering, we are proposing that most issuers must provide the 46 data points listed under Item 1. General of Schedule L-D. We believe these data points are generic and consistent across asset classes, and should also apply to any new

---

[282] See General Instruction A.2 to Form 10-D.

asset classes that may be included in a registered offering. In addition, we also propose asset class specific data points that will be discussed further below.

With respect to each asset in the pool, we are proposing to require the following disclosure with each Form 10-D. A description of the 46 data points is provided in Table 11 of the Appendix.

1. The unique asset number and a description of the type of number. The asset number and type of asset number should be the same values assigned at the time of the offering that would appear in Schedule L.
2. Whether the asset is designated to a particular collateral group.
3. The beginning and ending dates of the reporting period.
4. The actual total amount paid during the reporting period, the amount of interest collected, the amount of principal collected and other amounts collected.
5. Any other principal and interest adjustments.
6. The current asset balance and scheduled asset balance.
7. Amounts that were scheduled to be collected during the reporting period, which would be the scheduled payment amount, scheduled interest payment amount, and scheduled principal amount.
8. A code that describes the current delinquency status and current payment status.
9. A code that describes the payment history over the most recent 12 months.
10. The next due date, next interest rate and remaining term to maturity.
11. Information related to servicing which would be:

a. The current servicer and the dollar amount of the fee earned by the current servicer for administering the loan for the reporting period;
b. If the loan's servicing has been transferred, the effective date of the servicing transfer;
c. Any amounts advanced by the servicer during the reporting period, and the cumulative outstanding amount;
d. A code that describes the manner in which principal and/or interest are advanced by the servicer;
e. The date a servicer stopped advancing payment; and
f. Other fees earned by the servicer and other fees assessed by the servicer related to the asset.

12. Whether the asset terms have been modified.
13. Whether a notice to repurchase the asset has been received, whether the asset has been repurchased, the repurchase date, name of the repurchaser, and the reason for repurchase.
14. Whether the asset has been liquidated.
15. Whether the asset has been charged-off and the charged-off principal and interest amounts.
16. Whether the asset has been paid-off, and if so, whether any prepayment penalties were paid or waived. If waived, a code indicating the reason why.

Request for Comment

- Are the general data points appropriate for Form 10-D? What other data points would apply to all asset classes? Please provide a detailed explanation of the reasons why or why not.

b) Proposed Exemptions

We are proposing to exclude ABS backed by credit cards, charge cards and stranded costs from the requirement to provide ongoing asset-level data in periodic reports. Like the proposed asset-level data at the time of the offering, because of the volume of accounts in a credit card or charge card securitization we believe that granular asset-level information would not be as useful to investors and would be very costly for issuers, depending on the level of automation of the issuer's information processing and delivery system. For these asset classes, we are proposing that issuers provide grouped account data that we discuss in Section III.A.3. below. As explained earlier, because transition property is not a receivable, nor a pool of receivables, we do not propose asset-level data be provided for stranded cost ABS for periodic reports.

Request for Comment

- Is there any asset-level data that should be provided in periodic reports by credit card, charge card or stranded cost issuers? If so, please explain why.
- Is there any pool-level data that should be provided in periodic reports by credit card, charge card, or stranded cost issuers? Should any pool-level data be standardized for these asset classes? If so, please explain why. For instance, we request comment above about whether we should require issuers of ABS backed by credit cards and charge cards to provide specific types of

pool-level disclosure in a standardized manner at the time of an offering.[283] Should any of that pool-level information be required with each periodic report on Form 10-D? For instance, should we use the same distributional groups for account balance, account age, APR, credit available for purchase, types of products, and accounts under a debt management program?

- Are there any other asset classes that should be exempt from the asset-level disclosure requirement in periodic reports and why?

c) Residential Mortgage-Backed Securities

We are proposing 151 data points for periodic reports for ABS backed by residential mortgages. Similar to the RMBS data points we are proposing for Schedule L, much of the proposed data and definitions are based on fields developed by organizations doing work in the area of RMBS, as well as government agencies.[284] Many of the data points we are proposing relate to loan modifications and loss mitigation activities by the servicer. We describe the additional proposed data points below. A description of each proposed data point and related response is provided in Table 12 of the Appendix to this release.

1. Information related to delinquent loans, such as a code describing the reason for non-payment and codes describing the status of the non-payment;
2. If the loan is an adjustable rate mortgage, the rate at the next reset date, the next interest reset date, the payment at the next reset date, the next

[283] See Section III. A.1.b.iv. above.

[284] See Section III.A.1.c. above.

payment reset date, whether the loan is an option ARM, and whether the borrower exercised an option to convert an ARM loan to a fixed loan;

3. If the obligor has filed for bankruptcy:
    a. The date of filing and case number;
    b. The date on which the next payment is due under the terms of the bankruptcy plan;
    c. If the bankruptcy has been released, the code that describes the reason for the release and the date of the release;
    d. The actual due date of the loan had the bankruptcy not been filed; and
    e. Whether the debt was reaffirmed and whether the trustee handles post-petition payments.
4. With respect to delinquent loans, whether the servicer is pursuing loss mitigation and the type of loss mitigation with the loan, borrower or property;
5. Information related to loan modifications:
    a. The date of first payment due post modification;
    b. The loan balance as of the modification effective payment date;
    c. The amount added to the principal balance of the loan;
    d. Pre- and post-modification interest rates;
    e. Post-modification margin, which is the number of percentage points added to the index to establish the new rate;
    f. Pre- and post-modification principal and interest scheduled payment amount;

g. Post-modification interest rate ceilings and floors;

h. Pre- and post-modification initial and subsequent limitations on interest rate increases and decreases;

i. Pre- and post-modification limitations on payment amount increases and decreases;

j. Pre- and post-modification maturity dates;

k. The number of months of the interest reset period, pre- and post-modification;

l. Updated debt-to-income ratios used to qualify the modification;

m. Pre- and post-modification interest only period;

n. Cumulative and current forgiven interest and principal amounts;

o. The due date on which the next payment adjustment is scheduled to occur for an ARM loan;

p. Whether the loan remains an ARM loan post-modification;

q. Whether the terms of the modification agreement call for the interest rate to step up over time, the maximum interest rate to which the loan may step up and the date the maximum interest rate will be reached;

r. Cumulative and current principal amount deferred by the modification that are not subject to interest accrual as well as any amounts collected from the obligor during the current period;

s. Cumulative and current interest and fees deferred by the modification that are not subject to interest accrual as well as any amounts collected from the obligor during the current period;

t. The total amount of expenses that have been waived or forgiven and reimbursable to the servicer;

u. The total amount of escrow and corporate advances made by the servicer at the time of the modification. Corporate advances are amounts paid by the servicer which may include foreclosure expenses, attorney fees, bankruptcy fees, and insurance, among others;

v. The total amount of servicing fees for delinquent payments that has been advanced by the servicer at the time of the modification;

w. Whether the loan has been modified under the terms of the Home-Affordable Modification Plan (HAMP).[285] If so, information regarding participation end dates, amounts paid and payable under the program, whether the mortgage holder has or will receive the incentive amount under the program, and actual and scheduled balance of the loan plus any deferred amounts.

6. If a forbearance plan is in effect, the start date and end date of the plan. A forbearance plan is a period during which no payment or a payment amount less than the contractual obligation is required by the obligor;

7. If a repayment plan is in effect, the start and end date of the plan, and the date the obligor ceased complying with the terms of the plan. A repayment plan refers to a period during which an obligor has agreed to make monthly mortgage payments greater than the contractual installment in an effort to bring a delinquent loan current;

[285] HAMP is a federal loan modification program. Further details are available at http://makinghomeaffordable.gov/ and https://www.hmpadmin.com/portal/index.html.

8. If the type of loss mitigation is Deed-In-Lieu, the date on which a title was transferred to the servicer pursuant to a deed-in-lieu-of-foreclosure arrangement. Deed-In-Lieu refers to the transfer of title from an obligor to the lender to satisfy the mortgage debt and avoid foreclosure;
9. If the type of loss mitigation is a short sale, the amount accepted for a short sale. Short sale refers to the process in which a servicer works with a delinquent obligor to sell the property prior to the foreclosure sale;
10. If the loan has exited loss mitigation efforts, whether the plan was completed or satisfied, cancelled or failed, or denied and the date of exit;
11. If the loan is in the foreclosure process:
    a. The date the loan was referred to a foreclosure attorney and the date on which foreclosure action was taken;
    b. The expected date of the foreclosure sale, the date set for the foreclosure sale by the court or the trustee, and the actual date it occurs;
    c. A code that describes the reason for delay in the foreclosure process;
    d. If state law provides for a period for confirmation, ratification, redemption or upset period, the date of the end of the period;
    e. The amount bid by the servicer at the foreclosure sale;[286]
    f. If the loan exited foreclosure, the date and the code that describes the reason the proceedings ended;

[286] The servicer will usually place an opening bid, on behalf of the issuing entity, at the foreclosure auction that is usually equal to the outstanding loan balance, interest accrued, and any additional fees and attorney fees associated with the trustee sale. If there are no bids higher than the opening bid, the property

g. If the property was sold to a third-party, the sale amount of the property;

h. In a judicial foreclosure state, if a judgment on the foreclosure has occurred, the date on which a court granted the judgment in favor of the creditor;

i. The date on which the publication of the trustee's sale information is published in the appropriate venue; and

j. The date on which the servicer sent a notice of intent to the obligor informing the obligor of the acceleration of the loan and pending initiation of foreclosure action.

12. If the property is now owned by the issuing entity due to an unsuccessful sale at the foreclosure auction, the asset is considered real estate owned (REO).[287] Information should be provided on the following:

a. The most recent listing date and price;

b. If an offer has been accepted, the amount and the date of acceptance;

c. The original list date and list price for the property;

d. If an REO sale has closed, the closing date, the gross proceeds, and the net proceeds;

e. The cumulative monthly and total loss amount passed on to the issuing entity;

f. Any amount recovered during the current period;

---

will be owned by the issuing entity and be considered real estate owned (REO). This typically would occur because the market value of the property is less than the total amount owed on the loan.

[287] Servicing agreements will usually require the servicer to promptly sell the property.

g. The start and end date of an eviction process, if applicable; and

h. If the loan exited REO during the current period, provide the date and a code describing the reason.

13. Information related to loss claims:

a. The unpaid principal balance at the time of liquidation;

b. Amounts advanced by the servicer and to be reimbursed such as interest, servicing fees, attorney fees, attorney costs, property taxes, property maintenance, insurance premiums, utility expenses, appraisal expenses, property inspections, any pre-securitization advances and other miscellaneous expenses;

c. If the loan is in REO, the amount of REO management fees;

d. The amount of the payment to the obligor or tenants in exchange for vacating the property; and

e. Any incentive payment to servicer for carrying out a deed-in-lieu or short sale.

14. Information related to loss recoveries:

a. The escrow balance and the suspense balance;

b. Proceeds collected from hazard claims, pool insurance, mortgage insurance, property tax refunds, and insurance premium refunds; and

c. The amount of any realized loss resulting from bankruptcy or special hazard.

15. If a mortgage insurance claim has been submitted to the primary mortgage insurance company for reimbursement, the following information would be required:
    a. The date the claim was filed and the date it was paid;
    b. The amount claimed and the amount paid;
    c. The date the claim was denied or rescinded; and
    d. If the property was conveyed to the insurance company, the date of conveyance.

Request for Comment

- Are all of the RMBS data points appropriate for periodic reports? What other data points should be required by all RMBS issuers? Are any data points not necessary or overly burdensome to obtain? Please provide a detailed explanation of the reasons why or why not. Some data points request the results of calculations, such as debt-to income ratios. Can those data points be calculated from information already provided by the other asset-level data points? If so, can users of the information independently calculate these data points? Should we not require these data points to be included in the asset-level data file for periodic reports?
- Should we add a data point to require the amount of any loss as a result of intentional misstatement, misrepresentation, or omission by an applicant or other interested parties, relied on by a lender or underwriter to provide funding for, to purchase, or to insure a mortgage loan? If so, how would the

issuer be able to verify the information? Is this information currently disclosed?

- Should we require updated information about the obligor, such as updated credit scoring information? If so, why? Would issuers be able to obtain updated credit scores?
- We are proposing several data points to capture activity specifically related to the HAMP program. Are more generic data points appropriate that would capture activity if other types of government programs are or become available? If so, please provide us with the data points that would be more appropriate and the related definition.
- We are proposing, in the case of a foreclosure, that registrants provide the expected date of the foreclosure sale, the date on which the foreclosure sale has been set by the court or the trustee, and the date on which the foreclosure sale occurs. Are all three data points necessary?
- We are proposing, in the case of a delayed foreclosure, that registrants provide a code describing the reason for the delay. Should we specify the number of days that would constitute a delay for this item requirement? If so, what would be the appropriate number of days and why?

d) Commercial Mortgage-Backed Securities

We are proposing to require 47 additional data points for periodic reports that relate to commercial mortgages. Similar to the proposed Schedule L data points for commercial mortgage-backed securities, the data points we are proposing to require below are primarily based on the definitions provided by the CMSA. With respect to

each commercial mortgage loan in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in Table 13 to the Appendix to this release.

1. The remaining term, number of properties that collateralize the loan and the current hyper-amortizing date. The hyper-amortizing date is the current anticipated repayment date, after which principal and interest may amortize at an accelerated rate, and/or interest to the mortgagor increases substantially.
2. If the loan is an adjustable rate mortgage, the rate at the next reset date, the next date the rate is scheduled to change, the amount of the payment at next reset, and next payment change date.
3. If the loan permits negative amortization, the cumulative deferred interest, and deferred interest collected.
4. A code describing any workout strategy.
5. Information related to modifications, such as the date of the last modification, a code that describes the type of loan modification, the new modified note rate, payment amount, maturity date and amortization period.
6. Information related to each property such as property name, geographic location, as represented by zip code, property type, net rentable square footage, number of units, year built, valuation amounts, physical occupancy, property status and a code that describes the defeasance status. A defeasance option is when an obligor may substitute other income-producing property for the real property without pre-paying the existing loan.
7. Financial information related to the properties including:

a. Financial reporting beginning and end dates;

b. Revenues, operating expenses, net operating income, and net cash flow;

c. A code describing how net operating income and net cash flow were calculated; and

d. The ratio of underwritten net operating income to debt service, the ratio of underwritten net cash flow to debt service and a code describing how the ratio was calculated.[288]

Request for Comment

- Are all of the CMBS data points for periodic reports appropriate? What other data points should be required by all CMBS issuers? Please provide a detailed explanation of the reasons why or why not.
- Should we require more data points relating to foreclosure in CMBS, like we propose for RMBS? If so, please be specific as to which data points should be required and why.
- We are proposing data points for information related to the properties collateralizing each asset in Item 3(d) of Schedule L-D because we note that issuers that currently provide the disclosure in accordance with the CMSA Investor Reporting Package provide property information on a periodic basis. Some of this information is the same disclosure that would have been provided at the time of the offering by proposed Schedule L. Is it appropriate

[288] For this purpose, "underwritten" means the adjusted amount based on a number of assumptions made by the mortgage originator or seller. We believe issuers will have had to include narrative disclosure about the assumptions used in the prospectus for the transaction.

to include all of the data points in proposed Item 3(d) with each Form 10-D filing? In particular, is it useful for investors to receive the Item 3(d)(1) Property name, Item 3(d)(2) Property geographic location, Item 3(d)(3) Property type and Item 3(d)(6) Year built with each Form 10-D filing? Please tell us why or why not.

e) Other Asset Classes

As discussed above, because we are unaware of any other organizations attempting to standardize data points for asset classes other than mortgages, we are proposing data points for periodic reports derived from the aggregate pool-level disclosure that is already provided in periodic reports for the following asset classes: automobile loans and leases; equipment loans and leases; student loans; and resecuritizations. We do not propose any asset specific data points related to repackagings of corporate debt for periodic reports. We believe the data points required under proposed Item 1. General of Schedule L-D will provide the appropriate asset-level performance disclosure for those assets to investors.

Request for Comment

- Should we propose asset specific data points related to repackaging of corporate debt for periodic reports? If so, what would those be and what would be the appropriate form of disclosure?

i) Automobiles

We are proposing to require five additional data fields for periodic reports that relate to ABS backed by automobiles loans and nine for ABS backed by automobile leases. With respect to each loan or lease in the pool, the issuer would be required to

disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 14 for automobile loans and Table 15 for automobile leases.

1. Whether a form of subsidy is received on the loan, such as an incentive or rebate.
2. Any recovery of amounts previously charged-off.
3. Whether the vehicle was repossessed and related proceeds and fees.
4. For automobile leases, the updated residual value, source of residual value, whether the lease has been terminated and the reason why, any excess wear and tear or mileage charges, sales proceeds of the vehicle, or extension of lease term.

Request for Comment

- Are all of the automobile data points appropriate for periodic reports? What other data points should be required by all issuers of ABS backed by automobile loans or leases? Please provide a detailed explanation of the reasons why or why not.
- We are proposing to require an indicator for the reason for automobile lease termination. The code options for this indicator would be: (1) Scheduled termination; (2) Early termination due to bankruptcy; (3) Involuntary repossession; (4) Voluntary repossession; (5) Insurance payoff; (6) Customer payoff; (7) Dealer purchase; and (98) Other. Are these codes appropriate? Are there additional codes that should be included?

ii) Equipment

We are proposing to require two additional data fields for periodic reports that relate to ABS backed by equipment loans and five that relate to equipment leases. With respect to each loan or lease in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 16 for equipment loans and Table 17 for equipment leases.

1. Liquidation proceeds and any recovery of amounts previously charged-off; and
2. For equipment leases, the updated residual value, source of residual value, and whether the lease has been terminated and the reason why.

Request for Comment

- Are all of the equipment data points appropriate for periodic reports? What other data points should be required by all issuers of ABS backed by equipment loans or leases? Please provide a detailed explanation of the reasons why or why not.
- We are proposing to require an indicator for the reason for equipment lease termination. The code options for this indicator would be: (1) Scheduled termination; (2) Early termination due to bankruptcy; (3) Involuntary repossession; (4) Voluntary repossession; (5) Insurance payoff; (6) Customer payoff; (7) Dealer purchase and (98) Other. Are these codes appropriate? Are there additional codes that should be included?

iii) Student Loans

We are proposing to require six additional data fields for periodic reports that relate to ABS backed by student loans. With respect to each loan in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 18.

1. A code that describes the current obligor payment status.
2. The amount of capitalized interest during the reporting period.
3. If there is activity related to any guarantor during the reporting period, principal and interest received from the guarantor, whether a claim is in process and the outcome of the claim.

Request for Comment

- Are all of the student loan data points appropriate for periodic reports? What other data points should be required by all issuers of ABS backed by student loans? Please provide a detailed explanation of the reasons why or why not.

iv) Floorplan Financings

We are proposing to require five additional data fields for periodic reports that relate to ABS backed by floorplan financings. With respect to each loan in the pool, the issuer would be required to disclose the information described below. A description of each proposed data point is provided in the Appendix to the release in Table 19.

1. The liquidation proceeds and any recovery of amounts previously charged-off.
2. Updated credit score and type.

Request for Comment

- Are all of the proposed floorplan financing data points appropriate for periodic reports? What other data points should be required by all issuers of ABS backed by floorplan financings? Please provide a detailed explanation of the reasons why or why not.

v) Resecuritizations

As discussed earlier, at the time of the offering, we are proposing to require underlying asset-level data disclosure for resecuritization ABS.[289] Therefore, for periodic reporting, in addition to the asset-level data that would be required of the underlying securities as outlined in Item 1. General of Schedule L-D, we also propose that issuers of resecuritization ABS provide Schedule L-D data for the asset pool of the underlying securities. For example, if the ABS is comprised of several RMBS, then the data points in Item 1 of Schedule L-D would be required with respect to each RMBS security in the asset pool. In addition, the data points in Items 1 and 2 of Schedule L-D would be required for each loan underlying each RMBS security.[290] If the issuer of the underlying security suspends its reporting obligation and stops reporting, the issuer of the resecuritization ABS would still have to provide the required Schedule L-D data for each loan underlying each RMBS security because we believe that investors in the resecuritization ABS would need the underlying asset-level information to evaluate the performance of the resecuritization ABS.

---

[289] Where the underlying securities were required to be registered pursuant to Rule 190 [17 CFR 230.190], the issuer of those underlying securities is subject to the requirements of Section 13(a) or 15(d) of the Exchange Act, as applicable.

[290] However, asset-level data would not be required if the asset class is exempt from the requirements of Item 1121(d) of Regulation AB. For instance, if the asset pool is comprised of stranded cost ABS, then

Request for Comment

- Is our proposal for asset-level reporting for resecuritizations appropriate?
- Would issuers of the resecuritization ABS be able to obtain the asset-level data for the pool of assets underlying the resecuritized ABS? Should we phase in the requirement? We note that Project RESTART recommends that issuers provide the loan-level reporting package for outstanding RMBS.[291]

3. Grouped Account Data for Credit Card Pools

As we discussed above, we are proposing to exclude ABS backed by credit cards[292] from the requirement to provide asset-level data because we believe that level of information would result in an overwhelming volume of data that may not be useful to investors and providing the data may be cost-prohibitive for issuers. However, as we also noted above, we believe that investors and market participants should have access to the information necessary to assess the credit quality of the assets underlying a securitization transaction at inception and over the life of the transaction. Instead of providing asset-level data, we are proposing that issuers of ABS backed by credit cards provide disclosure more granular than pool-level disclosure by creating "grouped account data." As we explain in more detail below, grouped account data would be created by compressing the underlying asset-level data into combinations of standardized distributional groups using asset-level characteristics and providing specified data about these groups. Like our proposals for other asset classes discussed above, we are

---

Schedule L-D for the underlying pool would not be required because they are exempt from the requirements of Item 1121(d).

[291] See American Securitization Forum RMBS Disclosure and Reporting Package Final Release (July 15, 2009) at 21, available at http://www.americansecuritization.com/.

[292] For purposes of this discussion, we refer to both credit card and charge cards as "credit cards."

proposing to require the grouped account data be provided in XML and filed as an Asset Data File in order to facilitate data analysis.[293] Our proposal for grouped account data would be in addition to the disclosure currently required about the composition and characteristics of the pool of assets taken as a whole.

Request for Comment

- Is our proposal to require grouped account data disclosure with standardized groupings appropriate?
- Do investors in ABS backed by credit cards need enhanced information about assets, or are our current disclosure requirements sufficient?
- Is our proposal to require grouped account data in XML appropriate? Why or why not?

a) When Credit Card Pool Information Would be Required

Today we are proposing new Item 1111(i) and Schedule CC of Regulation AB that describe the standardized distributional groups and the information that would be provided for each group. Consistent with the proposed asset-level disclosure requirements for other asset classes, Schedule CC data would be an integral part of the prospectus, and in order to facilitate investor analysis prior to the time of sale, we are proposing to require issuers to provide Schedule CC data as of a recent practicable date that we define as the "measurement date" at the time of a Rule 424(h) prospectus and at the time of the final prospectus under Rule 424(b). Likewise, if issuers are required to report changes to the pool under Item 6.05 of Form 8-K, updated Schedule CC data

[293] See Section III.A.4.

would be required.[294] Updated Schedule CC would also be required if an issuer is required to report changes to the waterfall under proposed Item 6.07 to Form 8-K.[295] As we discuss in Section III.A.4, we are proposing a new Item 6.06 to Form 8-K for issuers to file the XML data file.

In addition, because credit card ABS are typically structured as master trusts, accounts may be added or withdrawn.[296] Unlike amortizing asset pools, the composition of the underlying asset pool varies over time and we believe investors and market participants would benefit from receiving information about the underlying asset pool as the pool evolves. Therefore, we are proposing that an updated Schedule CC be filed with each periodic report on Form 10-D.

Request for Comment

- Is the proposed requirement to provide Schedule CC data with the proposed Rule 424(h) prospectus, the final prospectus under 424(b) and for changes under Item 6.05 of Form 8-K appropriate?
- Is the proposed measurement date appropriate? Should we provide further guidance about what would be a recent practicable date for purposes of determining the measurement date? For example, should we specify that it be prepared as of a date that is five business days prior to filing?
- Would the proposed Schedule CC contained in the most recent Form 10-D provide investors with sufficiently current information at the time of making

---

294 Under our proposed revisions to Item 6.05 of Form 8-K, a narrative description of the changes that were made to the asset pool, including the number of assets substituted or added to the asset pool, would be included in the body of the report.

295 See Section III.B. below.

296 See fn. 177 above and accompanying text.

an investment decision? In this regard, we note the result could be that the most recent Schedule CC data could be as old as 45 days.

- Is our proposal to require that updated Schedule CC data be provided with Form 10-D appropriate? Should Schedule CC data be required at any other time, such as daily, weekly or monthly? If so, please tell us when and why.
- Is our proposal to require that updated Schedule CC data be provided when changes to the waterfall are reported under proposed Item 6.07 appropriate? Please tell us why or why not.

b) Proposed Disclosure Requirements

We are proposing that issuers group the underlying pool into grouped account data lines. Proposed Schedule CC sets forth the standardized groups and the information requirements that would be required for credit card pools. Grouped account data lines are created by grouping the underlying accounts by several characteristics. We further designate the groupings for each characteristic. This way, investors may receive more granular information about the underlying asset pool in order to perform better analysis of future payments on the asset-backed securities.[297]

We are proposing that data be grouped by a combination of the following characteristics:

1. Credit score. If the credit score used is FICO, the proposed groupings would be: (1) less than 500; (2) 500-549; (3) 550-599; (4) 600-649; (5) 650-699; (6) 700-749; (7) 750-799; (8) 800 and over; and (9) unknown. We are proposing that issuers provide the most recent credit score

[297] We base our groupings on a comment letter received from an investor in response to the FDIC Securitization Proposal. See fn. 257 above.

available and accompanying disclosure would be required to explain the age of the credit score or the policy for updating the credit score from the time of account origination.[298] If the credit score used is not FICO, an issuer would designate similar groupings and provide explanatory disclosure. We are proposing a group of "unknown;" however, as we discuss above, registrants should be mindful of their responsibilities to provide all of the disclosures required in the prospectus and other reports.[299]

2. Number of Days Past Due. The proposed groupings would be accounts that are: (1) current; (2) less than 30 days; (3) 30-59 days; (4) 60-89 days; (5) 90-119 days; (6) 120-149 days; (7) 150-179 days; and (8) 180 days and over.[300]

3. Account age. The proposed groupings would be accounts that are: (1) less than 12 months; (2) 12 to 24 months; (3) 24 to 36 months; (4) 36 to 48 months; (5) 48 to 60 months; and (6) over 60 months.

4. State. The proposed groupings would be the top 10 states for aggregate account balance. The remaining accounts would be grouped into the category "other."

---

[298] See further discussion regarding explanatory disclosure for asset data files in Section III.A.4. and proposed Item 6.06(b) to Form 8-K.

[299] See Securities Act Rule 409 [17 CFR 230.409] and Exchange Act Rule 12b-21 [17 CFR 240.12b-21].

[300] See fn. 260 above. As we discuss above, our rules do not currently provide a definition of delinquent because of various delinquency policies across issuers. Instead of proposing to define delinquency, we believe disclosure of the number of days past due allows for analysis and comparability of the data.

5. Adjustable rate index. The proposed groupings for the adjustable rate indexes would be: (1) fixed; (2) prime; and (3) other.

In order to create a grouped account data line, each group based on each of these characteristics should be combined with all groups for all other characteristics. All possible combinations would result in 14,256 grouped account data lines. The table below illustrates how the distributional groups and the information requirements relate to each other. For example, grouped account data line 2 in the table below presents the information required by columns (b)(1) through (b)(5) by combining all the credit card accounts in the underlying pool that fall within the 500-549 credit score group (column (a)(1)), payments are less than 30 days past due (column (a)(2)), account age of 12 to 24 months (column (a)(3)), with obligors located in the state of Alabama (column (a)(4)), where the adjustable rate index is based on a floating percentage (column (a)(5)). For each grouped account data line, we are proposing that issuers provide the following information: the aggregate credit limit; aggregate account balance; number of accounts; weighted average annual percentage rate; and weighted average net annual percentage rate.[301]

	(a)(1)	(a)(2)	(a)(3)	(a)(4)	(a)(5)	(b)(1)	(b)(2)	(b)(3)	(b)(4)	(b)(5)
Grouped Account Data Line number	Credit Score	Days payment is past due	Account Age	Top 10 State	Adjust-able Rate Index	Aggregate Credit Limit ($)	Aggregate Account Balance ($)	Number of Accounts (#)	Weighted Average APR (%)	Weighted Average Net APR (%)
1	less than 500	Current	Less than 12 months	AK	Fixed					
2	500-549	< 30 days	12-24 months	AL	Prime					
3	550-599	30-59 days	24-36 months	AR	Other					
4	600-649	60-89 days	36-48 months	AZ	Fixed					
5	650-699	90-119 days	48-60 months	CA	Prime					

[301] The weighted average net annual percentage rate would be the weighted average of the annual percentage rate less any servicing fees related to the account.

6	700-749	120-149 days	Over 60 months	CO	Other					
7	750-799	150-179 days	Less than 12 months	CT	Fixed					
8	800 and over	180+ days	12-24 months	DE	Prime					
9	less than 500	< 30 days	24-36 months	DC	Other					
10	500-549	30-59 days	36-48 months	FL	Fixed					
11	550-599	60-89 days	48-60 months	Other	Prime					
12	600-649	90-119 days	Over 60 months	AK	Other					
13	650-699	120-149 days	Less than 12 months	AL	Fixed					
14	700-749	150-179 days	12-24 months	AR	Prime					
15	750-799	180+ days	24-36 months	AZ	Other					
16	800 and over	Current	36-48 months	CA	Fixed					

Request for Comment

- Are the proposed standardized distributional groups appropriate? Are there any other distributional groups that we should specify? Are there any that should not be required?
- Would credit card ABS issuers be able to provide this information in this format on a cost-effective basis? Would it raise competitive concerns?
- We understand that most credit card ABS issuers currently provide disclosure about the FICO credit score distribution of the underlying pool. Rather than allowing the issuer to use a credit score that is not FICO, should we require that all issuers provide disclosure of FICO credit scores by distributional groups? Are there other types of credit scores with respect to which we should require disclosure by distributional group? If so, what would be the appropriate distributional groups?

- Should we provide a definition for delinquency? If so, how should it be defined?
- Are the distributional groups for adjustable rate index appropriate? Are there any other commonly used indexes that we should specify?
- Would issuers already have information about all of the states in order to prepare the groupings for the top 10 states by aggregate account balance and other? If so, should we require that issuers provide groupings by every state? Please tell us why or why not.
- Are the proposed informational requirements appropriate for the grouped account data (i.e., aggregate credit limit, aggregate account balance, number of accounts, weighted average APR and weighted average net APR)? What other types of information should issuers provide about their accounts in the grouped account data format?
- Are credit cards ever securitized using structures that are not master trusts? If so, should we require asset-level disclosure for non-master trust credit card ABS issuers because the pool would be fixed and contain a smaller number of accounts?

4. Asset Data File and XML

We are proposing to require asset-level information[302] and grouped account data (with respect to credit cards) related to an offering and ongoing periodic reporting be filed on EDGAR in XML (eXtensible Markup Language) as an asset data file. By proposing to require the asset-level data file in XML, a machine-readable language, we

[302] As defined in proposed Schedule L [17 CFR 229.1111A] and Schedule L-D [17 CFR 229.1121A].

anticipate that users of the data will be able to download the disclosure directly into spreadsheets and databases, analyze it using commercial off-the-shelf software, or use it within their own models in other software formats.

Asset-backed filers currently are required to file their registration statements, current and periodic reports in ASCII (American Standard Code for Information Interchange) or HTML (HyperText Markup Language).[303] Our electronic filing system also uses other formats for reporting related to corporate issuers, such as XML, to process reports of beneficial ownership of equity securities on Forms 3, 4, and 5 under Section 16(a) of the Exchange Act, [304] and a form of XML known as XBRL to provide financial statement data.[305] As we explained in the XBRL Adopting Release, electronic formats such as HTML and XML are open standards[306] that define or "tag" data using standard definitions. The tags establish a consistent structure of identity and context. This consistent structure can be recognized and processed by a variety of different software applications. In the case of HTML, the standardized tags enable Web browsers to present Web sites' embedded text and information in a predictable format so that they are human readable. In the case of XML and XBRL, software applications, such as databases, financial reporting systems, and spreadsheets recognize and process tagged information. For asset-backed issuers, we believe that XML is the appropriate format to provide

---

303 Rule 301 under Regulation S-T [17 CFR 232.301] requires electronic filings to comply with the EDGAR Filer Manual, and Section 5.1 of the Filer Manual requires that electronic filings be in ASCII or HTML format. Rule 104 under Regulation S-T [17 CFR 232.104] permits filers to submit voluntarily as an adjunct to their official filings in ASCII or HTML unofficial PDF copies of filed documents.

304 15 U.S.C. 78p(a).

305 See Interactive Data to Improve Financial Reporting, Release No. 33-9002 (Feb. 10, 2009) ("the XBRL Adopting Release)

306 The term "open standard" is generally applied to technological specifications that are widely available to the public, royalty-free, at minimal or no cost.

standardized asset data disclosure. As we discuss earlier, some issuers already file loan schedules on EDGAR as part of the pooling and servicing exhibit or a free writing prospectus. However, the data is currently filed on EDGAR in ASCII or HTML, both of which do not facilitate data analysis. XBRL allows issuers to capture the rich complexity of financial information presented in accordance with U.S. GAAP.[307] In contrast, the proposed asset data file will present relatively simpler characteristics of the underlying loan, obligor, underwriting criteria and collateral among other items that are well suited for XML. We are proposing XML, rather than XBRL, because there are many commercial products that can be used with XML including parsers that would allow investors to insert data into a relational database for analysis, data extensions available in XBRL are not applicable to this data set, the nature of the repetitive data lends itself to an XML format and the schema could be easily updated.

We understand that most of this information is data collected at the time of origination and ongoing performance information is maintained on servicing systems. The CRE Finance Council (formerly CMSA) is already moving towards requiring issuers to provide its Investor Reporting Package in XML.[308] The use of XML will enable investors to use standard commercial off-the-shelf software for analysis of underlying

---

[307] As part of its process of developing proposed Accounting Standards Updates, the FASB identifies and seeks comment on proposed changes to tags in the U.S. GAAP XBRL Taxonomy. When the FASB publishes final Accounting Standards Updates, it includes in the final document proposed changes to the U.S. GAAP XBRL taxonomy as a result of the amendments in the Accounting Standards Update being issued. FASB Accounting Standards Updates, which include proposed updates to the U.S. GAAP XBRL taxonomy and are used to update the FASB Accounting Standards Codification. The FASB Accounting Standards Codification is available at www.fasb.org.

[308] See CRE Finance Council Investor Reporting Package X Version 6.0 Working Exposure Draft #1" available at http://www.crefc.org/Industry_Standards/CMSA-Investor_Reporting_Package/CRE_Finance_Council_IRP/.

loan-level data.[309] This software may also permit investors to insert the data into a database to identify individual data points. Then the data can be aggregated, compared and analyzed. Data can also be subjected to further waterfall analysis. Since XML data can be visualized in internet browsers, investors can develop a style sheet if viewing data is important in their analysis.[310]

Prior to requiring the asset data file in XML, technical specifications that describe the schema, which would include each data point described in Schedules L, L-D, and CC are necessary.[311] Also, extension data would not be permitted in the asset-level data file because we believe it would defeat the purpose of standardizing the data elements.[312] Instead, we are proposing to include a limited number of "blank" data tags in our XML schema. In order to reduce complexity for users we are proposing to limit the number to ten blank data tags. These blank data tags would give issuers the ability to present additional asset-level data not required by proposed Schedule L or L-D. For example, if servicers were required to comply with a new modification program, and related tagged information would be material to investors, it may be appropriate to use a blank data tag. Additionally, if an issuer registers ABS backed by an asset class that has not been previously registered, so that no asset class specific schema exists at the time, that issuer could use the available blank data tags. Issuers, however, would need to provide a narrative explanation of the definitions or formulas for the additional tagged data and file

---

309 Off-the-shelf software includes computer products that are ready-made and available for sale, lease, or license to the general public.

310 A style sheet is a text file that provides instructions for formatting and displaying the information in XML documents in a human-readable format.

311 A schema is a set of custom tags and attributes that defines the tagging structure for an XML document.

312 Extension data would allow issuers to add their own data elements to our defined data elements.

it as another exhibit on Form 8-K or Form 10-D.[313] Issuers could also file other explanatory disclosure regarding the asset-level data in an exhibit, if necessary.[314]

a) Filing the Asset Data File and EDGAR

We are proposing that the new asset data file in XML be filed as an exhibit to the filings. Therefore, we are proposing changes to Item 601 of Regulation S-K, Rules 11, 201, and 202 of Regulation S-T and Form 8-K to accommodate the filing of asset data files. We are proposing to define the XML file required by proposed Schedules L, L-D, and CC as an "Asset Data File" in Regulation S-T and make corresponding changes to Rule 101 of Regulation S-T mandating electronic submission.[315] As we discuss above, we are proposing that the asset data be filed as an exhibit to the appropriate Form 8-K (in the case of an offering) or to the appropriate Form 10-D (in the case of a periodic distribution report).[316] As we note above, we realize that registrants may want to provide investors with additional asset information not defined in Schedule L or L-D, or that issuers of new asset classes may want to provide investors with other data points. As such, we also propose an additional exhibit, an asset related document, for registrants to disclose the definitions or formulas for the additional data points or to provide further explanatory disclosure regarding the asset data file.[317]

We also propose to add Item 6.06 to Form 8-K. Regardless of whether the issuer is registering the offering on Form SF-1 or SF-3, we are proposing to require all asset data files to be filed on Form 8-K so that investors may easily locate asset-level data

---

313 See proposed Item 601(b)(103)(i) of Regulation S-K.

314 See proposed Item 601(b)(103)(ii) of Regulation S-K.

315 See proposed definition to Rule 11 of Regulation S-T.

316 See proposed exhibit table in Item 601(a) of Regulation S-K.

317 See proposed Item 601(b)(103) of Regulation S-K.

disclosure on EDGAR. The proposed item explains that the asset data file must be filed with the Form 8-K on the same date of the filing of a prospectus filed in accordance with proposed Rule 424(h), a final prospectus meeting the requirements of section 10(a) of the Securities Act filed in accordance with Rule 424(b), and a report filed in accordance with Item 6.05 of Form 8-K (Securities Act Updating Disclosure). The proposed item also requires that any asset data related document[318] be filed at the same time the asset data file is filed on EDGAR. We have also included proposed instructions to Item 6.06 to refer to the proposed exhibit requirements in Item 601 of Regulation S-K and to the incorporation by reference item requirements on proposed Forms SF-1 and SF-3.

b) Hardship Exemptions

We are proposing a self-executing temporary hardship exemption for filing the asset data file; however, we are proposing to exclude the asset data file from the continuing hardship exemption. Rule 201 under Regulation S-T generally provides for a temporary hardship exemption from electronic submission of information, without staff or Commission action, when a filer experiences unanticipated technical difficulties that prevent timely preparation and submission of an electronic filing. The temporary hardship exemption permits the filer to initially submit the information in paper, but requires the filer to submit a confirming electronic copy of the information within six business days of filing the information in paper.[319] Failure to file the confirming electronic copy by the end of that period results in short form ineligibility. Because the disclosure requirement for an asset data file is inherently electronic, and the information would not be useful if provided in paper, we are proposing an alternative approach to the

318 Id.

temporary hardship exemption. Under our proposal, if the registrant experiences unanticipated technical difficulties preventing the timely preparation and submission of an asset data file, a registrant will still be considered timely if the asset data is posted on a Web site on the same day it was due to be filed on EDGAR, the Web site address is specified in the required exhibit, a legend is provided in the appropriate exhibit claiming the hardship exemption, and the asset data file is filed on EDGAR within six business days. We believe that posting the asset data on a Web site is preferable to a paper filing in this circumstance. By requiring the asset data file posting on a Web site, investors would have access to the disclosures and would not experience any delay in accessing the asset data in XML format. Consistent with our current temporary accommodation rules, under our proposed accommodation, the asset data file must be filed on EDGAR within six business days and failure to file the asset data file within that period will result in the loss of Form SF-3 eligibility. We believe it is important that the disclosure be filed with the Commission on EDGAR to preserve continuous access to the information. As we discuss below, our experience with the temporary accommodation for static pool disclosure raises concern that access to the information on Web sites may be lost due to the distress in the market or the fact that certain sponsors may cease operations.[320]

We are proposing to exclude asset data files from the continuing hardship exemption under Rule 202 of Regulation S-T. Rule 202 generally allows a registrant to apply for a continuing hardship if it cannot file all or part of a filing without undue burden or expense. In contrast to the self-executing temporary hardship exemption

---

319 See Rule 201 of Regulation S-T [17 CFR 232.201].

320 See Section III.E.4.

process, a filer may obtain a continuing hardship exemption only by submitting a written application, upon which the Commission staff must then act under delegated authority.

We do not believe a continuing hardship exemption is appropriate with respect to an asset data file because we believe the proposed asset data file would be an integral part of the prospectus and periodic performance reporting. We believe that, for ABS issuers, the information in machine readable format is generally already collected and stored on a servicer's systems. Therefore, we do not believe it would be appropriate for issuers to receive a continuing hardship exemption for the asset data file. We believe investors should receive all of the disclosures specified in Schedules L and L-D and in a format that will allow them to effectively utilize the information.[321]

c) Technical Specifications

We are proposing to add detailed information on submitting an asset data file to the EDGAR Technical Specification. As discussed above and as specified in the Appendix to this release, there are several data points contained in Schedule L and Schedule L-D that require issuers to provide a coded response. These codes would be enumerated in the EDGAR Technical Specification. We expect that the technical specifications would be available as early as possible prior to any required compliance date. The manual would be published on the SEC's Web site on the "Information for EDGAR Filers" webpage.[322]

---

321 We recognize that our rules provide for a continuing hardship for registrants required to file Interactive Data Files in XBRL. Interactive Data Files in XBRL contain data that is already disclosed in the prospectus. In contrast, asset data files will contain disclosure that is not otherwise provided in the related prospectus or report. See the XBRL Adopting Release.

322 The Web site address is http://www.sec.gov/info/edgar.shtml.

Request for Comment

- Is it appropriate to require the asset data file in XML format? Does XML format most easily facilitate the analysis of the securities and their underlying assets for all market participants?
- In what format do issuers currently provide asset data information to investors (as may be required, for example, under transaction agreements)? Do any market participants currently provide asset data in accordance with a technical specification or schema commonly used across a particular asset class? If so, would our data points cause divergence from current practice? Please tell us which specific proposed data points would be of concern and why. How can we address those concerns? Is another format preferable, such as XBRL?
- Should we adopt the proposed changes to Item 601 of Regulation S-K, Regulation S-T and Form 8-K?
- We are not proposing changes to Rule 305 of Regulation S-T to exempt the asset data file from the restrictions on the number of characters per line that may be filed on EDGAR in order to prevent issuers from filing the tagged data in one continuous string. We believe the restriction on the number of characters per line will help preparers and validators with their review of the asset data file. Should we exempt the asset data file from Rule 305 of Regulation S-T? If so, why?
- Are the proposed blank data tags appropriate? Is ten blank data tags the appropriate number? Should the number be more or less? Would more blank data tags create undue complexity for investors? Are there other ways we

could provide for additional disclosure and have that disclosure be standardized?

- Is the proposed temporary hardship exemption, including the required Web site posting, appropriate? Should we allow a continuing hardship exemption for filing the asset data file on EDGAR?
- We propose to use existing submission types in order to enable filers to attach the asset data file as an exhibit. Tagging specifications that explain the requirements of the XML schema would be included in the proposed technical specifications. Are there other specifications that would be helpful that should be provided in the EDGAR Filer Manual for asset data files that are not currently included in other Technical Specifications? Please be specific in your response.
- Should we provide a transition period prior to the required compliance date that would allow filers to submit only test filings? Please be specific in your response.
- The technical specification will outline in detail the required format of each data point. Are there other validation checks that need to be in place to check compliance? Please be specific in your response.

4. Pool-Level Information

By at least 2006, an increasing number of residential mortgages were generated in the United States through loosened underwriting standards.[323] In addition, originators engaged in practices such as the bundling of non-traditional features into a single loan

[323] The PWG March 2008 Report states that there was a dramatic weakening of underwriting standards for U.S. subprime mortgages, beginning in late 2004 and extending into early 2007.

product, known as "risk-layering."[324] The loosening of underwriting standards for subprime mortgages has been cited as one of the principal causes of the recent turmoil in the financial markets.[325] In addition, compliance with the disclosure guidelines set forth in our rules by some ABS issuers was not consistent.

Item 1111 of Regulation AB[326] outlines several aspects of the pool that the prospectus disclosure should cover.[327] Item 1111 explicitly provides that exceptions to origination criteria must be disclosed.[328] We are proposing revisions to the pool-level disclosure requirements in Item 1111 to further detail and clarify the type of disclosure that is required to be provided for ABS offerings with respect to deviations from disclosed underwriting standards. We also are proposing revisions related to the originator's diligence with respect to the information used to underwrite the assets, and the remedies related to the pool assets that are available to investors that are provided in underlying transaction agreements.

---

[324] For a discussion of the increase in looser underwriting standards and risk layering practices, see, e.g., Speech by Federal Reserve Chairman Ben S. Bernanke At the Federal Reserve Bank of Chicago's 43rd Annual Conference on Bank Structure and Competition, Chicago, Illinois, available at http://www.federalreserve.gov/newsevents/speech/bernanke20070517a.htm; Report by the Global Joint Initiative of Securities Industry and Financial Markets Association, the American Securitization Forum, the European Securitisation Forum, and the Australian Securitisation Forum, "Restoring Confidence in the Securitization Markets," (Global Joint Initiative Report) Dec. 3, 2008, at 4; and United States Government Accountability Report to Congressional Requesters: Home Mortgages: Provisions in a 2007 Mortgage Reform Bill (H.R. 3915) Would Strengthen Borrower's Protections But Views on Their Long Term Impact Differ (July 2009) at 19, available at http://www.gao.gov/new.items/d09741.pdf.

[325] See The PWG March 2008 Report and The President's Working Group, Progress Update on March Policy Statement on Financial Market Developments, October 2008 (both reports noting that the breakdown in underwriting standards for subprime mortgages as one of a list of principal causes of the turmoil in the financial markets).

[326] 17 CFR 229.1111.

[327] Item 1111 requires this disclosure on the assets, as material, whether or not the sponsor is also the originator of the assets or the sponsor acts as an aggregator or consolidator of loans.

[328] Item 1111(a)(3) requires a description of the solicitation, credit-granting or underwriting criteria used to originate or purchase the pool assets, including, to the extent known, any changes in such criteria and the extent to which policies and criteria are or could be overridden.

First, we are proposing to amend Item 1111 to specify that disclosure regarding the underwriting of assets that deviate from the disclosed origination standards must be accompanied by specific data about the amount and characteristics of those assets that did not meet the disclosed standards. To the extent that disclosure is provided regarding compensating or other factors, if any, that were used to determine that the assets should be included in the pool, despite not having met the disclosed underwriting standards, the issuer would be required to specify the factors that were used and provide data on the amount of assets in the pool that are represented as meeting those factors. Thus, data would be required on the number of assets not meeting the underwriting criteria, the number of such assets meeting particular compensating factors (if those factors are disclosed), and the number of such assets not meeting such factors.

Second, we are proposing to require disclosure of what steps were undertaken by the originator or originators to verify the information used in the solicitation, credit-granting or underwriting of the pool assets.[329] Such information could include how the originator documented various criteria such as, for example, debt-to-income ratios, loan-to-value ratios or documentation type.[330] We believe that this information should provide helpful insight to investors regarding the underwriting of the pool assets.

Third, we are proposing amendments that would elicit more disclosure regarding certain remedies available to investors in the transaction agreements. As discussed above, most transaction agreements for ABS offerings contain representations and

---

329 See proposed revision to Item 1111(a).

330 The requirement under this proposal to disclose these steps should not be confused with the due diligence defense against liability under Securities Act Section 11 (15 U.S.C. 77k) or the reasonable care defense against liability under Securities Act Section 12(a)(2) (15 U.S.C. 77l(a)(2)). Instead, our proposed amendment is designed to provide disclosure of information relating to the originator's diligence to verify the information used to underwrite the assets.

warranties by the sponsor or originator about the quality, legal compliance and other aspects of the pool assets. Typically, investors are entitled to recover through provisions that require the repurchase of assets from the securitized pool by an obligated party. The obligated party, typically the sponsor, would be obligated to repurchase the assets if the representations and warranties have been breached. Item 1111(e) currently requires summary disclosure regarding any representations and warranties made concerning the pool assets by the sponsor, transferor, originator or other party to the transaction. The item also requires disclosure of the remedies available if those representations and warranties are breached, such as repurchase obligations. In addition, many transaction agreements may provide for the repurchase of assets if the servicer has modified the terms of an asset in the pool in a manner or to a degree that is prohibited under the transaction agreements.

To help ensure that issuers provide meaningful disclosure in an area that has become increasingly important for investors, we are proposing to replace Item 1108(c)(6) with a more detailed and specific disclosure requirement in Item 1111.[331] Item 1108(c)(6) currently requires disclosure to the extent material of any ability of the servicer to waive or modify any terms, fees, penalties or payments on the assets and the effect of any such ability, if material, on the potential cash flows from the assets. Our proposal would replace Item 1108(c)(6) with a more detailed and specific disclosure requirement in Item 1111. As proposed to be revised, Item 1111 would require a description of the provisions in the transaction agreements governing modification of the

[331] 17 CFR 229.1108(c)(6).

assets. We also are proposing to require disclosure regarding how modification may affect cash flows from the assets or to the securities.

We also are proposing to require disclosure of whether or not a fraud representation is included among the representations and warranties. Under the proposal, the issuer would provide disclosure regarding whether a representation was made that no fraud has taken place in connection with the origination of the assets on the part of the originator or any party involved in the origination of the assets. We believe that it is important to highlight this representation to investors, although we do not intend to diminish the importance of other representations and warranties regarding the pool assets that are provided.

Existing Item 1111 requires the disclosure of statistical information about the pool in appropriate distributional groups or incremental ranges, among other things. The rule also requires that statistical information for each group or range also should be presented by material variables, such as average balance, weighted average coupon, average age and remaining term, average loan-to-value or similar ratio, and weighted average standardized credit score or other applicable measure of obligor credit quality.[332] Because we believe that existing Item 1111 calls for statistical information in the prospectus regarding an originator's "risk-layering practices" that demonstrates the manner and extent to which multiple non-traditional features of a loan are bundled into one instrument, issuers should already be providing this disclosure.[333] However, to the extent there is ambiguity or lack of clarity in Item 1111 regarding what disclosure with respect to risk-layering practices is required to be provided, we request comment on how

[332] See also Section III.B.5.a. of the 2004 ABS Adopting Release.

to make changes to Regulation AB to require the appropriate disclosure on risk-layering practices.

Request for Comment

- Above we noted that disclosure regarding risk layering practices is required under existing Item 1111. Is the application of Item 1111 to risk-layering practices clear? Is there some way we can make Item 1111 clearer in that regard? Should we revise any other rule in that regard?
- Should we require, as proposed, disclosure on assets that deviate from the disclosed origination underwriting standards that must be accompanied by disclosure of specific data about the amount and characteristics of those assets that did not meet the standards? Should we require, as proposed, that if disclosure is provided regarding compensating or other factors, if any, that were used to determine that the assets should be included in the pool, despite not having met the disclosed underwriting standards, disclosure is required that would describe those factors and provide data on the amount of assets in the pool that are represented as meeting those factors and the amount of assets that do not meet those factors? Should we require any other disclosure with respect to exceptions to or deviations from disclosed origination underwriting standards? Should issuers be required to identify each exception loan by a loan identifier that will be disclosed in the proposed Schedule L discussed above?

---

[333] We believe that this would include risks relating to the geographic location of the property.

- Are the proposed amendments relating to disclosure concerning representations and warranties and modification provisions in the transaction agreements appropriate?
- Are there other kinds of disclosure relating to representations and warranties and enforcement mechanisms of those representations and warranties that should be required to be provided? If so, please describe in detail.
- A repurchase obligation also may be imposed under other circumstances.[334] . Should the rules require prospectus disclosure of other types of repurchase obligations?
- We are proposing to require disclosure of whether the transaction agreements include a fraud representation. Is this appropriate? Are there other types of representations and warranties that the prospectus should highlight?
- Should we delete Item 1108(c)(6), as proposed? Is there any type of disclosure that will be omitted if we delete Item 1108(c)(6) in lieu of our proposed revision to Item 1111?

B. Flow of Funds

1. Waterfall Computer Program

We are proposing to require that most ABS issuers file a computer program that gives effect to the flow of funds, or "waterfall," provisions of the transaction. We are proposing that the computer program be filed on EDGAR in the form of downloadable source code in Python. Python, as we will discuss further below, is an open source

[334] For example, there may be obligation to repurchase a loan that goes into payment default within a short period of time after closing.

interpreted programming language.[335] Under our proposal, an investor would be able to download the source code for the waterfall computer program and run the program on the investor's own computer (properly configured with a Python interpreter).[336] The waterfall computer program would be required to allow use of the asset data files that we are also proposing today.[337] This proposed requirement is designed to make it easier for an investor to conduct a thorough investment analysis of the ABS offering at the time of its initial investment decision. In addition, an investor may monitor ongoing performance of purchased ABS by updating its investment analysis from time to time to reflect updated asset performance.[338] In this way, market participants would be able to conduct their own evaluations of ABS and may be less dependent on the analysis of third parties such as credit rating agencies.

The waterfall is a critical component of an ABS. Currently investors receive only a textual description of this information in the prospectus, which may make it difficult for them to perform a rigorous quantitative analysis of the ABS.[339] In a typical ABS, the

---

335 Open source means that the source code is available to all users (as opposed to proprietary source code that can be viewed only by the owner/developers of the program). An interpreted programming language is one that requires an interpreter in the target computer for program execution. See Section III.B.1.d. below.

336 An interpreter is a programming language translator that translates and runs the program at the same time. It converts one program statement into machine language, executes it, and then proceeds to the next statement. This differs from regular executable programs that are presented to the computer as binary-coded instructions. Interpreted programs remain in the source language the programmer wrote it in, which is human readable text.

337 See Sections III.A.1., III.A.2. and III.A.3 above.

338 Updated asset performance data would be required under proposed Item 1121(d) and (e) for Regulation AB. See Sections III.A.2. and III.A.3.

339 See Item 1113 of Regulation AB [17 CFR 229.1113]. The waterfall computer program is a necessary but not a sufficient tool for carrying out quantitative analysis of an ABS. We recognize that investors will still have to build or acquire from a vendor other elements of a complete cash flow and valuation model. However, requiring the issuer to supply the waterfall computer program should make the investor's task easier, and is an appropriate subject of a filing requirement as it consists of information that is specific to the particular ABS being offered.

waterfall governs the application of cash collected on pool assets. Using the waterfall, cash collections are applied to distributions to the holders of various classes of ABS backed by the pool assets. Depending on the level of prepayments, defaults and losses-given-default[340] that occur on the pool assets, the waterfall may redirect the application of cash to or away from a particular class of securities; may allocate cash to a reserve account or require the release of reserve account cash; [341] may change the allocation of cash to the classes in an ABS transaction from sequential pay to pro rata pay, [342] and vice versa; or may accelerate or defer the application of principal prepayments to a particular tranche. As a result, the calculation of the probable amount and timing of cash distributions to an investor on a particular ABS, an essential element of valuing or pricing the security, can be complex.

Institutional sellers and buyers of ABS typically rely on computer simulation of the results of applying the cash flows on the pool assets to the waterfall under different interest rate, prepayment, default and loss-given-default assumptions to determine the likely amount and timing of cash distributions on, and therefore the value of, the ABS. A common approach to this task is to: (a) run many separate simulations, or projections, of the cash flows for the pool assets (using randomly generated assumed interest rates, prepayment speeds, default rates and loss-given-default rates – a simulation process referred to as the Monte Carlo method); (b) pass these simulated cash flows through the

---

[340] By losses-given-default we mean the amount of unrecovered principal on a defaulted asset after realization of all amounts available.

[341] A reserve account is a form of internal credit enhancement created to cover losses on the pool assets.

[342] Sequential pay means that from the inception of the transaction, a single designated class receives all available principal payments until it is retired; only then does a second designated class begin to receive principal; and so on. Pro rata pay means that all classes receive their proportionate shares of principal payments during the life of the securities.

waterfall structure of the ABS; and (c) observe the resulting cash flows for each separate ABS tranche. To conduct this analysis, a market participant requires:

- loan-level information, or grouped account data, about the assets, including such fields as their coupon rates, balances, loan-to-value ratios, maturity dates, and the borrowers' credit scores, among others;
- a computer program that calculates the contractual cash flows for each tranche of the ABS based on the presumed cash flows of the underlying pool assets;
- additional computer models that generate inputs for the computer simulation (such as interest rate, prepayment, loss and loss-given-default models); and
- a computer system that combines the three elements above into a model that allows investors to calculate the values of ABS tranches based on their own assumptions about the behavior of the underlying pool assets combined with the waterfall of the ABS, and the current state and performance of the underlying pool assets.

Without these tools, market participants must rely on third party vendors to provide quantitative analysis of the asset-backed security[343] or must rely on computational materials provided by the issuer, without the opportunity to test the model or vary the assumptions used by the issuer.[344]

---

[343] Our proposed requirement to file the waterfall computer program is intended to have same functionality as a "deal" in a "deal library" that has been coded or programmed from an authoritative statement of the waterfall, such as a pooling and servicing agreement. Deal and deal library are terms used by commercial vendors of quantitative valuation analysis services and their customers. The process of coding or programming the waterfall for an ABS is referred to by vendors as "scripting" a deal.

[344] Computational materials contain statistical data displaying for a particular class of asset-backed securities the yield, average life, expected maturity, interest rate sensitivity, cash flow characteristics or other such information under specified prepayment interest rate, loss or related scenarios. See Item 1101(a) of Regulation AB [17 CFR 229.1101(a)] and Section III.C. of the 2004 ABS Adopting Release.

The ABS issuer or the underwriter generally will have a computer model of the waterfall. However, the issuer or underwriter currently has no obligation to share the computer model with actual or potential ABS investors. Because prospective investors in ABS typically do not have access to the ABS issuer's computer models, under current conditions, an investor must create its own computer program. It does this by taking the priority of payment rules stated in the trust agreement, pooling and servicing agreement, indenture, or other operative document for the ABS and described in the prospectus, converting the English language statement of those provisions into one or more algorithms, and then expressing the algorithms as computer code in a programming language. As a practical matter, it is often not possible to complete these steps before making an investment decision. This is particularly onerous for smaller institutional investors, for whom it may not be feasible to acquire the financial and technological expertise necessary to develop a computer program of the waterfall. Thus, investment decisions with respect to ABS may be made without the benefit of the investor performing its own quantitative valuation analysis. This may encourage undue reliance on the determinations of credit rating agencies. Further, there is the possibility that some investors will program the waterfall erroneously, leading to inaccurate ABS valuations.

We believe that the proposed requirement to file the waterfall computer program would convey information to investors in a form that is both more accurate and more useful to them for data analysis than a textual description of the waterfall. By running the waterfall computer program in combination with other internally-developed or commercially available vendor interest rate, prepayment, default and loss-given-default models, cash flow engines, or computational services, investors should be able to

promptly run cash flow simulations and generate present value estimates for ABS tranches. An investor should also be able to more effectively monitor the ongoing performance of the ABS by using the proposed updated asset-level performance information to be filed with each periodic distribution report on Form 10-D.

a) Proposed Disclosure Requirements

We are proposing to require, for offerings of asset-backed securities backed by most asset classes, that issuers file the waterfall computer program in the form of downloadable source code in the Python programming language.[345] We define the disclosure requirements of the waterfall computer program in proposed Item 1113(h)(1). We are proposing that the waterfall computer program give effect to the priority of payment provisions in the transaction agreements that determine the funds available for payments or distributions to the holders of each class of securities,[346] and each other person or account entitled to payments or distributions, from the pool assets, pool cash flows, credit enhancement or other support, and the timing and amount of such payments or distributions.[347]

Under the proposed requirement, the filed source code, when downloaded and run by an investor, must provide the user with the ability to programmatically input the user's own assumptions regarding the future performance and cash flows from the pool assets, including but not limited to assumptions about future interest rates, default rates, prepayment speeds, loss-given-default rates, and any other necessary assumptions

---

345 When we refer to a waterfall computer program for an asset-backed security, we refer to the whole offering of asset-backed securities backed by a particular pool of assets; in other words, the deal, not to a single class or tranche of the deal.

346 For this purpose, a subclass or tranche would be a separate class.

347 See proposed Item 1113(h)(1)(i) of Regulation AB.

required to be described under Item 1113 of Regulation AB. The waterfall computer program must also allow the use of the proposed asset-level data file that will be filed at the time of the offering and on a periodic basis thereafter.[348]

We also propose to require that the waterfall computer program produce a programmatic output, in machine-readable form, of all resulting cash flows associated with the ABS, including the amount and timing of principal and interest payments payable or distributable to a holder of each class of securities, and each other person or account entitled to payments or distributions in connection with the securities, until the final legal maturity date, as a function of the inputs into the waterfall computer program.

We are also proposing an instruction to the item requirement to make clear that the provisions captured in the waterfall computer program should include, but not be limited to, provisions that set forth the priorities of payments or distributions (and any contingencies affecting such priorities) to the holders of each class of securities and any other persons or accounts entitled to payments or distributions, and any related provisions necessary to determine the quantitative results of such provisions (including certain provisions required to be described in Item 1113 of Regulation AB). Item 1113 of Regulation AB currently requires disclosure of a plain English description of the structure of the waterfall and we believe that the provisions given effect in the proposed waterfall computer program should largely be the same as those provisions required to be described under current Item 1113. But in the event that there are any provisions that are not required to be described under Item 1113 because they are not material to the description of the waterfall in the prospectus, but those provisions are used to determine

---

348 See proposed Items 1111A and 1121A of Regulation AB.

the value of the inputs to the waterfall computer program, the waterfall computer program would be required to give effect to the provisions by which those inputs are determined.

In addition, we are proposing to require that the issuer file as part of the waterfall computer program a sample expected output for each ABS tranche based on sample inputs provided by the issuer. By using the sample inputs to run the program, the investor will be able to confirm that the program is working correctly by matching the actual outputs produced against the sample expected output provided by the issuer.[349]

Lastly, so that investors may easily locate the waterfall computer program, we are proposing that the prospectus include a statement that the information provided in response to proposed Item 1113(h) is provided as a downloadable source code in the Python programming language filed on the SEC Web site. Issuers would also need to disclose the CIK and file number of the related filing.

b) Proposed Exemptions

We are proposing to exclude issuers of ABS backed by stranded costs from the requirement to provide the waterfall computer program. As we discuss above, we are not proposing to require such issuers to file an asset data file at the time of the offering or on a periodic basis,[350] and therefore, we do not believe investors would have the necessary inputs to run the waterfall computer program.

---

349 We note that the sample inputs and outputs we propose to require are intended to confirm that the program is functioning, and would not serve to make any representations about the actual expected performance of the deal.

350 See Sections III.A.1.b.iii. and III.A.2.b.

c) When the Waterfall Computer Program Would be Required

Like the asset data file, the waterfall computer program would be an integral part of the prospectus so that issuers would be required to provide the waterfall computer program at the time of filing the Rule 424(h) prospectus as of the date of the filing. Similarly, as a prospectus requirement, the waterfall computer program would be filed with the final prospectus under Rule 424(b) as of the date of the filing.

In addition, we are proposing to require credit card master trusts to report changes to the waterfall computer program on Form 8-K and file the updated waterfall computer program as an exhibit to the report. Furthermore, we are also proposing to require that registrants provide updated Schedule CC grouped account data at the same time the updated waterfall computer program is filed so that investors may evaluate the effect of the change in the flow of funds using updated underlying pool information.

d) Filing the Waterfall Computer Program and Python

We are proposing that the waterfall computer program be filed as an exhibit in accordance with Item 6.07 of Form 8-K. The Form 8-K would then also be incorporated by reference into the registration statement. Therefore, we are proposing changes to Item 601 of Regulation S-K, Rules 101, 201, 202 and 305 of Regulation S-T, new Rule 314 of Regulation S-T and changes to Form 8-K to accommodate the filing of the waterfall computer program. We realize that registrants may want to provide more program functionality in the waterfall computer program than would be required by proposed Item 1113(h). For example, additional program functionality could include features designed to allow interoperability with other ABS quantitative analysis software. As such, we also

propose to permit the filing of an additional exhibit, a waterfall computer program related document, for registrants to disclose the additional program functionality.

We are proposing new Rule 314 of Regulation S-T to require that the waterfall computer program be written in the Python programming language and be filed as source code that is able to be downloaded and run on a local computer properly configured with a Python interpreter. As we note above, Python is an open source interpreted programming language. Open source means that the source code is available to all users (as opposed to proprietary source code that can be viewed only by the owner or developer of the program). An interpreted language is a programming language that requires an interpreter in the target computer for program execution.[351] We prohibit the inclusion of executable code in electronic submissions on EDGAR because of the computer security risks posed by accepting executable code for filing.[352] Executable code results from separately compiling a computer program prior to running it.[353] Since Python is an interpreted language that does not need to be compiled prior to running it, executable code would not need to be published on EDGAR, and we would not require EDGAR to establish facilities to host, run, or operate any computer program. The waterfall computer program source code would be required to be submitted as tagged XML data. The

---

[351] An interpreter is a programming language translator that translates and runs the program at the same time. It converts one program statement into machine language, executes it, and then proceeds to the next statement. This differs from regular executable programs that are presented to the computer as binary-coded instructions. Interpreted programs remain in the source language the programmer wrote it in, which is human readable text.

[352] See Securities Act Rule 106 to Regulation S-T [17 CFR 239.106].

[353] We define executable code in Rule 11 of Regulation S-T [17 CFR 239.11] as instructions to a computer to carry out operations that use features beyond the viewer's, reader's, or Internet browser's native ability to interpret and display HTML, PDF, and static graphic files. Such code may be in binary (machine language) or in script form. Executable code includes disruptive code.

EDGAR Technical Specification would contain detailed information on how to file the waterfall computer program.

Additionally, we are proposing a change to Rule 305 of Regulation S-T to exempt the waterfall computer program from number and character per line requirements on EDGAR.

e) Hardship Exemptions

We are proposing a self-executing temporary hardship exemption for filing the waterfall computer program; however, we are proposing to exclude the waterfall computer program from the continuing hardship exemption under Rule 202 of Regulation S-T.[354] We are proposing the same approach to the temporary hardship exemption for the waterfall computer program as we propose for the asset-level data file. Because the disclosure requirement for the waterfall computer program is inherently electronic, the information would not be useful if provided on paper. Under our proposal, if the registrant experiences unanticipated technical difficulties preventing the timely preparation and submission of the waterfall computer program, a registrant would be considered to have made a timely filing if the waterfall computer program is posted on a Web site on the same day it was due to be filed on EDGAR, the Web site address is specified in the required exhibit, a legend is provided in the appropriate exhibit claiming the hardship exemption, and the waterfall computer program is filed on EDGAR within six business days.

We are also proposing to exclude the waterfall computer program from the continuing hardship exemption under Rule 202 of Regulation S-T. This is the same

---

354 We explain the hardship exemptions in further detail above in Section III.A.4.b.

approach for the waterfall computer program that we are proposing for asset-level data files. We do not believe a continuing hardship exemption is appropriate with respect to the waterfall computer program because, as we discuss above, the waterfall computer program will be an integral part of the prospectus. Therefore, we do not believe it would be appropriate for issuers to receive a continuing hardship exemption for the waterfall computer program.

Request for Comment

- Is it appropriate for us to require most ABS issuers to file the waterfall computer program? Is there an alternative form of required information filing that would be more useful to investors, subject to the limitation that executable code may not be filed on EDGAR?
- Should we require, as proposed, that the Rule 424(h) filing include the waterfall computer program?
- Does access to the waterfall computer program decrease the amount of time needed to analyze the information in a prospectus? If we adopt the waterfall computer program filing requirement, would less time be needed for investors to review transaction-specific information? If so, how much time would be needed after the waterfall computer program is filed? Four days? Two days? Does analysis of the waterfall computer program require more time than what we allow as proposed so that we should increase the time period for the Rule 424(h) filing?
- Is it appropriate to require issuers to submit the waterfall computer program in a single programming language, such as Python, to give investors the benefit

of a standardized process? If so, is Python the best choice or are there other open source programming language alternatives (such as PERL) that would be better suited for these purposes?

- Should more than one programming language be allowed? If so, which ones and why?
- Should we restrict ourselves to only open source programming languages or allow fully commercial or partly-commercial languages (such as C-Sharp or Java) to be used? If so, what factors should be considered?
- Are there other requirements we should impose on the possible computer programming languages that are used to satisfy this requirement, other than that such languages be open source and interpreted?
- Under our proposal, issuers would be required to file the waterfall computer program in the form of downloadable source code on EDGAR. Prior to filing, the code would not be tested by the Commission. Would downloading the code onto a local computer give rise to any significant risks for investors? If so, please identify those risks and what steps or measures we should take to address the risks, if any.
- Are the proposed input and output requirements for the waterfall computer program appropriate? If not, what type of output and tests should be required for the waterfall computer program? Should the outputs of the waterfall computer program be specified in detail by rule, or broadly defined to afford flexibility to ABS issuers?

- Should we require comments in the code that explain what each line does? Is this necessary given the narrative disclosure of the waterfall in the prospectus? If it is appropriate, are there any specific explanations we should require?
- Is it appropriate to exempt issuers of ABS backed by stranded costs from the requirement to provide a waterfall computer program? If not, what types of inputs would be necessary to run the waterfall computer program? How would issuers obtain these inputs?
- Is our proposal to require credit card master trusts to report changes to the waterfall computer program on Form 8-K and file the updated waterfall computer program as an exhibit appropriate? Would the flow of funds, and thus the waterfall computer program, change over time? If so, how and why would it change? Should we require the waterfall computer program be filed at any other time? Should we require it be filed with each Form 10-D?
- Is the proposed requirement to provide the waterfall computer program with the proposed Rule 424(h) prospectus as of the date of filing and a final prospectus under Rule 424(b) as of the date of filing appropriate? Should the waterfall computer program be required to be filed at any other time? If so, please tell us why. As we discuss above in Section II.B.1.a., under our proposal, for material changes in information, other than offering price, which would include material changes to the waterfall computer program, a new Rule 424(h) filing would be required as well as a new five business-day waiting period.

- Should we adopt the proposed changes to Item 601 of Regulation S-K and to Regulation S-T?
- Is the proposed temporary hardship exemption appropriate? Should we allow a continuing hardship exemption?
- We propose to use existing submission types in order to enable filers to attach the proposed waterfall computer program as an exhibit. Specifications that explain the requirements would be included in the EDGAR technical specifications. Are there other specifications that would be helpful that should be provided in the EDGAR Filer Manual for the waterfall computer program that are not currently included in other technical specifications? Please be specific in your response.
- Should we provide a transition period prior to the required compliance date that would allow filers to submit only test filings? Please be specific in your response.
- Is our proposal to permit the filing of an exhibit to disclose additional program functionality appropriate?
- Are there any impediments that issuers would face if they are required to file the waterfall computer program on EDGAR?

2. Presentation of the Narrative Description of the Waterfall

The information relating to the structure of the transaction pursuant to Item 1113 of Regulation AB may be used by investors to model the cash flows for the securities. In order to facilitate this modeling, we believe that such information should be easily accessible and in a useable format. We are proposing to revise Item 1100 of Regulation

AB[355] to require that the information detailing the flow of funds for the transaction (and related definitions of terms) be included in one location in the prospectus. We note that the waterfall computer program and the narrative description of the waterfall would need to be accurate and the accuracy of one would not compensate for inaccuracies in the other.

Request for Comment

- Is our proposal to require that the narrative description of the waterfall be presented in one location appropriate? Are there any reasons not to require this?

C. Transaction Parties

1. Identification of Originator

Existing Item 1110(a) of Regulation AB requires identification of originators apart from the sponsor or its affiliates only if the originator has originated, or expects to originate, 10% of more of the pool assets. The existing rule does not require identification of a non-affiliate that has originated less than 10% of the pool assets. In situations where much of the pool assets have been purchased from originators other than the sponsor, identification of originators is not required if each originator has originated less than 10% of the pool assets. This can result in very little, if any information about originators if there are multiple originators with less than 10% that make up a major part of the securitization. We believe that where the sponsor securitizes assets of a group of originators that are not affiliated with the sponsor, more disclosure regarding the originator of the assets is needed than is required under the current rules. Therefore, we are proposing that an originator would be required to be identified even if such originator

[355] 17 CFR 229.1100.

has originated less than 10% of the pool assets if the cumulative amount of originated assets by parties other than the sponsor (or its affiliates) comprises more than 10% of the total pool assets.

Request for Comment

- Should we amend Item 1110 to require identification of originators even if no single originator comprises 10% or more of the pool? Is it appropriate to require identification of originators, as proposed, if the cumulative amount of originated assets by parties other than the sponsor (or its affiliates) comprises 10% or more of the total pool asset?
- Are the proposed revised thresholds for originator identification appropriate? Should they be different (e.g., 5%)?

2. Obligation to Repurchase Assets

We are proposing expanded disclosure regarding the obligations to repurchase assets. As discussed above, many transaction agreements underlying a securitization provide for the repurchase of pool assets by an obligated party upon breach of a representation and warranty related to the pool assets.[356] This obligated party could be the originator of the assets or, most typically, the sponsor of the securities – who could also function as the originator, depending on the transaction. Depending on the application of Section 15(d) to the issuer, ongoing reports filed by the issuer may provide

[356] As discussed in Section II.B.3.b. above, with respect to shelf eligibility, we are proposing that the pooling and servicing agreement contain a provision requiring the obligated party (i.e., representing/warranting party) to furnish an opinion or certificate from a qualified independent third party to the trustee that any loans that the trustee has asserted breached a representation or warranty and were not repurchased or replaced by the obligated party did not violate the representations and warranties contained in the pooling and servicing or other agreement. Neither this provision nor the proposed requirement regarding the disclosure of the obligation to repurchase assets would impose requirements on the substance of transaction agreements to include such repurchase obligations.

some information regarding assets that have been repurchased from the pool by the obligated party pursuant to transaction agreements.

a) History of Asset Repurchases

We are proposing to amend Item 1104 and Item 1110 to require disclosure of the amount, if material, of publicly securitized assets originated or sold by the sponsor or an identified originator (as identified under the specifications detailed below) that were the subject of a demand to repurchase or replace any of the assets for breach of the representation and warranties concerning the pool assets in the last three years pursuant to the transaction agreements.[357] We are proposing to require that such disclosure be provided on a pool by pool basis. The percentage of that amount that was not then repurchased or replaced by the obligated party (i.e., the sponsor and/or originator) also would be disclosed. Of those assets that were not then repurchased or replaced, we propose to require disclosure whether an opinion of a third party not affiliated with the obligated party had been furnished to the trustee that confirms that the assets did not violate a representation or warranty. This enhanced information about the originator or sponsor's history with assets they have originated or sold into public securitization vehicles should allow investors to better assess practices of the originator or the sponsor.

Under existing Item 1110(b), additional disclosure relating to an originator, such as the originator's experience in originating assets, is only required to be provided if the originator has originated or is expected to originate 20% or more of the assets ("20% originator"). This threshold for disclosure was adopted in 2004. Consistent with the

[357] Although we are not proposing to require it, additional disclosure regarding the repurchase of assets could be provided.

existing threshold, the proposed disclosure requirement relating to the repurchase of assets would only be required if the originator is a 20% originator.

b) Financial Information Regarding Party Obligated to Repurchase Assets

In the events arising out of the financial crisis, the financial condition of the party obligated to repurchase assets pursuant to the transaction agreements underlying an asset-securitization became increasingly important to whether payments on asset-backed securities would be made.[358] Currently, there is no requirement for asset-backed issuers to disclose the financial condition of an originator unless some other financial disclosure threshold is also triggered such as the trigger for servicers.[359] We believe that there are situations where it is appropriate for financial information about certain obligated parties to be provided to ABS investors.

We are proposing to amend Item 1104 and Item 1110(b) to require financial information of the party obligated to repurchase a pool asset for breach of a representation and warranty pursuant to the transaction agreements. These requirements would be similar to the requirement regarding financial information of certain servicers. Under the proposal, information regarding the financial condition of a 20% originator would be required if there is a material risk that the financial condition could have a material impact on the origination of the originator's assets in the pool or on its ability to

---

[358] See testimony of Joseph Mason, "Transparency in Accounting: Proposed Changes to Accounting for Off-Balance Sheet Entities," Before the United States Senate Committee on Banking, Housing, and Urban Affairs Subcommittee on Securities, Insurance, and Investment (Sept. 18, 2008) (noting that representations and warranties have become a mechanism for subsidizing pool performance, so that no asset- or mortgage-backed security investor experiences losses – until the seller fails and is no longer able to support the pool).

[359] For example, information regarding the servicer's financial condition is required under Item 1112 of Regulation AB to the extent that there is a material risk that the effect on one or more aspects of servicing resulting from such financial condition could have a material impact on pool performance or performance of the asset-backed securities.

comply with provisions relating to the repurchase obligations for those assets. Information regarding the sponsor's financial condition similarly would be required to the extent that there is a material risk that the financial condition could have a material impact on its ability to comply with the provisions relating to the repurchase obligations for those assets or otherwise materially impact the pool.

Request for Comment

- Is the proposed amendment requiring disclosure regarding amount of assets that were not repurchased appropriate? Should we also require, as proposed, disclosure of the percentage of that amount that was not then repurchased or replaced by the sponsor or 20% originator? Should we also, as proposed, require disclosure whether an opinion of a third party not affiliated with the obligated party had been furnished to the trustee that confirms that the assets that were not repurchased or replaced did not violate a representation or warranty?
- Would requiring this disclosure, as proposed, have the unintended consequence of incentivizing sponsors (who may want to put an asset back to an originator) or trustees to demand that originators repurchase assets in situations where that might not be required under the transaction agreements? If so, how should we address this?
- Should we also require disclosure of the percentage of assets that have been repurchased by a 20% originator or the sponsor?

- Should disclosure be required regarding demands to repurchase in the last three years, as proposed? Should the timeframe be different (e.g., one year, two years, four years, or five years)?
- Are there parties other than 20% originators or sponsors that may have a repurchase obligation under the transaction agreements for breach of the representations and warranties? If so, should similar disclosure about these parties be required?
- With regard to the requirement to disclose the financial condition of originators and sponsors, rather than add disclosure requirements to Item 1104 and Item 1110, should we expand the definition of significant obligor to incorporate the obligated party that is required to repurchase assets for breach of a representation or warranty? How should we revise Item 1112 for this purpose?
- Are the proposed amendments relating to disclosure of the financial condition of the obligated party appropriate? Should we specify further when disclosure of the financial condition would be required such as a certain level of financial concentration? If so, what should that level be? Should we require financial information about 20% originators and sponsors for other circumstances? Should we require financial information for 20% originators and sponsors for all securitizations?
- Should our disclosure requirements be consistent with existing thresholds (i.e., when the originator has originated 20% or more of the assets) for when disclosure relating to an originator is required? Should we instead require

disclosure of the proposed items for any originator required to be identified? Should we require disclosure of the proposed items for originators of more than ten percent of the assets?

- Are there other situations where we should require financial information? For instance, should we always require disclosure of financial information of all servicers and all sponsors? If so, should we require audited financial statements?

3. Economic Interest in the Transaction

As described in Section III.B.3.a. above, as a condition to shelf eligibility, we are proposing that the sponsor retain an economic interest in the transaction. Item 1103(a)(3)(i) of Regulation AB[360] currently requires disclosure of the classes of securities offered by the prospectus and any class of securities issued in the same transaction or residual or equity interests in the transaction that are not being offered by the prospectus.

We believe that information regarding the sponsor's, a servicer's[361] or a 20% originator's continuing interest in the pool assets is important to ABS investors, and we are proposing to expand our requirements in that regard. Specifically, we are proposing to revise Items 1104, 1108 and 1110 to require disclosure regarding the sponsor's, a servicer's or a 20% originator's interest retained in the transaction, including amount and nature of that interest.[362] Unlike current Item 1104, which requires a description of the

---

360 17 CFR 229.1103(a)(3)(i).

361 Servicers will sometimes hold an interest in tranches or second liens, and investors have expressed concern relating to those interests. See, e.g., comment letter from the California Public Employees' Retirement System on the FDIC Securitization Proposal, available at http://www.fdic.gov/regulations/laws/federal/2010/10comAD55.html.

362 For example, if the originator has retained a portion of each tranche of the securitization, then disclosure regarding each amount retained for each tranche would be required.

sponsor's material roles and responsibilities in the securitization, the new disclosure requirements would further specify that disclosure relating to the interest retained in the transaction would be required. The information would be required for both shelf and other offerings. If any sponsor is retaining an interest pursuant to the shelf eligibility requirements, as proposed above,[363] the interest and its amount and scope would need to be clearly delineated in the prospectus that is contained in the registration statement.[364] If the offering is being registered on Form SF-1, we are proposing to require that the issuer provide clear disclosure that the sponsor is not required by law to retain any interest in the securities and may sell any interest initially retained at any time.

Request for Comment

- Is our proposed disclosure requirement relating to retained economic interest appropriate? Is there any additional information that would aid investors' analysis?
- Should we instead require disclosure of whether the sponsor has retained any interest in the securitization?
- Should we require, as proposed, disclosure that the sponsor is not required by law to retain any risk in the securities and may sell any interest initially retained at any time for any offering registered on Form SF-1?

4. Servicer

The definition of servicer in Item 1108 is a principles-based definition. An entity falls within the definition of servicer if it is responsible for the management or collection of the pool assets or making allocations or distributions to holders, regardless of the

[363] See Section II.B.3.a. above.

entity's title. Item 1108(b)(2) of Regulation AB[365] requires a detailed discussion in the prospectus of the servicer's experience in, and procedures for, the servicing function it will perform in the current transaction for assets of the type included in the current transaction.[366] This item also requires disclosure of information or factors related to the servicer that may be material to an analysis of the servicing of the assets.

While we are not proposing any changes to Item 1108(b)(2) at this time, the staff believes that application of this requirement has not been consistent among issuers, and therefore we believe it is appropriate to emphasize how this requirement applies. Item 1122 requires that the servicer assess its compliance with specified criteria and that a registered public accounting firm issue an attestation report on the party's assessment of compliance with the applicable servicing criteria. The reports and the compliance statement are required to be filed as an exhibit to Form 10-K. We believe that Item 1108(b)(2) requires disclosure of any material instances of noncompliance noted in the assessment or attestation reports that are required by Item 1122 or the servicer compliance statement that is required by Item 1123. In addition, the prospectus should also provide disclosure of any steps taken to remedy the noncompliance disclosed and the current status of those steps.

Request for Comment

- Are there any changes we should make to Item 1108(b)(2) to clarify what disclosure should be included?

---

364 This information is also required by proposed General Instruction I.B.1(a) of Form SF-3.

365 17 CFR 229.1108(b)(2).

366 Item 1108 also requires a general discussion of the servicer's experience in servicing assets of any type.

- Item 1108(b)(4)[367] requires information regarding the servicers' financial condition to the extent there is a material risk that the effect on one or more aspects of servicing resulting from such financial condition could have a material impact on pool performance or performance of the securities. Should we revise this requirement?
- For example, should we require financial statements or other financial information be provided with respect to the servicer in all asset-backed transactions, regardless of whether there is a material risk that servicing resulting from the financial condition could have a material impact on pool performance or performance of the securities? If the servicing function is divided among different unaffiliated parties, should disclosure of a servicer's financial statements depend on how much of the pool a servicer is servicing? What about a special servicer? Should we take into account any other considerations?
- If we revise our rules to specifically require servicer financial statements in all cases, how should the rules apply if the registration statement or offering prospectus contemplates a change in servicer soon after the offering is complete? In that situation, which servicer's financial statements should be required – the original servicer, the new servicer, or both?[368]

---

367 17 CFR 229.1108(b)(4).

368 If there has been a change in servicer, Item 6.02 of Form 8-K requires that when a new servicer contemplated by Item 1108(a)(2) of Regulation AB has been appointed, the date the event occurred and circumstances surrounding the change of servicer must be provided. We remind issuers that a Form 8-K containing such disclosure is required to be filed even where the offering prospectus has indicated that the sponsor is only temporarily acting as the servicer and that a new servicer will replace the sponsor.

D. Prospectus Summary

Under our current rules, a prospectus summary should briefly highlight the material terms of the transaction, including an overview of the material characteristics of the asset pool.[369] However, we believe that summary disclosures in ABS prospectuses currently may not adequately highlight the material characteristics, including material risks, particular to the ABS being offered. Instead, the prospectuses often summarize metrics that are common to all securitizations of a particular asset class. For instance, under current practice, a prospectus summary related to an offering of securities backed by residential mortgages typically only includes common metrics such as the number, averages and ranges of common pool characteristics such as principal balances, interest rates, credit scores and loan to value. Other material characteristics of pool assets, however, typically are not highlighted, such as statistics regarding whether the loans in the asset pool were originated under various underwriting or origination programs, whether loans were underwritten as exceptions to the underwriting or origination programs, or whether the loans in the pool have been modified. We believe these types of statistics could be summarized by broad category on the basis of the underwriting program, type of exception or modification, but historically, this type of information has not been included.

We believe that the summary disclosures should be improved to include this information, which is among the most significant for investors. Accordingly, we are proposing a new instruction to Item 1103(a)(2) of Regulation AB[370] to clarify the summary disclosure requirements. Specifically, the proposed new provision would

---

369 See Item 1103 of Regulation AB.

instruct issuers to provide statistical information regarding the types of underwriting or origination programs, exceptions to underwriting or origination criteria and, if applicable, modifications made to the pool assets after origination.

Request for Comment

- Is our proposed instruction to require summary statistical information regarding the types of underwriting or origination programs, exceptions to underwriting and origination criteria and, if applicable, modifications made to the pool assets after origination appropriate?
- Should we specify line item disclosure requirements for the summary section? If so, are the pool characteristics identified in the proposed new instruction appropriate? Would those characteristics be common across all asset classes, or only apply to a specific asset class?
- Are there other features of the transaction that we should specify must be disclosed in the summary?

E. Static Pool Information

When we adopted Regulation AB, we included the requirement to disclose static pool information with respect to prior securitized pools of the sponsor for the same asset class in the prospectus that is part of the registration statement if the information is material to the transaction. Static pool information indicates how the performance of groups, or "static pools" of assets, such as those originated at different intervals, are performing over time. By presenting comparisons between originations at similar points in the assets' lives, static pool data allows detection of patterns that may not be evident

---

370 17 CFR 229.1103(a)(2).

from overall portfolio numbers and thus may reveal a more informative picture of material elements of portfolio performance and risk. In the 2004 ABS Adopting Release, we noted that the development of static pool information was an increasingly valuable tool in analyzing performance.[371]

Under Rule 312 of Regulation S-T, asset-backed issuers are permitted, but not required, to post the static pool information required by Item 1105 on an Internet Web site, rather than file the information with the prospectus on EDGAR. As long as certain conditions are met, the information provided on the Web site pursuant to Rule 312 is deemed to be part of the prospectus included in the registration statement. Rule 312 was adopted in 2004 as a temporary accommodation in response to comments received concerning the significant amount of statistical information that would be difficult to file electronically on EDGAR as it existed at the time and the difficulty for investors to use the information in that format. At the time, we were persuaded by commenters that a web-based approach might allow for the provision of the required information in a more efficient, dynamic and useful format than was currently feasible on the EDGAR system.[372] At the same time, we explained that we continued to believe that, at some point, for future transactions, the information should also be submitted to the Commission in some fashion, provided this would not result in investors not receiving the information in the form they have requested. We also explained that we were directing our staff to consult with the EDGAR contractor, EDGAR filing agents, issuers, investors and other market participants to consider how static pool information could be filed with

---

371 See Section III.B.4. of the 2004 ABS Adopting Release.

372 See, e.g., Letters of ABA; ASF; Auto Group; BMA; Citigroup; JPMorganChase; NYCBA; and TMCC on Asset-Backed Securities, Release No. 33-8419 (May 3, 2004) [69 FR 26650] (the "2004 ABS Proposing Release").

the Commission in a cost-effective manner without undue burden or expense while still allowing issuers to provide the information in a desirable format.[373]

On October 19, 2009, we proposed to extend the temporary filing accommodation until December 31, 2010 so that the staff could continue to explore whether a filing mechanism for static pool information on EDGAR would be feasible.[374] In that release we solicited comments about current practice and potential alternatives for providing static pool disclosure that we will discuss below. On December 15, 2009, we adopted the proposed one-year extension.[375]

We now are proposing changes to Item 1105 seeking to provide greater transparency and comparability with respect to static pool disclosure. We also are proposing to repeal our temporary Web site accommodation for static pool disclosure. These proposed changes to Rule 312 would allow issuers to make filings on EDGAR in Portable Document Format (PDF).[376]

1. Disclosure Required

We are proposing revisions to the static pool disclosure requirement designed to increase clarity, transparency and comparability. Some of our proposals apply to all issuers, and some apply only to amortizing asset pools and not revolving asset master

---

373 See Section III.B.4.b. of the 2004 ABS Adopting Release.

374 Extension of Filing Accommodation for Static Pool Information in Filings With Respect to Asset-Backed Securities, Release No. 33-9074 (Oct. 19, 2009) [74 FR 54767] (the "Static Pool Extension Proposing Release").

375 Extension of Filing Accommodation for Static Pool Information in Filings With Respect to Asset-Backed Securities, Release No. 33-9087 (Dec. 15, 2009) [74 FR 67812] (the "Static-Pool Extension Adopting Release").

376 Portable Document Format (PDF) is a file format created by Adobe Systems in 1993 for document exchange. PDF captures formatting information from a variety of desktop publishing applications, making it possible to send formatted documents and have them appear on the recipient's monitor or printer for free as they were intended. To view a file in PDF format, you need Adobe Reader, an application distributed by Adobe Systems.

trusts. Since adoption of Regulation AB, we have observed that static pool information provided by asset-backed issuers may vary greatly within the same asset class. Variations exist not only with regard to the type or categories of information disclosed, but also with the manner in which it is disclosed. As a result, static pool information between different sponsors has not necessarily been comparable, which reduces its value to investors. For example, some issuers of residential mortgage-backed securities provide a one-page graphical static pool presentation, while others present several hundred pages of distribution data for prior securitized pools on their Web site, making it difficult to determine which prior securitizations were most similar to the securities being offered.

Static pool information is required to the extent the information is material. In the 2004 ABS Adopting Release, we emphasized that in all instances information is required only if material for the particular asset class, sponsor or asset pool involved; disclosure for groups or factors that would not be material is not required. We continue to believe that it is appropriate not to exclude particular asset classes or transactions from the requirements in their entirety. While keeping this general approach, we believe there are ways, nevertheless, to make the static pool information more comparable and facilitate analysis of the information. By requiring issuers to file this information on EDGAR, we do not want to discourage issuers from providing granular data on their Web sites for investors to analyze. We believe that clear summaries and explanation complement the statistical data and allow investors to more easily evaluate material information. To address these concerns, we are proposing to amend our static pool disclosure requirement in several ways to enhance clarity, transparency and comparability. Our proposals cover

static pool information for all classes of assets and specific requirements for amortizing trusts.

First, we are proposing to amend Item 1105 to require narrative disclosure describing the static pool information presented. For example, for a pool of RMBS, the disclosure would note the number of assets, types of mortgages (e.g., conventional, home equity, Alt-A, etc.) and the number of loans that were exceptions to standardized underwriting criteria. We believe appropriate explanatory information should introduce the characteristics of the static pool. A brief snapshot of the static pool presented would provide investors with context in which to evaluate the information without sophisticated data analysis tools. We do not intend for this requirement to cause issuers to repeat the underlying static pool disclosure; rather the requirement would serve as a clear and brief introduction of the disclosure.

Second, we are proposing to require that issuers describe the methodology used in determining or calculating the characteristics and describe any terms or abbreviations used. Such a requirement would help investors ascertain whether calculations of terms are comparable across issuers. For example, a description of the method used to calculate the loan-to-value ratio could assist investors compare this information across different issuers.

Third, we are proposing to require a description of how the assets in the static pool differ from the pool assets underlying the securities being offered. Again, we believe that a clear and concise description of these differences would provide investors with context in which to evaluate the information without sophisticated data analysis tools.

Finally, if an issuer does not include static pool information or includes disclosure that is intended to serve as alternative static pool information, we are proposing to amend Item 1105(c) to require additional disclosure. As we explained in the 2004 ABS Adopting Release, we did not adopt line-item disclosure requirements for static pool information; however, we noted there may be instances where failure to provide static pool information would make the data that is presented misleading.[377] It is not always obvious why one issuer does not provide static pool information or provides alternative disclosure in lieu of such information, while another issuer within the same asset classes does provide the information. Under our proposal, issuers would be required to explain why they have not included static pool disclosure or why they have provided alternative information. We do not intend for issuers to explain why each of their static pool disclosure points differ from their competitors. However, we believe basic information about the issuer's approach to static pool disclosure would promote transparency and help investors place the disclosure in context.

2. Amortizing Asset Pools

We are proposing additional changes to the static pool disclosure requirements for amortizing asset pools. While the staff has previously noted that the static pool presentation should be governed by the general principles of materiality rather than a specific requirement in Regulation AB,[378] we are concerned that the inconsistency of

---

[377] For example, for a pool with a material concentration of seasoned assets, disclosure of static pool data about the pool itself may be necessary depending on whether such data would reveal a trend or pattern concerning one or more elements of pool performance and risk that is material and not evident from data relating to asset performance otherwise presented and such omission makes the information presented misleading. See, e.g., Securities Act Rule 408; Securities Act Sections 11, 12(a)(2) and 17(a); Exchange Act Section 10(b); Exchange Act Rule 10b-5; and Exchange Act Rule 12b-20.

[378] Item 1105 states that static pool information, including static pool information regarding delinquencies, is required unless it is not material. As a result, the presentation of static pool information is governed by general principles of materiality and the requirements of Item 1105 and not the requirements

presentation for delinquencies across issuers within the same asset class has resulted in a lack of clarity and comparability. Accordingly, we are proposing to add an instruction to Item 1105(a)(3)(ii) to require the static pool information related to delinquencies and losses be presented in accordance with the guidelines outlined in Item 1100(b) for amortizing asset pools. Item 1100(b) requires that information be presented in a certain manner – for example, it requires that information regarding delinquency be presented in 30-day increments through the point that assets are written off or charged off as uncollectable. Because information regarding delinquencies and losses, such as number of accounts, dollar amount and percentage of pool, should already be collected in order to report under other Regulation AB item requirements,[379] we believe it should not be overly burdensome for issuers to provide this information, and we believe that static pool disclosure would be improved with this consistent approach.

We also are proposing to amend Item 1105(a)(3)(iv) to require graphical presentation of delinquency, losses and prepayments for amortizing asset pools. We believe many asset-backed issuers already provide graphical illustrations of their static pool data. Depending on the volume and the type of data provided, the static pool data can be difficult to analyze without the use of sophisticated data analysis tools. Static pool information is important for analyzing trends within a sponsor's program by comparing originations at similar points in the asset's lives. In the 2004 ABS Adopting Release, we encouraged issuers to present information in tables or graphs if doing so would aid in the understanding of the data, such as in the sections describing the transfer of the assets,

---

of Item 1100(b). Regulation AB Interpretation No. 5.03 in SEC Division of Corporation Finance Manual of Publicly Available Telephone Interpretations.

[379] Item 1111(c) of Regulation AB would require presentation of delinquency in accordance with Item 1100(b).

flow of funds, servicing responsibilities, pool asset composition, and periodic performance information including delinquencies.[380] Static pool disclosure has emerged as another disclosure area where graphical presentation appears to be important for an investor's understanding of the overall disclosure. Presentation of the data in this fashion better allows the detection of patterns that may not be evident from overall portfolio numbers and may reveal a more informative picture of material elements of portfolio performance and risk. Given the wide range of information provided by sponsors of the same asset class, we believe that graphical presentation will provide a more useful snapshot of the underlying granular information. We are proposing to require delinquency, loss and prepayments as specific line item requirements because we believe those are material characteristics applicable across all asset classes and structures and would promote transparency and comparability across issuances by the same sponsor and across sponsors. Although not required by our proposal, we also encourage graphical presentation of any other material terms.

3. Revolving Asset Master Trusts

Other than our proposals discussed above intended to apply to all issuers of asset classes and structures, we are not proposing specific changes to the static pool disclosure framework for revolving asset master trusts. However, we would like to highlight two areas concerning static pool data and these issuers. First, a practice has developed among revolving asset master trust issuers to aggregate the static pool data in tables or a

[380] See Items 1100(b), 1107(h), 1108(a)(1), 1111, 1113(a)(2) and 1121(a) of Regulation AB. [17 CFR 229.1100(b), 1107(h), 1108(a)(1), 1111, 1113(a)(2) and 1121(a)]

graphical illustration. We believe this approach facilitates investor understanding and we encourage issuers to continue this practice.

Second, as we discuss above, we propose changes to the way static pool delinquency information would be reported for amortizing asset pools. For revolving master asset trusts, however, our rules provide a different approach for presenting static pool delinquency disclosure.[381] Commenters on the 2004 ABS Proposing Release argued there could be even more concerns about the "static" nature of the pool for these transaction structures due to changes in the master trust revolving asset pool over time and the relationship between the sponsor's retained portfolio or other securitized pools previously established by the sponsor and the master trust asset pool.[382] In response to these comments, additional incremental performance information based on asset age, or origination year, for the revolving asset pool in the master trust was adopted as an appropriate starting point. As we discussed in the 2004 ABS Adopting Release, this starting point allows an investor to distinguish performance of newer accounts comprising the master trust pool from those of more seasoned accounts.[383] Because the static pool disclosure requirement for master trusts is different from amortizing pools, we are not proposing changes to require that static pool information for revolving asset master trusts be provided in accordance with Item 1100(b) of Regulation AB. Furthermore, if our proposed amendments to Item 1121(b)(9) are adopted, all issuers, including revolving master trusts, would have to present delinquency and loss information in accordance with Item 1100(b) to satisfy the proposed periodic reporting

---

381 17 CFR 229.1105(b).

382 See, e.g., comment letter from ASF.

383 See Section III.B.4.a.ii. of the 2004 ABS Adopting Release.

requirement.[384] Therefore, we believe that investors would receive continuing performance data on the master trust pool, similar to the static pool data provided to investors in amortizing asset pools, because revolving asset master trust registrants would continuously report delinquency, prepayment and loss information on the pool assets through periodic reporting on Form 10-D.

Request for Comment

- Should we adopt the changes to Item 1105 for all types of issuers (instead of only amortizing asset pools, as proposed) to require narrative disclosure of the static pool information presented, require the methodology used in determining or calculating the characteristics, and terms, and a description of how the assets in the static pool differ from the pool assets underlying the securities being offered? Would these changes help investors evaluate static pool data?
- Should we require all issuers to provide static pool data, whether or not material?
- Should static pool delinquency and loss information for amortizing asset pools be required to be presented in accordance with the standards in Item 1100(b)? If not, why not? Consistent with 1100(b), should delinquencies be presented through charge-off or some other shorter period of time?
- We are proposing to require graphical presentation of delinquency, losses and prepayments for amortizing asset pools. Is this appropriate? Should we also require graphical presentation for other specific characteristics? Should we require graphical presentation of static pool information for revolving asset master trusts?

---

384 See our proposal to revise Item 1121(b)(9) discussed in Section V.A.

- Should we require that static pool delinquency and loss information for revolving asset master trusts be presented in accordance with the standards in Item 1100(b)? If so, please also explain why the same information would not be reported by the registrant on a periodic basis on Form 10-D.
- Should static pool data be required in an offering if there is an ongoing reporting requirement of asset-level data applicable to other pools of the sponsor of the same asset class? Would static pool data be informative even if there is an ongoing duty to report? How would we address issuers registered on Form SF-1 that are not required to provide ongoing information?
- Should revolving asset master trusts continue to use a different starting point for their static pool disclosure? Should we consider any other changes to the static pool requirement for revolving asset master trusts? If so, why? Are there other starting points more appropriate for other asset classes or structures? Should we require asset specific static pool data?
- Should we specify that issuers of ABS backed by credit cards and charge cards need to provide static pool disclosure of delinquencies, monthly payment rates and losses by both vintage origination year and by credit score?[385] Would it be useful for investors? Why or why not?
- Typically, ABS backed by dealer floorplan receivables are structured as revolving asset master trusts. Some do not appear to present static pool disclosure for revolving asset master trusts in the manner specified in Item 1105(b). Should we

[385] See e.g., Appendix A, Attachment IV of the MetLife FDIC Letter.

provide an alternative starting point for revolving asset master trusts backed by dealer floorplans? If so, why?

- Are there other changes we should make to the static pool disclosure requirement to make the information more useful and comparable across issuers?

4. Filing Static Pool Data

We are proposing to require all static pool information be filed on EDGAR by amending Rule 312 of Regulation S-T. We are also proposing to permit static pool disclosure to be filed on EDGAR in PDF format as an official filing.[386] As noted above, currently Rule 312 permits but does not require an asset-backed issuer to post the static pool information required by Item 1105 on an Internet Web site, rather than file the information with the prospectus on EDGAR, if certain conditions are met. Since the adoption of Rule 312 in December 2004, technological advances and expanded use of the internet have enabled the Commission to adopt additional rules incorporating electronic communications. The Commission continues to recognize that, in certain circumstances and under certain conditions, the Internet can present a cost-effective alternative or supplement to traditional disclosure methods.[387]

As discussed above, we extended Rule 312 until December 31, 2010 so that the staff could continue to explore whether a filing mechanism for static pool information on

---

386 Currently, filers may submit documents on EDGAR in PDF format, however such documents are unofficial copies. See Rule 104 of Regulation S-T [17 CFR 232.104].

387 See, e.g., Internet Availability of Proxy Materials, Release No. 34-55146 (Jan. 22, 2007) [72 FR 4148] (adopting release for voluntary E-Proxy rules) and Internet Availability of Proxy Materials, Release No. 34-52926 (Dec. 8, 2005) [70 FR 74598] (proposing release for voluntary E-Proxy rules). See also Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Release No. 33-8998 (Jan. 13, 2009) [74 FR 4546] at Section III.A.4.c (adopting Item 11(g)(2) of Form N-1A under the Investment Company Act of 1940 which allows exchange-traded funds to provide premium/discount information on a Web site rather than in a prospectus or annual report) and SectionVI.B.1 of the Offering Reform Release (adopting "access equals delivery" model for final prospectus delivery).

EDGAR would be feasible. We received three comment letters to the Static Pool Extension Proposing Release that addressed the proposed extension.[388] Two commenters supported the extension. One of these commenters expressed a strong preference among both its issuer and investor members for web-based presentation of static pool information due to its efficiency, utility and effectiveness and the current lack of an adequate filing alternative.[389] The other commenter expressed its belief that the accommodation has been highly successful and of great value to investors.[390] A third commenter that did not support the extension believed that the Commission should require structured disclosure using an industry standard computer language.[391]

For the reasons discussed below, we continue to believe it is preferable to have the disclosure filed with the Commission on EDGAR, and we are proposing to permit as an alternative to ASCII or HTML that the static pool information could be filed as a PDF. Filing on EDGAR would preserve continuous access to the information if a Web site is not maintained, for example, due to distress in the market or if the sponsor ceases operations.[392]

---

388 The public comments we received are available online at http://www.sec.gov/comments/s7-23-09/s72309.shtml.

389 See letter from the American Securitization Forum ("ASF").

390 See letter from the Committee on Federal Regulation of Securities and the Committee on Securitization and Structured Finance of the Section of Business law of the American Bar Association (the "ABA Committees").

391 See letter from Paul Wilkinson.

392 Rule 312 of Regulation S-T [17 CFR 232.312] currently requires that the static pool information remain posted on an unrestricted Web site free of charge for a period of not less than five years. The registrant has to retain all versions of the information provided on the Web site for a period of not less than five years. The corresponding undertaking makes clear that information provided on the Web site pursuant to Rule 312 is deemed to be part of the prospectus included in the registration statement. As we indicated in the 2004 ABS Adopting Release, if the conditions of Rule 312 are satisfied, then the information will be deemed to be part of the prospectus included in the registration statement and thus subject to all liability provisions applicable to prospectuses and registration statements, including Section 11 of the Securities Act.Section III.B.4.b. of the 2004 ABS Adopting Release.

In addition, filing the disclosure on EDGAR will ensure that the data provided at the time of each offering is preserved. Some issuers have used the same Web site to centralize static pool data as well as ongoing performance data for their prior securitized pools. In the case of static pool data, updating without indicating or preserving data delivered at the time of each offering makes it difficult to determine what material was part of the prospectus.[393] While we do not want to discourage issuers from providing updated information, we believe it is important to be able to identify which information was provided at the time of the offering. Requiring filing on EDGAR would address that concern.

We also note that most of the static pool information posted on the Web sites has been provided in PDF format. In response to the Regulation AB Proposing Release, commenters argued that a Web site-based approach could provide greater dynamic functionality and utility both for the ability of issuers to present the information and the ability of investors to access and analyze the information, including interactive facilities for organizing and viewing the information.[394] While we encourage issuers to provide the data on their Web sites so that investors may take advantage of those capabilities, we believe it should be filed on EDGAR to centralize and preserve the disclosure provided at the time of the offering. Instead, we are proposing to permit the information be filed on EDGAR in PDF as an official filing. Providing the information on EDGAR also would address the concern of providing a single place for investors to retrieve all information for the offering.

---

[393] When we adopted Rule 312, we attempted to address this concern by requiring the registrant to indicate whether any changes or updates have been made.

We received comment at the time of the Static Pool Extension release that much of the information for prior securitized pools or the sponsor's portfolio would be similar from one transaction to the next, and a Web site would provide flexibility to allow the information to be presented in one place for multiple prospectuses, therefore, reducing the burdens of repeating the data for each prospectus.[395] However, we believe our proposal to require filing static pool disclosure on EDGAR will not pose a burden on issuers because, as we noted above, most issuers already provide static pool disclosure as PDF documents on their Web sites. And, as is the case today, our rules would allow incorporation by reference of previously filed disclosure into the prospectus for the related issuance.[396] Therefore, we are proposing to revise Rule 312 to remove the temporary accommodation set to expire on December 31, 2010 for asset-backed issuers to post the static pool information required by Item 1105 on an Internet Web site under conditions set forth in Regulation AB.

In addition, in lieu of providing the static pool information in the form of prospectus or in the prospectus for the offering, we are proposing to allow issuers to file the disclosure on Form 8-K and incorporate it by reference. In the prospectus, issuers would need to identify the Form or report on which the static information was filed by including the CIK number, file number and the date on which the static pool information was filed. We believe that this accommodation would allow more flexibility for issuers

---

394 See, e.g., letters of ABA, ASF, AutoGroup, BMA, Citigroup, JPMorganChase, NYCBA, and TMCC on the 2004 ABS Proposing Release.

395 See letter from ASF received on Static Pool Extension Release.

396 See Instructions to proposed Forms SF-1 and SF-3. See also Item 10(d) of Regulation S-K (17 CFR 229.10(d)), Rule 303 of Regulation S-T (17 CFR 232.303), Rule 411 of Regulation C (17 CFR 230.411), and Rules 12b-23 and 12b-32 under the Exchange Act (17 CFR 240.12b-23 and 17 CFR 240.12b-32).

to provide static pool information and would allow users to easily search and locate static pool disclosure on EDGAR. Such information would be filed with the Form 8-K on the same date that the form of prospectus is required to be filed under proposed new Rule 424(h) and incorporated by reference into the prospectus. We are proposing to amend Form 8-K and Item 601 to add a new item requirement that would identify filings made to include static pool information.

Request for Comment

- Would our proposal to allow static pool data to be filed in PDF on EDGAR accommodate the interests of market participants? Would another format be more appropriate? What should we consider in adopting a format? What should we do in the interim? What format would provide the easiest way for users to search and find static pool on EDGAR?
- Could PDF documents be prepared in a way that would facilitate conversion of data into a useable format? We solicit comment as to whether some other format would be an appropriate method to file static pool data on EDGAR for all market participants. Would the data need to be tagged? If so, what would be the appropriate tagging?
- Are there any other changes we should consider making to Rule 312 of Regulation S-T?
- We are proposing to allow, but not require, registrants to file static pool information on Form 8-K and incorporate it by reference into the prospectus, in lieu of filing it in the prospectus. Is this accommodation appropriate? Should we instead require that all static pool disclosure be filed in the prospectus?

F. Exhibit Filing Requirements

In the 2004 ABS Adopting Release, we stated that, consistent with Item 601 of Regulation S-K, governing documents and material agreements for an ABS offering such as the pooling and servicing agreement,[397] the indenture and related documents must be filed as an exhibit.[398] Item 1100(f) of Regulation AB allows ABS issuers to file agreements or other documents as exhibits on Form 8-K and, in the case of offerings on Form S-3, incorporate the exhibits by reference instead of filing a post-effective amendment. In the staff's experience with the filing of these documents, ABS issuers have delayed filing such material agreements with the Commission until several days or even weeks after the offering of securities off of a shelf registration statement.

These transaction agreements and other documents provide important information on the terms of the transactions, representations and warranties about the assets, servicing terms, and many other rights that would be material to an investor. As noted above, investors have expressed concerns regarding the timeliness of information in ABS offerings, and we believe that the information in the exhibits is an important part of the overall information package to investors. We are proposing to revise Item 1100(f) of Regulation AB to explicitly state that the exhibits filed with respect to an ABS offering registered on Form SF-3 must be on file and made part of the registration statement at the latest by the date the final prospectus is required to be filed pursuant to Rule 424.[399]

---

[397] We stated that the management or administration agreement for the issuing entity also must be filed in addition to describing their material terms in the prospectus. See Section III.B.3.c of the 2004 ABS Adopting Release.

[398] See Sections III.A.3.b, III.B.3.c. and III.B.3.d of the 2004 ABS Adopting Release. Also, issuers are reminded that any attachments or schedules to an exhibit which is required to be filed pursuant to Item 601 of Regulation S-K must also be filed with the Commission.

[399] Finalized agreements at the time of the offering may be filed in preliminary form as provided by Instruction 1 to Item 601 of Regulation S-K. The filing requirement for an exhibit (other than opinions and

ABS shelf offerings were designed to mirror non-shelf offerings in terms of filing exhibits and final prospectuses. All exhibits to Form S-1 must be filed by the time of effectiveness. Consistent with these requirements, under our proposed amendments, exhibits must be on file by the date of filing the final prospectus, upon which a new effective date for the registration statement is triggered.[400]

Request for Comment

- Is our proposed amendment to Item 1100(f) appropriate? Is there any reason that exhibits to the registration statement could not be filed by time the final prospectus is required to be filed under Rule 424?
- Do investors need the complete exhibits sooner? Is it appropriate instead to require filing at the time of filing the Rule 424(h) filing? Could issuers satisfy such a requirement? Should a draft of each material agreement be required to be filed at that time if the final agreement is not available then?

G. Other Disclosure Requirements that Rely on Credit Ratings

Items 1112 and 1114 of Regulation AB require the disclosure of certain financial information regarding significant obligors of an asset pool and significant credit enhancement providers relating to a class of asset-backed securities. An instruction to Item 1112(b) provides that no financial information regarding a significant obligor, however, is required if the obligations of the significant obligor, as they relate to the pool

---

consents) may be satisfied by filing the final form of the document to be used; the final form must be complete, except that prices, signatures and similar matters may be omitted. Such exhibits may not be incorporated by reference into any subsequent filing made with the Commission. See Elimination of Certain Pricing Amendments and Revision of Prospectus Filing Procedures, Release No. 33-6714 (June 5, 1987) [52 FR 21252].

400 We note that this filing date will be after the time of sale of the security for purposes of Rule 159 and Securities Act Section 12(a)(2). The documents should be fully described in the prospectus because

assets, are backed by the full faith and credit of a foreign government and the pool assets are securities that are rated investment grade by an NRSRO.[401] Item 1114 of Regulation AB contains a similar instruction that relieves an issuer of the obligation to provide financial information when the obligations of the credit enhancement provider are backed by a foreign government and the enhancement provider has an investment grade rating.[402] Under both Items 1112 and 1114, to the extent that pool assets are not investment grade securities, information required by paragraph (5) of Schedule B of the Securities Act may be provided in lieu of the required financial information.[403]

In the 2008 Proposing Release, we proposed to revise Item 1112 and Item 1114 of Regulation AB to remove references to credit ratings.[404] We proposed to revise the instructions to these items so that exceptions based on investment grade ratings to the requirements of Items 1112 and 1114 of Regulation AB would no longer apply, and information required by paragraph (5) of Schedule B would be required in all situations when the obligations of a significant obligor are backed by the full faith and credit of a foreign government. We received one comment on the proposed change that supported the amendments, although the commenter noted its general opposition to the 2008 shelf eligibility proposals for ABS offerings.[405]

---

information conveyed to the investor after the time of sale will not be taken into account for purposes of Section 12(a)(2) of the Securities Act. See Rule 159.

401 Instruction 2 to Item 1112(b) of Regulation AB [17 CFR 229.1112(b)].

402 Instruction 3 to Item 1114 [17 CFR 230.1114].

403 Paragraph 5 of Schedule B requires disclosure of three years of the issuer's receipts and expenditures classified by purpose in such detail and form as the Commission prescribes.

404 See Section II.B.4.c of the 2008 Proposing Release.

405 See comment letter from ASF.

We are proposing again to eliminate the exceptions based on investment grade ratings. We are not aware of any benchmark comparable to an investment grade rating here, and we continue to believe the information would be readily available and therefore the proposed change would not impose substantial costs or burdens to an ABS issuer. We believe that these changes are consistent with our revisions to eliminate ratings from the shelf eligibility criteria for asset-backed issuers.

Request for Comment

- Is it appropriate to require the information about foreign government issuers, even if their securities are rated investment grade, as proposed? Is there a different way to replace investment grade ratings in Items 1112 and 1114 of Regulation AB?
- Would the proposed change impose undue burdens on issuers?
- Would the disclosure be useful to investors?

IV. Definition of an Asset-Backed Security

As part of our effort to provide more timely and detailed disclosure regarding the pool assets to investors, we are proposing revisions to the Regulation AB definition of an asset-backed security. Currently, a security must meet the definition of an "asset-backed security" under Regulation AB[406] in order to utilize the disclosure requirements of Regulation AB and be eligible for shelf registration on Form S-3.[407] Prior to 2004, an "asset-backed security" was defined only for purposes of Form S-3 eligibility. In 2004, the Commission incorporated the basic definition of an "asset-backed security" from

406 See Item 1101(c) of Regulation AB.

407 See General Instruction I.B.5 of Form S-3 and Item 1100 of Regulation AB.

Form S-3 into Regulation AB. This definition requires, among other things, that the security be primarily serviced by the cash flows of a discrete pool of assets.[408]

In the 2004 ABS Adopting Release, we noted that the definition of "asset-backed security" outlines the parameters for the types of securities that are appropriate for the alternate disclosure and regulatory regime provided by Regulation AB.[409] We also noted that the further a security deviates from the core purpose of the definition, the more acute the concerns, which include concerns regarding the sufficiency of disclosure to investors, are that the security should not be treated in the same way as other securities that meet the definition.[410] If a security does not meet the definition under Regulation AB, the offering may still be registered with the Commission on Form S-1. As noted in the 2004 ABS Adopting Release, the staff has worked with issuers offering structured securities outside the Regulation AB definition of an asset-backed security to develop appropriate disclosures under our regulations for such securities.[411]

A core principle of the Regulation AB definition of an asset-backed security is that the security is backed by a discrete pool of assets that by their terms convert into cash, with a general absence of active pool management. However, in response to commenters and previous staff interpretation, we adopted certain exceptions to the "discrete pool" requirement in the definition of asset-backed security to accommodate master trusts, prefunding periods, and revolving periods.[412] Based on our experience with the definition, we are concerned that pools that are not sufficiently developed at the

---

408 See Item 1101(c).

409 See Section III.A.2.a of the 2004 ABS Adopting Release.

410 See id.

411 See Section III.A.2.a of the 2004 ABS Adopting Release.

412 See Item 1101(c)(3).

time of an offering to fit within the ABS disclosure regime may, nonetheless, qualify for ABS treatment, which may result in investors not receiving appropriate information about the securities being offered.[413] Consequently, we are proposing amendments to these exceptions to address these concerns. We believe that our proposals would restrict deviations from the discrete pool of assets requirements without substantially changing market practice.[414]

First, we are proposing to carve back the availability of the exceptions to the discrete pool requirement. We are proposing to amend the master trust exception for securities that are not backed by assets that arise out of revolving accounts.[415] Under the existing requirement, securitizations that are not backed by such revolving account assets – for example, mortgages – qualify for an exception from the discrete pool requirement of the definition of an asset-backed security. As a result, additional assets that are non-revolving can be added to the pool of assets backing all the securities issued by the master trust in connection with subsequent offerings of securities. While we do not believe that it is important to repeal the accommodations for revolving assets under Regulation AB, we also do not believe that there is a similar need to accommodate an exception to the discrete pool requirement for offerings backed by non-revolving assets. In light of concerns, which we have noted above, about sufficient disclosure about the pool assets, we are proposing to revise the definition of an asset-backed security to restrict the use of Regulation AB for master trust issuers backed by non-revolving assets.

---

413 Issuers will also need to consider Rule 3a-7 under the Investment Company Act or other applicable exclusions under the Act. The changes we propose today to the definition of ABS in Regulation AB would not in and of themselves change the analysis under the Investment Company Act. As such, securities that would not meet the Regulation AB definition of ABS may be registered on Form S-1.

414 See fn. 418, 420 and 423 below.

415 See discussion of issuers that utilize master trust structures in Section II.C. above.

Under our proposed revision, if the master trust is not supported by assets arising out of revolving accounts, the securitization would no longer qualify for the exception.[416] We believe that it is appropriate to carve back on the expansion of the definition of an asset-backed security that was provided in 2004[417] so that investors have sufficient information relating to the pool assets.[418]

Second, we are proposing to limit further the number of years for revolving periods of non-revolving assets. The current provision allows the offering to contemplate a revolving period where cash flows from the pool assets may be used to acquire additional pool assets, provided, that for securities backed by non-revolving assets, the revolving period does not extend for more than three years from the date of issuance of the securities and the additional pool assets are of the same general character as the original pool assets.[419] We are proposing to reduce the permissible duration of the

---

[416] Some stranded cost securitizations are set up as a series trust or a master trust. As explained in the 2004 ABS Adopting Release, series trusts do not meet the definition of an asset-backed security under Item 1101(c) of Regulation AB. Under our proposed change to the master trust exception, a stranded cost securitization set up as master trust would not be able to issue securities using registration statements filed on Forms SF-1 or SF-3. However, if a stranded cost securitization is structured as a stand alone trust, then such securitization structure should meet the definition of an asset-backed security.

[417] See 2004 ABS Adopting Release.

[418] We are aware of only four issuers backed by non-revolving assets that utilize the master trust structure. Some issuers of ABS backed by mortgages originated in the United Kingdom structured as master trusts would not qualify for the exception from the definition of ABS, because the underlying mortgages would not be revolving in nature. Under our proposal, such structures would still be able to register transactions on Form S-1. Such sponsors would also be able to structure their ABS as stand-alone trusts. See Fitch Ratings Report "Masters of the House – A Review of UK RMBS Master Trusts", June 8, 2005 (noting that large prime mortgage lenders have preferred the master trust structure over the pass-through mechanism used by other UK RMBS issuers in, for example, buy-to-let and non-conforming markets, as the master trust structure allows for larger transactions)]. See Jennifer Hughes, MBS Market Reopens in Old Style, Financial Times, October 28, 2009 (noting that because new loans are added to the existing collateral pool when new bonds are issued, the performance statistics of the older loans are diluted by the new loans). See also Jennifer Hughes, Concern Over Mortgage Master Trusts, Financial Times, October 28, 2009 (noting difficulties with analyzing master trusts because the pool of loans backing the bonds is constantly changing).

[419] See Item 1101(c)(3)(iii).

revolving period from three years to one year.[420] While we have not experienced problems with the use of this feature to date, we believe that a one-year revolving period limit would help to better ensure that investors have sufficient information about their securities by limiting the amount of time that assets may be added to the pool.

Third, we are proposing to decrease the limit on the amount of prefunding permitted by the prefunding exception to the discrete pool requirement. During prefunding periods, pool assets may be added within a specified period of time after the issuance of the asset-backed securities using a portion of the offering proceeds. Under the existing requirement, the amount of prefunding may not exceed 50% of the offering proceeds, or, in the case of master trusts, 50% of the aggregate principal balance of the total asset pool whose cash flows support the asset-backed securities.[421] We propose to lower this ceiling to 10% of the offering proceeds or, for master trusts, 10% of the aggregate principal balance of the total asset pool whose cash flows support the asset-backed securities.[422] We believe that the combination of shortening the revolving period and lowering the ceiling of prefunding, as proposed, should better align the offerings that use these features with our goal of maintaining the integrity of the discrete pool requirement in offerings that use these features, consistent with investor demand for more meaningful asset-level data.[423]

---

420 We believe that currently the revolving period exception to the discrete pool requirement is not widely used in standalone amortizing trust structures. Based on staff review, we believe only a few issuers which have registered with the Commission have used a revolving period of more than one year.

421 Item 1101(c)(3)(ii).

422 A current report on Form 8-K would be required to be filed when additions to the pool are made, even if contemplated in the registration statement, as proposed.

423 Based on staff review, we believe that use of prefunding accounts is generally limited to select sponsors, approximately 25% or less of the principal balance or proceeds are set aside for prefunding and the prefunding period generally extends for approximately one year.

Requests for Comment

- Is the proposed revision relating to master trusts not backed by revolving account assets appropriate? Are there any asset classes or types of ABS issuers that would be excluded from the revised definition of an asset-backed security that should not be?
- Is it appropriate for ABS structured as master trusts that are backed by non-revolving accounts to register on S-1? How would existing and prospective investors be able to analyze the pool if it is constantly changing? Please be specific in your response.
- Is 10% the appropriate ceiling for the amount of permissible prefunding? Should that amount be higher (e.g., 20%, 30%, 40%), lower (e.g., five percent), or disallowed altogether under the definition of an asset-backed security? Under the existing definition, the duration of the prefunding period is limited to one year from the date of issuance of the asset-backed securities. Should the one-year limitation be shortened?
- Is the one-year permissible length of the revolving period for non-revolving assets, as proposed, the appropriate amount of time? Should the permissible length be a different amount of time (e.g., two years)? Should any other amendments be made to the allowance for revolving periods?

V. Exchange Act Reporting Proposals

A. Distribution Reports on Form 10-D

We are proposing to revise General Instruction C.3. of Exchange Act Form 10-D. The instruction provides that if information required by an Item has been previously

reported, the Form 10-D does not need to repeat the information.[424] Because information that is previously reported may relate to a different issuer from the issuer to which the report relates, such information may be difficult to locate, and therefore, we believe a clear reference to the location of the previously reported information should be provided in the Form 10-D.[425] We are proposing to amend Form 10-D to require disclosure of a reference to the Central Index Key number, file number and date of the previously reported information.

We also are proposing to add a new requirement to Item 1121 of Regulation AB to address concerns about the activities of parties obligated to repurchase assets for breach of a representation or warranty in declining trustee or investor demands to repurchase assets from the pool for a possible breach of a representation or warranty.[426] Under this proposed new item requirement, for the assets in the pool backing securities covered by the distribution report, the report would be required to contain disclosure relating to the amount of repurchase demands made of the obligated party during the period covered by this report for the assets in the pool of securities covered by this report.[427] This new item requirement would require disclosure of any demands made of the obligated party in the period covered by the report to repurchase the assets in the pool

---

424 The term "previously reported" is defined in Exchange Act Rule 12b-2 (17 CFR 240.12b-2).

425 For instance, in the case of master trusts, Item 3 of Form 10-D requires disclosure of information related to the sales of securities backed by the same pool or issuing entity during the reporting period, regardless of whether the transaction is registered. Because the information regarding registered offerings of securities backed by the same pool would have been previously reported by the filing of a prospectus pursuant to Rule 424, no additional report regarding the issuances would be required on Form 10-D. The staff has observed, however, that because the information has been previously reported, no disclosure appears under this item. Thus, it was unclear whether no disclosure was provided because no issuances occurred, or because the information had been previously reported, and also it may not be clear to investors or other market participants how to locate the information.

426 See proposed Item 6A in Part II of Form 10-D.

427 See Section II.B.3.b. above.

backing the securities due to a breach in the representations and warranties concerning the pool assets as provided in the transaction agreements. This disclosure would include the percentage of that amount that was not then repurchased or replaced by the originator. Of those assets that were not then repurchased or replaced, we would require disclosure whether an opinion of a third party not affiliated with the obligated party had been furnished to the trustee that confirms that the assets did not violate a representation or warranty.

In addition, we are proposing to reverse our position for delinquency presentation in periodic reports. In the 2004 ABS Adopting Release, we stated that delinquency and loss information for the Form 10-D reporting period, like the other listed items in Item 1121(a) of Regulation AB, is based on materiality, and not on Item 1100(b) of Regulation AB.[428] Item 1100(b) outlines the minimum requirements for presenting historical delinquency and loss information, such as requiring delinquency experience be presented in 30 or 31 day increments, through the point that assets are written-off or charged-off as uncollectible.[429] Therefore, consistent with our efforts to standardize the disclosure across all ABS, we are proposing to add an instruction to Item 1121(a)(9) to provide pool-level disclosure in periodic reports in accordance with Item 1100(b) of Regulation AB.

---

428 See fn. 477 of the 2004 ABS Adopting Release.

429 See Item 1100(b)(1) of Regulation AB.

Further, we are proposing to revise the cover page of the Form 10-D to include the name and phone number of the person to contact in connection with the filing. This information would assist the staff in its review of asset-backed filings.[430]

Request for Comment

- Should we amend, as proposed, Form 10-D to require disclosure of a reference to the Central Index Key number, file number and date of the previously reported information?
- Should we amend, as proposed, Item 1121 to require disclosure regarding the amount of repurchase demands made of the obligated party during the period covered by the report for the assets in the pool of securities covered by the report? Should we require, as proposed, disclosure regarding the percentage of those assets that were subject to a repurchase demand that were not repurchased? Should we also require, as proposed, disclosure whether an opinion of a third party not affiliated with the obligated party had been furnished to the trustee that confirms that the assets that were not repurchased or replaced did not violate a representation or warranty.
- Should we add, as proposed, an instruction to Item 1121(a)(9) to provide pool-level disclosure in periodic reports in accordance with Item 1100(b) of Regulation AB?
- Should we specify the format for reports on Form 10-D? Should we specify line items that issuers must disclose in order to meet the requirements in current Item 1121 of Regulation AB (e.g., disclosure of sources and uses of

[430] Issuers are also encouraged to provide the name and phone number of the outside attorney or other contact in accompanying correspondence to their reports on Form 10-K.

monthly cash flows, changes in asset pool balance from the beginning to the end of the reporting period)? For instance, in the case of a credit card master trust, should we specify line item disclosure for changes in the assets of the trust (e.g., beginning balance, amount of account additions, amount of accounts withdrawn, amounts collected, gross charge-offs, and ending balance)? [431]

B. Servicer's Assessment of Compliance with Servicing Criteria

The Form 10-K report of an asset-backed issuer is required to contain, among other things, an assessment of compliance with servicing criteria that is set forth in Item 1122 of Regulation AB[432] by each party participating in the servicing function.[433] The servicer's assessment is filed as an exhibit to the report, and the body of the Form 10-K report must also contain disclosure regarding material instances of non-compliance with servicing criteria.[434] In order to provide enhanced information regarding instances of non-compliance with servicing criteria with respect to the offering to which the report relates, including information on steps taken to address non-compliance, we are proposing to expand the disclosure required to be contained in the body of the Form 10-K. We are also proposing to codify certain staff positions with respect to the servicer's

---

431 See e.g., Appendix A, Attachment III. of the MetLife FDIC Letter.

432 17 CFR 229.1122.

433 Exchange Act Rules 13a-18(b) and 15d-18(b) [17 CFR 240.13a-18(b) and 17 CFR 240.15d-18(b)] and Item 1122 of Regulation AB. Item 1122 of Regulation AB defines "a party participating in the servicing function" as any entity (e.g., master servicer, primary servicers, trustees) that is performing activities that address the criteria in paragraph (d) of this section, unless such entity's activities relate only to 5% or less of the pool assets. See Instruction 2 to Item 1122. For purposes of this discussion, we refer to the party that is required to provide a servicer's assessment as the "servicer."

434 See Item 1122(c) of Regulation AB. Item 1122 requires an assessment of compliance with servicing criteria exactly as set forth in Item 1122(d); the criteria cannot be modified. If the servicer's process differs from one or more of the criteria, then the servicer must disclose that it is not in compliance with those criteria.

assessment, as we believe codifying these positions will make them more transparent and readily available to the public.

A particular servicer may provide servicing for several asset-backed issuers that may not be related. As discussed in the 2004 ABS Adopting Release and in an instruction to Item 1122, the servicer's assessment is required to be made at the platform level,[435] which means the servicer's assessment should be made with respect to all asset-backed securities transactions involving the asserting party that are backed by assets of the type backing the asset-backed securities covered by the Form 10–K report.[436] Typically, one servicer's assessment relating to several issuers backed by the same type of assets will be filed as an exhibit to each of the issuers' Forms 10-K. Therefore, it may not be clear whether the asset-backed securities covered in the Form 10-K report may have been impacted by the material instance of non-compliance.

In order to elicit disclosure regarding the material instances of non-compliance with respect to the particular securities to which the Form 10-K report relates, we are proposing to require that, along with disclosure of material instances of noncompliance with servicing criteria, the body of the annual report also disclose whether the identified

---

435 See Section III.D.7.c of the 2004 ABS Adopting Release. In contrast, the servicer's compliance statement under Item 1123 of Regulation AB which must be included in a Form 10-K report relates to the specific asset pool for the securitization that is covered by the Form 10-K. Thus, an instance of non-compliance that is not material to the servicer's platform would still need to be disclosed in the servicer's compliance statement under Item 1123 if the instance of non-compliance is material to the servicing of the specific asset pool covered by the report. Further, the issuer is required to disclose a known instance of noncompliance that is material to the asset pool in its Exchange Act reports. See the Division of Corporation Finance's Manual of Publicly Available Interpretations on Regulation AB and Related Rules, Interpretation 17.05.

436 See also Instruction 1 to Item 1122 (stating that if certain servicing criteria are not applicable to the asserting party based on the activities it performs with respect to asset-backed securities transactions taken as a whole involving such party and that are backed by the same asset type backing the class of asset-backed securities, the inapplicability of the criteria must be disclosed in that asserting party's and the related registered public accounting firm's reports).

instance of noncompliance involved the servicing of the assets backing the asset-backed securities covered in the particular Form 10-K report.[437]

We are also proposing to require that the body of the annual report discuss any steps taken to remedy a material instance of noncompliance previously identified by an asserting party for its activities made on a platform level. This disclosure would be required whether or not the instance of non-compliance involved the servicing of assets backing the securities covered in the particular Form 10-K. We believe that if a material instance of non-compliance exists at the platform level, investors should know whether any steps have been taken to remedy the material instance of non-compliance.

We also are proposing to codify certain staff positions issued by the Division of Corporation Finance relating to the servicer's assessment requirement, with some modification. First, we are proposing to codify a staff interpretation relating to aggregation and conveyance of information between a servicer and another party (who may also be a servicer for purposes of the servicer's assessment requirement). In the fulfillment of its duties as set forth in transaction agreements, a servicer will often provide information to another party. Such information conveyed is generated by a servicing activity that falls under a particular criterion in Item 1122(d). Likewise, the second servicer may use the information in a servicing activity that falls under a particular criterion in Item 1122(d). While the conveyance of information to another party is not explicitly contained in any of the criterion in Item 1122(d), the staff in the Division of Corporation Finance has taken the position that the accurate conveyance of

[437] While some information about instances of non-compliance may also be required by Item 1123 of Regulation AB to be provided, because of the differences in the definition of servicer between Item 1122 and Item 1123, we believe that Item 1123 does not cover the same information that our proposed revision to Item 1122 would cover.

the information is part of the same servicing criterion under which the activity that generated the information is assessed.[438]

We are now proposing to codify the staff's interpretation; however, unlike the staff's position that the conveyance of the information is part of the same servicing criterion under which the activity that generated the information is assessed, we are proposing to add a new servicing criterion to Item 1122. This new criterion, as proposed,[439] would state that if information obtained in the course of duty is required by any party or parties in the transaction in order to complete their duties under the transaction agreements, the aggregation of such information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information that was obtained. Any servicer that is responsible for either aggregation or conveyance of information should assess whether there are any instances of noncompliance with respect to such activities that should be reported under the proposed criteria. We are proposing a new criterion because we believe that a separate criterion for the accurate aggregation and conveyance of information to other parties would better elicit disclosure regarding a servicer's compliance with its duties.

---

[438] See the Division of Corporation Finance's Manual of Publicly Available Interpretations on Regulation AB and Related Rules, Interpretation 11.03. According to the interpretation, the following example demonstrates how the position should be applied:

> For example, if Servicer A is responsible for administering the assets of the pool and passing along the aggregated information about the assets in the pool to Servicer B, and Servicer B is responsible for calculating the waterfall or preparing and filing the Exchange Act reports with that information, Servicer A's activity is assessed under Item 1122(d)(4). In addition to assessing Servicer A's maintenance of the records and other activities, this Item requires assessment of Servicer A's aggregation and conveyance of such information to Servicer B. If instead of aggregating the individual asset information, Servicer A conveys it un-aggregated, then Servicer B must include its own aggregation of the individual asset data in Servicer B's assessment of calculating the waterfall or preparing and filing Exchange Act reports.

In a publicly available telephone interpretation,[440] the staff explained that the platform for reporting purposes should not be artificially designed, but rather, it should mirror the actual servicing practices of the servicer. However, the staff also noted that if in the conduct of servicing the transactions, the servicer has made divisions in its servicing function by geographic locations or among separate computer systems, the servicer may take these factors into account in determining the platform for reporting purposes. Absent changes in circumstances such as a merger between servicers, we expect that the groupings of transactions included in a platform would remain constant from period to period. Also, if the servicer includes in its platform less than all of the transactions backed by the same asset type that it servicers, we expect a description of the scope of the platform would be included in a servicer's report submitted pursuant Item 1122.

We are proposing to codify these interpretations relating to the scope of the Item 1122 servicer's assessment in an instruction to Item 1122. The proposed instruction also states that the servicer's assessment should cover, except if disclosure is provided as required below, all asset-backed securities transactions involving such party and that are backed by the same asset type backing the class of asset-backed securities which are the subject of the Commission filing. The proposed instruction states that the servicer may take into account divisions among transactions that are consistent with the servicer's actual practices. However, if the servicer includes in its platform less than all of the transactions backed by the same asset type that it services, the proposed instruction

---

439 See proposed Item 1122(d)(1)(v) of Regulation AB.

440 See the Division of Corporation Finance's Manual of Publicly Available Interpretations on Regulation AB and Related Rules, Interpretation 17.03.

provides that a description of the scope of the platform should be included in the servicer's assessment.

Request for Comment

- Would additional disclosure in the body of the Form 10-K as to whether the identified instance of noncompliance involved the servicing of the assets backing the asset-backed securities covered in the particular Form 10-K report, as we are proposing to require, provide investors with meaningful additional disclosure that is not already covered by the existing requirements? Would the proposed requirement to disclose any steps taken to remedy the previously identified instances of noncompliance provide helpful information to investors?
- Should we, as proposed, add a separate criterion addressing the accurate aggregation and conveyance of information by one servicer to another party who must use the information in the performance of its duties? Would it be better not to add the criterion but instead revise Item 1122 to provide, similar to the staff's position, that accurate conveyance of the information is part of the same servicing criterion under which the activity that generated the information is assessed? Should timeliness of conveyance of this information also be included as part of the proposed servicing criterion?
- Should we codify prior staff interpretations relating to the scope of Item 1122 by adding the proposed instruction? Does the proposed instruction to Item 1122 reflect current servicer's practices? Do servicers conduct servicing in any ways different from what is contemplated in the proposed instruction?

C. Form 8-K

1. Item 6.05

Item 6.05 of Form 8-K[441] applies to asset-backed securities offerings registered on Form S-3 and, if our proposed amendments are adopted, will apply to offerings registered on Form SF-3. Under the existing item requirement, if any material pool characteristic of the actual asset pool at the time of issuance of the securities differs by five percent or more (other than as a result of the pool assets converting to cash in accordance with their terms) from the description of the asset pool in the prospectus filed for the offering pursuant to Securities Act Rule 424, the issuer must provide certain disclosure regarding the actual asset pool, such as that required by Item 1111 and 1112 of Regulation AB.

In light of the new requirements regarding asset-level disclosure, which reflect the significance of the composition of the assets, we are proposing to revise Item 6.05 of Form 8-K to require that the issuer file a current report with disclosure pursuant to Item 1111 and Item 1112 if any material pool characteristic of the actual asset pool at the time of issuance of the asset-backed securities differs by one percent or more from the description of the asset pool in the prospectus filed for the offering pursuant to Securities Act Rule 424 (other than as a result of the pool assets converting into cash in accordance with their terms). We believe that changes below one percent are likely de minimis changes. We believe that except for the assets acquired through prefunding, the assets of the pool underlying the securities should be set and described in the prospectus. For shelf offerings, much of this information would already be provided by means of the Rule 424(h) filing. We remind issuers that information about significant changes in pool asset

441 17 CFR 249.308.

composition provided to an investor after the sale may not have been adequately conveyed at the time of sale for the purpose of Securities Act Rule 159.[442]

The item, as proposed to be revised, also requires a description of the changes that were made to the asset pool, including the number of assets substituted or added to the asset pool.[443] In some transactions, the pooling and servicing agreement may provide for investments of cash collections and reserve funds in "eligible" or "permitted" investments.[444] However, even though investments of cash collections are contemplated at the time of the offering, the investment of cash collections and reserve funds may be a material change to the asset pool. Consequently, disclosure of the change would be required under Item 6.05 of Form 8-K.

Request for Comment

- Should we revise Item 6.05 of Form 8-K as proposed? Is 1% an appropriate threshold to trigger disclosure on Form 8-K? Should it be higher or lower such as 0.5% or 2%?
- Is the language for the proposed item appropriate?
- Should we also require, as proposed, a description of the changes to the asset pool?
- Should we provide by rule that changes in pool assets of more than 10% (or some other amount) from the description of the asset pool in the prospectus

---

442 See fn. 87 above.

443 In addition, we are proposing to require that asset data files be included as an exhibit on the same date of the filing of an Item 6.05 Form 8-K. See proposed Item 6.06 of Form 8-K.

444 If those instruments are securities, they must be registered or exempt from registration as provided in Securities Act Rule 190. See Section III.a.1.e.v. and fn. 277 above.

filed pursuant to Rule 424 must be conveyed to investors for purposes of Rule 159?

- How often would ABS issuers cross the 1% threshold? We propose, above, to eliminate the current exception to the shelf eligibility condition that requires timely filing of an Item 6.05 Form 8-K. Is there a risk that pool assets may change by more than 1% without the sponsor being aware soon enough that an issuing entity has crossed this threshold in order to be able to comply with the shelf eligibility criteria, as proposed to be revised? If so, how should we address that risk while still providing incentive for timely compliance?

2. Change in Sponsor's Interest in the Securities

We are proposing to add a new item to require the filing of a Form 8-K to describe any material change in the sponsor's interest in the securities. Under this Item, a Form 8-K would be required to be filed if there is a material change in the sponsor's interest in the securities. We believe that such disclosure would assist an investor in monitoring the sponsor's interest in the securities, including its retention of risk in connection with the proposed shelf eligibility requirements discussed above. Under the proposal, the report on Form 8-K would be required to include disclosure of the amount of change in interest and a description of the sponsor's resulting interest in the transaction.

Request for Comment

- Should we require, as proposed, the issuer to file a Form 8-K if there is a material change in the sponsor's interest in the securities? Should we provide a quantitative measure for the trigger for disclosure on Form 8-K? For

example, should we require the filing of a Form 8-K if the sponsor's interest has changed by 1%, 5% or 10%?

- Is the proposed disclosure that would be required to be provided on Form 8-K appropriate? Would other types of disclosure provide more useful information for investors?
- Should we also require the issuer to file a Form 8-K if an originator's interest in the securities has changed? If such a requirement were adopted, what would be the costs of monitoring an originator's interest?
- Should we instead require that the issuer file a report each fiscal quarter that discloses the scope of the sponsor's interest in the securities as of a particular date? If so, what date should that be?

D. Central Index Key Numbers for Depositor, Sponsor and Issuing Entity

We are proposing amendments to make it easier for interested parties to locate the depositor's registration statement and periodic reports associated with a particular offering and information related to the sponsor of the offering. Currently, ABS offerings with a particular file number may be associated with a registration statement with a different file number. Further, Forms 8-K for ABS offerings may be filed under the depositor file number, making it difficult to track material for the related offering with only the information provided in the Form 8-K. In order to facilitate the ability of investors to find information that is filed on EDGAR relating to the depositor, the issuing entity and the sponsor more easily, we are proposing to require that the cover pages of registration statements on Form SF-1 and Form SF-3 include the CIK number of the

depositor, and if applicable, the CIK number of the sponsor.[445] We are also proposing to require that the cover pages of the Form 10-D, Form 10-K, and Form 8-K for ABS issuers include the CIK number of the depositor and of the issuing entity, and if applicable, the CIK number of the sponsor.

Request for Comment

- Should we require, as proposed, CIK numbers for the depositor, the issuing entity, and the sponsor (if applicable) on the cover pages of Forms 10-K, 10-D and 8-K for ABS issuers? Should we require, as proposed, CIK numbers for the depositor and the sponsor (if applicable) on the cover pages of proposed Forms SF-1 and SF-3?
- Are there any other changes we should make to the forms to make it easier to locate materials related to an ABS offering or ABS issuer?

VI. Privately-Issued Structured Finance Products

We are proposing significant revisions to the safe harbors for exempt offerings and resales of asset-backed securities. In the U.S., all CDO issuances have taken place in the private exempt markets. An offering of CDOs in the private market typically is a two-step process involving an exempt private sale by the issuer to one or more initial purchaser or purchasers[446] under Section 4(2) of the Securities Act[447] immediately followed by a private resale by the initial purchaser or purchasers to eligible investors

---

445 See proposed revision to Item 1102(a) of Regulation AB.

446 The initial purchaser is typically a registered broker-dealer.

447 15 U.S.C. 77d(2). Section 4(2) provides an exemption from registration for transactions by an issuer not involving any public offering.

made in reliance on the Securities Act Rule 144A safe harbor.[448] In addition, while it may not be typically used in the private market for structured finance products, Rule 506[449] of Regulation D[450] provides any issuer, regardless of the type of security it issues, a safe harbor for the Section 4(2) private offering exemption from Securities Act registration.

Securitization in the private, unregistered market played a significant role in the financial crisis. In particular, the CDO market has been cited as central to the crisis.[451] While the CDO market comprised a large part of the capital market at the time of the financial crisis,[452] many have asserted that the lack of information about CDOs and other structured securities in the private market exacerbated the harm to investors and the markets as a whole during the financial crisis.[453] In addition, other market participants and regulators did not have access to important information about this significant

---

448 See Guy Lander, U.S. Securities Law for International Financial Transactions and Capital Markets, Second Edition, (Eliot J. Katz et al. eds., 2nd ed., Thomson West 2005)(noting that "[t]ogether, Section 4(2) and Rule 144A, in effect, permit 'underwritten' private placements").

449 17 CFR 230.506.

450 17 CFR 230.501 through 230.508.

451 See the 2008 CRMPG III Report (noting that many of these securities were high-risk complex financial instruments that were not understood by investors), at 53, and Gillian Tett, Fools Gold (2009). See also the PWG March 2008 Report, at 9 (discussing subprime mortgages and the write-down of AAA-rated and super-senior tranches of CDOs as contributing factors to the financial crisis).

452 In 2005, worldwide CDO issuance exceeded $250 billion. See, e.g., Securities Industry and Financial Markets Association, "Global CDO Issuance Data," available at http://www.sifma.org/research/research.aspx?ID=10806. According to information that the staff has compiled from AB Alert, available at www.ABAlert.com, and SDC, U.S. issued Rule 144A offerings of asset-backed securities totaled approximately $200 billion in 2005 and $160 billion in 2006.

453 See the 2008 CRMPG III Report, at 53 (noting that lack of comprehension of CDOs by market participants resulted in the display of price depreciation and volatility far in excess of levels previously associated with comparably rated securities, causing both a collapse of confidence in a very broad range of structured product ratings and a collapse in liquidity for such products). See also the Turner Review, at 16 (describing CDOs and CDO squared as opaque).

component of the capital markets.[454] Further, the costs of information asymmetry for ABS issuances can differ significantly from those incurred in the issuances of most other securities. Asset-backed securities are issued by single purpose issuers whose only business purpose is holding financial assets and may involve numerous parties that participate in the chain of securitization (i.e., originator, sponsor, servicer, etc.). Thus, unlike the securities of other companies where information needed to value the securities might be able to be gleaned from a review of basic summary information and discussions with management, information about the assets and the parties in the securitization chain facilitates an understanding of the valuation of asset-backed securities. To address these concerns, we are proposing revisions relating to Rule 144A offerings of structured finance products and Rule 506 of Regulation D to provide for specific disclosures for private offerings of structured finance products, as well as additional public information about private structured finance products offerings conducted in reliance upon these safe harbors.

We acknowledge that the steps we are proposing to take in the private placement market are significant. We recognize that structured finance products issuers may conduct offerings in reliance on a statutory exemption under the Securities Act without seeking the safe harbor provided by Rule 506 of Regulation D or without representing

---

[454] See testimony of Joseph Mason, "Hearing on the Role of Credit Rating Agencies In the Structured Finance Market," Before the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, Committee on Financial Services United States House of Representatives (Sept. 27, 2007) (proposing a resolution to information asymmetry for structured finance investments, including CDOs, by changing the manner in which information is gathered by accountants and regulators and disseminated to market participants by ratings agencies and markets). See also Anna Katherine Barnett-Hart, The Story of the CDO Market Meltdown: An Empirical Analysis, (Mar. 19, 2009) (discussing mis-rating of CDOs and failure of all market participants, from investment banks to hedge funds, to understand risk of CDOs) at 3, 40.

that the securities are eligible for sale under Rule 144A.[455] As a result, our proposed amendments to the safe harbors would not apply to these offerings, and as such, may not fully address the concerns we seek to address in all securitization transactions.

A. Rule 144A and Regulation D

We adopted Securities Act Rule 144A[456] in 1990.[457] The rule provides a safe harbor for a reseller of securities from being deemed an underwriter within the meaning of Sections 2(a)(11) and 4(1) of the Securities Act for the offer and sale of non-exchange listed securities to "qualified institutional buyers" (QIBs), as defined in Rule 144A. The Rule 144A safe harbor can be claimed only by persons other than the issuer. The safe harbor has been utilized to develop a private market for collateralized debt obligations and other asset-backed securities[458] that may not meet the definition of an asset-backed security under Regulation AB, and, therefore, are not eligible for the particularized regulation regime of Regulation AB.[459]

One condition of the Rule 144A safe harbor requires the issuer to provide the security holder or a prospective purchaser designated by the security holder, certain

---

455 For example, we understand that asset-backed commercial paper is often sold in reliance on the private placement statutory exemption and the so-called Section "4(1-1/2)" exemption for private resales rather than the safe harbors provided under Rule 506 of Regulation D or Rule 144A.

456 17 CFR 230.144A.

457 See the Rule 144A Adopting Release.

458 For example, a vast majority of resecuritizations of real estate mortgage conduits, known as "Re-Remics," are offered through resales made in reliance on Rule 144A safe harbor. See Deloitte's Speaking of Securitization, "The Re-Remic Phenomenon" (June 2009), at 2.

459 Many CDOs do not meet the "discrete pool of assets" component of the Regulation AB definition of an asset-backed security because CDOs permit the active management of the assets for a period of time (e.g., five years), a component which is inconsistent with the principle set forth in Item 1101(c). Also, other structured products like synthetic securities do not meet the definition of an asset-backed security under Regulation AB. See Section III.A.2.a. of the 2004 ABS Adopting Release. In addition, actively-managed CDOs and issuers that offer synthetic securities generally do not meet the requirements of Rule 3a-7 under the Investment Company Act and typically rely on one of the private investment company exclusions under that Act. See fn. 39 above.

information relating to the issuer, which is required to be reasonably current in relation to the date of resale under the rule.[460] To satisfy the rule, the information must be provided upon the security holder's request, or the prospective purchaser must have received such information at or prior to the time of sale, upon the prospective purchaser's request to the security holder or issuer. In the original adopting release for Rule 144A, we noted that this condition had been proposed in response to commenters' concerns regarding the lack of available information about issuers in the exempted transaction.[461]

This information requirement in Rule 144A delineates the type of information that should be provided by corporate issuers.[462] However, there is no discussion in the text of the rule regarding the type of information that is required for ABS offerings. In the original adopting release for Rule 144A, we stated that the information requirements in Rule 144A with respect to asset-backed issuers require, "basic, material information concerning the structure of the securities and distributions thereon, the nature, performance and servicing of the assets supporting the securities, and any credit mechanism associated with the securities."[463] Under these requirements, purchasers of asset-backed securities in Rule 144A transactions may receive only a minimal amount of information about their investment.

---

460 17 CFR 230.144A(d)(4).

461 See Section II.D. of the Rule 144A Adopting Release.

462 In particular, the holder or prospective purchaser should be provided with: a statement of the nature of the issuer's business and the products and services that it offers, the issuer's most recent balance sheet and profit and loss and retained earnings statements, and similar financial statements for the part of the two preceding fiscal years as the issuer has been in operation. See 17 CFR 230.144A(d)(4)(i). The rule also explains how the issuer's financial statements and other information could be presumed to be "reasonably current." See 17 CFR 230.144A(d)(4)(ii).

463 See Section II.D. of the Rule 144A Adopting Release.

Under the existing provisions in Regulation D, when the issuer sells securities in reliance on Rule 506 to a purchaser that is not an "accredited investor," as defined in Regulation D, an issuer must furnish information akin to what is required in a registration statement on Form S-1.[464] The prescribed information, however, need not be provided to a purchaser that is an accredited investor. Except for a few types of ABS, we believe that investors in privately issued asset-backed securities typically would qualify as accredited investors, and therefore, issuers would not be required to provide the prescribed information to them in order rely on Rule 506 of Regulation D for the sale of the securities. Thus, if an ABS issuer were to rely on Rule 506 of Regulation D for the sale of its securities, purchasers in the offering may receive only a minimal amount of information regarding the securities, though they may request the information that they desire.

B. Proposed Information Requirements for Structured Finance Products

1. General

In order to address concerns about the lack of information available to investors in the private markets for structured finance products, we are proposing amendments to our safe harbors and new related rules regarding the information that must be made available to investors in privately-issued asset-backed securities. In summary, we are proposing to:

- require that, in order for a reseller of a "structured finance product" to sell a security in reliance on Rule 144A, or in order for an issuer of a "structured finance product" to sell a security in reliance on Rule 506 of Regulation D:

---

464 See Rule 502(b)(2) of Regulation D.

- the underlying transaction agreement for the securities must grant to purchasers, holders of the securities (or prospective purchasers designated by the holder) the right to obtain from the issuer of such securities the information, upon request, that would be required if the transaction were registered under the Securities Act and such ongoing information as would be required by Section 15(d) of the Exchange Act if the issuer were required to file reports under that section; and
- the issuer must represent that it will provide such information.

- conform the informational requirement of Securities Act Rule 144[465] to the above revisions; and
- add a new Securities Act rule that would require a structured finance product issuer that had represented and covenanted to provide information as proposed to be required by Rule 144, Rule 144A and Rule 506 of Regulation D to provide such information, upon request.

2. Application of Proposals

Our proposals would apply to a "structured finance product," which would be more broadly defined than the Regulation AB Item 1101(c) definition of "asset-backed security" in order to reflect the wide range of securitization products that are sold in the private markets. In addition to traditional "asset-backed securities," the proposed definition of "structured finance product" would cover:

- a synthetic asset-backed security; or

[465] 17 CFR 230.144.

- a fixed-income or other security collateralized by any pool of self-liquidating financial assets, such as loans, leases, mortgages, and secured or unsecured receivables that entitles its holder to receive payments that depend on the cash flow from the assets -- including:
    - an asset-backed security as used in Item 1101(c) of Regulation AB (§229.1101(c));
    - a collateralized mortgage obligation;
    - a collateralized debt obligation;
    - a collateralized bond obligation;
    - a collateralized debt obligation of asset-backed securities;
    - a collateralized debt obligation of collateralized debt obligations; or
    - a security that at the time of the offering is commonly known as an asset-backed security or a structured finance product.[466]

We believe that the enumerated characteristics in our proposed definition generally distinguish structured finance products from other types of securities. This proposed definition of structured finance product would encompass certain managed asset-backed securities (where a manager is appointed and paid fees to make changes to the collateral or a referenced portfolio). In this proposed definition, there would be no

[466] This proposed definition is based in part, on the definition of asset-backed security used in the Financial Industry Regulatory Authority (FINRA)'s proposal to designate asset-backed securities as eligible for Trade Reporting and Compliance Engine, the vehicle developed by FINRA to facilitate the mandatory reporting of over the counter secondary market transactions. See Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as modified by Amendment No. 1 Thereto, to Require the Reporting of Transactions in Asset-Backed Securities to TRACE, Release No. 34-61566 (Feb. 22, 2010)(release approving the rule change that would require the reporting of trading in asset-backed securities to TRACE). Our proposed definition provides some more specificity on the defining characteristics of a structured finance product and, unlike the FINRA proposed definition, includes a security that is commonly known at the time of the offering as an asset-backed security or a structured finance product.

requirement of a discrete pool of assets so as to include CDOs, which are typically managed for some period of time.[467]

3. Information Requirements

We are proposing to condition the safe harbors of Rule 144A and Rule 506 of Regulation D on a requirement that, if the securities offered or sold are structured finance products, an underlying transaction agreement (such as an indenture or servicing agreement) must contain a provision requiring the issuer to provide specified information to any purchaser (and also, in the case of Rule 144A, any security holder or prospective purchaser designated by the security holder).[468] Also, the issuer must represent that it will provide such information upon request. For securities to be eligible for resale under Rule 144A, we would require that an underlying transaction agreement grant any initial purchaser, any security holder or any prospective purchaser designated by a security holder the right to obtain from the issuer promptly, upon the request of the purchaser or security holder, information as would be required if the offering were registered on Form S-1 or Form SF-1 under the Securities Act and any ongoing information regarding the securities that would be required by Section 15(d) of the Exchange Act if the issuer were

---

[467] We also believe that any residual tranche of the instrument would be included in the proposed definition. Asset-backed commercial paper is also covered in this definition.

[468] In the original adopting release for Rule 144A, we stated that with respect to mortgage- or other asset- backed securities, since the servicer or trustee, on behalf of the trust or other legal entity, has title to the assets of the trust, they would be deemed to be the "issuer" for purposes of the information requirement in Rule 144A. In a no-action letter, the staff later explained that this language "was not intended in any way to cause the analysis of issuer status under the federal securities laws to be any different for privately placed mortgage-backed or asset-backed securities than public offerings of such securities" but "intended only to identify the party from whom the holder and a prospective purchaser designated by the holder must have the right to obtain the information about the securities and underlying asset pools of the limited purpose financial entity." See letter from the Division of Corporation Finance to Kutak Rock & Campbell (Nov. 29, 1990). While we recognize that the servicer or trustee would typically be the party that delivers information to security holders (or prospective purchasers), we intend for our proposed amendment to apply to an issuer of structured finance products (i.e., the depositor as it relates to the issuing entity), consistent with the definition of issuer in Securities Act Rule 191 for ABS purposes.

required to file reports under that section. For an offering made in reliance on Rule 506 of Regulation D, we would require that an underlying transaction agreement contain a provision granting any purchaser in the Rule 506 offering the right to obtain from the issuer promptly, upon the purchaser's request, information that would be required if the offering were registered on Form S-1 or Form SF-1 under the Securities Act.

The specific disclosure that would need to be provided to satisfy this condition would vary depending on the type of security offered. For an offering of structured finance products where the securities meet the Regulation AB definition of an asset-backed security, the disclosure requirements of Form SF-1 would apply. For offerings of structured finance products where the securities fall outside the Regulation AB definition, the requirements of Form S-1 would apply. In the latter case, the issuer would be required to provide information required under Regulation AB regarding the assets and parties as well as additional information required under Regulation S-K.[469] For a managed CDO offering, we would expect disclosure regarding the asset and collateral managers, including fees and related party transaction information, their objectives and strategies, any interest that they have retained in the transaction or underlying assets, and substitution, reinvestment and management parameters. For a synthetic CDO offering, we would expect, among other things, disclosure of the differences between the spreads on synthetic assets and the market prices for the assets, the process for obtaining the

[469] See Section III.A.2.a of the 2004 ABS Adopting Release (discussing structured securities that do not meet the Regulation AB definition of an asset-backed security and noting "[d]epending on the structure of the transaction and the terms of the securities, some disclosure aspects of Regulation AB may be applicable, but aspects from the traditional disclosure regime also may be applicable. In some instances, a third approach might be more appropriate"). Material information that is required by Regulation S-K would be required but not all of the item requirements in Regulation S-K may be applicable to the issuer.

credit default swap or other synthetic assets, and the internal rate of return to equity if that was a consideration in the structuring of the transaction.

4. Proposed Rule 144 Revisions

In addition, we are proposing to revise Securities Act Rule 144. Rule 144 creates a safe harbor for the sale of securities under the exemption set forth in Section 4(1) of the Securities Act. One of the conditions of Rule 144 requires the availability of adequate current public information with respect to the issuer of the securities ("the current public information requirement"). This current public information requirement is only at issue if the seller who is relying on Rule 144 is an affiliate of the issuer.[470] Under Rule 144, affiliates of non-reporting companies may resell securities in reliance on the rule only after the securities have been held for at least one year after purchase and if certain conditions are met, including the current public information requirement.

We are proposing to revise the current public information requirement in Rule 144 for non-reporting issuers of structured finance products. If the securities are structured finance products, and the issuer of the securities is not subject to the reporting requirements of Section 13 or 15(d) of Exchange Act, then in order to satisfy the current public information requirement, two conditions must be satisfied. First, the underlying transaction agreement of the issuer must grant any purchaser, any security holder and any prospective purchaser of the securities designated by the holder the right to obtain, upon request of the purchaser or security holder, information that would be required if the

---

[470] See Revisions to Rule 144 and Rule 145 to Shorten Holding Period for Affiliates and Non-Affiliates, Release No. 33-8813 (June 20, 1997)[72 FR 36822](adopting release shortening holding period and amending other Rule 144 conditions). Prior to 2007, non-affiliates of the issuer relying on the rule for the resale of securities were subject to the current public information requirement after holding the securities for one year. Since 2007, non-affiliates of a non-reporting issuer who satisfy a one-year holding period requirement are no longer required to comply as a condition to reliance on Rule 144 with the current public information requirement.

offering were registered on Form S-1 or Form SF-1 under the Securities Act and any ongoing information regarding the securities that would be required by Section 15(d) of the Exchange Act, if the issuer were required to file reports under that section. Second, the issuer must have represented that it would provide such information to the purchaser, security holder, or prospective purchaser, upon request of the purchaser or security holder.

5. New Rule 192 of the Securities Act

We are proposing new Rule 192 to require an issuer of privately-issued structured finance products to provide, upon the investors' request, information as would be required if the transaction were registered (or ongoing information). If an issuer of structured finance products has represented and covenanted to provide such offering information in order to rely on Rule 506 of Regulation D or has represented and covenanted to provide both offering or ongoing information pursuant to the proposed new provision of Rule 144A or Rule 144, then the issuer must provide such information, upon request of the purchaser or security holder. Recent events have shown the importance of structured finance product issuers complying with a representation to provide initial and ongoing information to security holders and prospective purchasers.[471] In making investment decisions, ABS investors should be able to rely on the continued availability of information to themselves and prospective purchasers as a prophylactic measure against the possibility of fraud. Indeed, failure to provide such information upon request

[471] See Gary Gorton, Slapped in the Face by the Invisible Hand: Banking and the Panic of 2007, May 9, 2009, prepared for the Federal Reserve Bank of Atlanta's 2009 Financial Markets Conference: Financial Innovation and Crisis (noting that at a crucial point in the financial crisis, lack of information regarding some securities greatly exacerbated the situation).

may constitute a fraud in the offer of securities.[472] Thus, the Commission could bring an enforcement action under this rule against an issuer that failed to provide the required information.

The obligation to provide information under proposed new Rule 192 would not be a condition of the Rule 144, Rule 144A, or Regulation D safe harbors. As proposed new conditions of the safe harbors for structured finance products, the underlying transaction agreements must contain the specified representations and covenants to provide information. If the issuer does not include the representation and covenant, it would have failed to satisfy the safe harbor and may not be entitled to the exemption under Sections 4(1) or 4(2), as applicable. If, on the other hand, the transaction agreements contain the representation and covenant but the issuer fails to provide, for example, some of the information to a security holder or prospective purchaser, upon their request, that failure, in and of itself, would not mean the conditions of the safe harbor would not have been met. We have concerns that a potential claim arising under Section 5 of the Securities Act may not be the appropriate remedy under these circumstances but believe it appropriate that there be regulatory consequences. Investors should nevertheless be able to take appropriate action under those transaction agreements regarding the provision of information and the Commission could bring an action for violation of Rule 192.

---

[472] Securities Act Section 17(a) contains the general antifraud prohibitions applicable in the offer or sale of securities. In particular, Section 17(a)(3) (15 U.S.C. 77q(a)(3)) states that it shall be unlawful for any person in the offer or sale of any securities or any security-based swap agreement by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. The Supreme Court has held that Section 17(a)(3) does not require a finding of scienter. Aaron v. SEC, 446 U.S. 680 (1980).

Request for Comment

- We recognize that our proposals would impose significant changes to the existing requirements in the safe harbors for private offers, sales and resales of structured finance products, and we request comment on all aspects of our proposed approach. This will be the first time, for example, that we would require an undertaking to provide information to accredited investors as a condition to the safe harbor in Rule 506 of Regulation D, and the first time we would require an undertaking to provide such specific information to QIBs in Rule 144A transactions. While we recognize that the proposals may impose substantial additional requirements on ABS issuers in the private market, we believe that, if adopted, these proposals would help to provide needed transparency in the private markets for structured finance products. As a practical matter, how feasible will an exempt private offering be in light of the requirements? Is the rationale offered for distinguishing ABS from other securities for purposes of our proposal appropriate?
- We request comment on the proposed definition of "structured finance products" for purposes of our proposed revisions to Rule 144A, Regulation D and other rules. Is the proposed definition appropriate? Should other types of securities be included that are not included? Should any types of included securities not be?
- Is it appropriate to require, as proposed, that as a condition of Rule 144A, the transaction agreements contain a provision that would require an issuer of structured finance products to provide to investors promptly, upon investors' request, such information that would be required if the offering were registered on

Forms S-1 or SF-1 and any ongoing information regarding the securities as would be required by Section 15(d) of the Exchange Act if the issuer were required to file reports under that section? Is it appropriate to require, as proposed, the same requirement as a condition of Rule 506 of Regulation D for sales to accredited investors?

- Should we require instead that, as a condition of Rule 144A, issuers make the required information (both offering and ongoing information) available at all times, rather than only upon investor's request? Could an issuer, for example, be required to post the information on a password-protected website?
- Is new Rule 192 appropriate? Should we require, as a matter of federal securities law, that an issuer of structured finance products that has represented and covenanted to provide information pursuant to the safe harbors under Rule 144A, Regulation D, or Rule 144 provide such information?
- Should we provide more specificity in the rules covering what disclosure would be required to be provided? If so, what types of disclosure should we specifically require? Should the required disclosures differ by type of security? If so, in what way?
- Are our proposals with respect to ongoing information regarding the securities appropriate? Is there any reason that we should not require structured finance product issuers that utilize the safe harbors to comply with the proposed requirements for ongoing information?
- Is our proposed approach of requiring the transaction agreements to contain a provision requiring the issuer to provide information upon request appropriate?

Should we instead condition the availability of the safe harbors of Rule 144A and Regulation D on the actual provision of the information if the securities sold are structured finance products? Would that approach have a chilling effect on the private markets if not providing some of the information required under our revised rule might raise the possibility of a Section 5 violation, with the resultant rescission right under Section 12(a)(1)? If so, should we address that potential concern by providing that no failure to provide information as required solely under such a provision of Rule 144A would result in a loss of the safe harbor for purposes of Section 12(a)(1) liability as long as the other conditions of Rule 144A are satisfied and basic material information concerning the securities is provided, including information regarding the structure of the securities, distributions on the securities, nature, performance and servicing of the assets, and any credit enhancements? Such an approach would be designed to enable the Commission to bring an action, if appropriate, based on Section 5 if the required information were not provided while limiting litigation by a purchaser seeking to rescind the transaction to situations where there was a significant failure to provide basic information. By contrast, is it necessary or appropriate to rely on the possibility of a rescission right to foster compliance with the proposed information requirements?

- Are our proposed amendments to Rule 506 of Regulation D appropriate? Should we require, as proposed, that information regarding structured finance products be provided to any purchaser, regardless of whether the purchaser meets the definition of an accredited investor?

- Should our proposed conditions apply to offerings made pursuant to Rule 505, which are made under the Securities Act Section 3(b) exemption from registration rather than Section 4(2)? How likely would it be for issuers of structured finance products to conduct Rule 505 offerings?
- Instead of amending Rule 506, should we adopt a new Regulation D safe harbor just for structured finance products? Since it appears that issuers of structured finance products have relied on the statutory private placement exemption rather than Regulation D, would such a safe harbor be used?
- Even if there was not extensive use of Regulation D for private offerings of structured finance products, is it necessary or appropriate for us to amend Rule 506 of Regulation D, as proposed, in order to forestall potential future problems in the private markets for structured finance products?
- Is our proposed amendment to Rule 144 appropriate?
- As proposed, the revisions to Rule 144A, Regulation D and Rule 144 require that the underlying transaction agreement include a provision that the issuer provide information to investors upon request. Should we revise the requirement to provide that the servicer, collateral administrator or some other party provides the information?
- The proposed revisions to Rule 144A, Regulation D, and Rule 144 also require that the issuer represent that prescribed information would be provided to investors. Is the proposal appropriate?
- Would the proposed rule revisions provide investors and market participants with sufficient transparency regarding private sales of structured finance products?

Would additional or other requirements promote greater transparency? For example, should we make the safe harbors, such as Rule 144A, unavailable for offerings of structured finance products? Would this result in structured finance products being offered and sold in registered transactions, or in private transactions without the benefit of the safe harbor? Would a new safe harbor for private ABS offerings designed to make information available to investors and the market (e.g., a limited public offering exemption) be a more appropriate approach?

- The proposed amendments would have the effect of treating offers and sales in reliance on safe harbors substantially similar to public ones in terms of the relevant disclosure requirements. Is this appropriate? Why or why not? To what extent and in what way should our regulatory regime account for the nature of the investors (e.g., accredited investors and QIBs) who participate in private offerings? What would the impact be on the securitization market if offerings of ABS in reliance on the safe harbors were subject to the disclosure requirements that we propose?
- Should we address private resales of ABS outside of our safe harbors by interpreting the definition of "underwriter" for purposes of the statutory exemptions to include any sales of asset-backed securities where information that would be required in the registered context is not provided? Why or why not? Would doing so prevent issuers from engaging in transactions that are not subject to the proposed requirements by using a statutory exemption (and not the safe harbors) for the unregistered sale of asset-backed securities?

- To the extent we adopt the proposed changes to Rule 144A or Regulation D, we request comment on whether issuers of structured finance products would be more likely to sell such products outside the United States in reliance on the safe harbor provided by Regulation S[473] under the Securities Act. Should we adopt similar changes under Regulation S as we are proposing for Rule 144A and Regulation D to cover sales of structured finance products outside the United States? Are there any extra or special considerations relating to offshore sales of structured finance products that are different from considerations under Rule 144A and Regulation D that we should take into account in considering adopting similar changes under Regulation S?
- In order to facilitate unsolicited ratings in unregistered transactions, should we require that the issuer also provide information to an NRSRO if the rating agency intends to rate the security?
- Are there other disclosure approaches that would better satisfy the objectives we have identified? For example, should we require more targeted disclosures in private placements? Should we give issuers or investors other options for addressing issues in the ABS private market? If so, how? Should all asset classes be treated the same?

C. Notice of Initial Placement of Securities Eligible For Sale Under Rule 144A and Revisions to Form D

In light of the role that privately-issued structured finance products play in our capital markets and concerns raised by the lack of transparency in the private market, we also believe it is important to implement rules that will provide information to us and to

[473] 17 CFR 230.901 et seq.

the markets at large about sales of structured finance products in the private markets. Consequently, we are proposing to require that a notice of an initial placement of structured finance products be filed with the Commission.

Form D[474] is the official notice of an offering of securities made without registration under the Securities Act in reliance on an exemption provided by Regulation D.[475] While Form D is not a condition to the availability of the Regulation D exemption, Rule 507[476] of Regulation D disqualifies an issuer from using a Regulation D exemption in the future if it has been enjoined by the court for violating the Regulation D provision that requires the filing of Form D. Form D serves an important data collection objective, among other things.[477] On February 27, 2008, we adopted changes to mandate the electronic filing of the form and to revise the form.[478] Currently, there is no such notice filing requirement for offerings made in reliance on Rule 144A.

We are proposing to require a notice of the offering to be filed with the Commission for the initial placement of structured finance products that are represented as eligible for resale under Rule 144A,. The notice would include information regarding major participants in the securitization, the date of the offering and initial sale, the type of securities being offered, the basic structure of the securitization, the assets in the

---

474 17 CFR 239.500.

475 See Rule 503 of Regulation D [17 CFR 230.503].

476 17 CFR 230.507.

477 In Electronic Filing and Revision of Form D, Release No. 33-8891 (Feb. 6, 2008) [73 FR 10592], we noted that previous statements on Form D have suggested that, at the federal regulatory level, Form D filings serve both to collect data for use in the Commission's rulemaking efforts and for the enforcement of the federal securities laws, including enforcement of the exemptions in Regulation D. See Section I.A of Release No. 33-8891.

478 See id.

underlying pool, and the principal amount of the securities being offered. Like Form D, the notice would be required to be filed in XML tagged format.[479]

The notice would also provide that in submitting the notice, the issuer is undertaking to furnish the offering materials relating to the securities to the Commission upon written request. We also are proposing to add an amendment to Rule 30-1 of the Commission's Rules of General Organization to provide delegated authority to the Director of the Division of Corporation Finance to request information that the issuer would be required to undertake to provide to the Commission upon request. This proposed amendment to Rule 30-1 would also apply to the existing undertaking in Form D and provide the Director of the Division of Corporation Finance the authority to request information from issuers of structured finance products that file Form D.

This notice, which we are proposing to call Form 144A-SF, [480] would be signed by the issuer and filed with the Commission no later than 15 calendar days after the first sale of securities in the offering, unless the end of that period falls on a Saturday, Sunday or holiday, in which case the due date would be the first business day following such period. This timeframe is based on the current timeframe for filing a Form D. Similar to Form D, the Form 144A-SF notice requirement is not proposed to be a condition of the availability of the Rule 144A safe harbor. However, in light of the importance of this information, we are proposing to provide that if an issuer has failed to file Form 144A-SF, then Rule 144A will not be available for subsequent resales of newly issued structured finance products of the issuer or affiliates of the issuer.

---

[479] Similarly, filers submit Form D online through the Commission's EDGAR system, which stores the information in tagged format.

[480] See proposed 17 CFR 239.144A.

Also similar to Form D, hardship exemptions in Regulation S-T would be unavailable to Form 144A-SF.[481] We believe that issuers should have access to the Internet and be able to file this notice within 15 calendar days after the first sale of securities in the offering (i.e. the initial placement of securities), as proposed. We also believe hardship exemptions should not be available for Form 144A-SF because of the relative ease of filing, the limited value of paper filings and the utility of a uniform, comprehensive database.

We also are proposing to amend Form D to collect the same information that we are proposing to require to be provided in proposed Form 144A-SF. Further, we are proposing to add a checkbox to Form D that would indicate if the issuer is offering or selling structured finance products.[482]

Request for Comment

- Is our proposal to require a notice of the initial placement of structured finance products that may be resold in reliance on Rule 144A appropriate?
- Instead of, or in addition to, a notice, should we require that the offering circular be filed? If we require that the offering circular be filed, should the filing be with the Commission on a non-public basis? Should it be made available to the public? If so, when should it be made public (e.g., immediately or after some period of time)? If it were made public, would there be any general solicitation concerns? If so, how should we address them?

---

[481] We are proposing to amend Rules 201 and 202 of Regulation S-T to make the hardship exemptions unavailable to proposed Form 144A-SF.

[482] In order to better organize the information in Form D in light of these changes, we also are proposing to re-order the items in Form D.

- Should proposed Form 144A-SF be required to be filed, as proposed, in XML tagged format? Similar to Form D, should we provide a Web site page where issuers can submit directly to EDGAR the information required by Form 144A-SF, which would automatically tag the information that is delivered? Would issuers of structured finance products benefit from such a webpage?
- Are the items of information that are proposed to be required in proposed Form 144A-SF appropriate? Are there other items that are useful and should be required to be provided on proposed Form 144A-SF? Are there particular ways that these items should be required to be tagged?
- Should the Rule 144A safe harbor be conditioned on the filing of this notice, or is it better to require the notice separate from the conditions of the Rule 144A safe harbor, as proposed? Is our proposal relating to the consequences for failure to file the notice appropriate?
- Should we require the filing of proposed Form 144A-SF sooner than proposed (e.g., three or four business days from the date of first sale) or should we provide issuers with more time for filing the notice (e.g., 20 calendar days from the date of first sale)? Should we provide a hardship exemption for filing proposed Form 144A-SF, or is our proposal to make the hardship exemptions unavailable appropriate?
- Should we revise Form D, as proposed? Are the proposed revisions to Form D appropriate?
- Should we also adopt changes under Regulation S to require a notice of sales of ABS that are to be sold in reliance on that safe harbor, similar to the proposed

requirement under Rule 144A? Are there any extra or special considerations relating to offshore sales of structured finance products that are different from considerations under Rule 144A that we should take into account in considering adopting a similar filing requirement under Regulation S?

VII. Codification of Staff Interpretations Relating to Securities Act Registration

We also are proposing to codify certain staff positions relating to the registration of asset-backed securities. These codifications should simplify our rules by making these positions more transparent and readily available to the public.

A. Fee Requirements for Collateral Certificates or Special Units of Beneficial Interest

In some ABS transactions backed by auto leases, the auto leases and car titles are originated in the name of a separate trust to avoid the administrative expenses of retitling the physical property underlying the leases.[483] The separate trust will issue to the issuing entity for the asset-backed security a collateral certificate, often called a "special unit of beneficial interest" (SUBI). The issuing entity will then issue the asset-backed securities backed by the SUBI certificate.

Rule 190 governs the registration requirements for underlying securities of an asset securitization. Rule 190(c) provides that if the asset pool for the asset-backed securities includes a pool asset representing an interest in or the right to the payments or cash flows of another asset pool, then that pool asset is not considered an "underlying security" that must be registered in accordance with the other provisions in Rule 190 if certain conditions are met. These conditions are:

---

[483] See also discussion of these types of transactions in Section III.A.2.c of the 2004 ABS Adopting Release and John Arnholz and Edward E. Gainor, Offerings of Asset-Backed Securities, Aspen Publishers (2008 Supplement), at §2.03[B].

- both the issuing entity for the asset-backed securities and the entity issuing the pool asset were established under the direction of the same sponsor and depositor;
- the pool asset is created solely to satisfy legal requirements or otherwise facilitate the structuring of the asset-backed securities transaction;
- the pool asset is not part of a scheme to evade registration or the requirements of Rule 190; and
- the pool asset is held by the issuing entity and is a part of the asset pool for the asset-backed securities.[484]

In a publicly available telephone interpretation, the staff has advised that the offer and sale of the collateral certificate or SUBI involved in asset-backed transactions must also be registered (along with the securities themselves).[485] However, the staff has advised that, if the collateral certificate or SUBI meets the requirements of Rule 190(c) of the Securities Act, no additional registration fee for the offering of the collateral certificates or SUBIs should be required.[486] We are proposing to codify the staff's positions in this respect in Rule 190 and Rule 457 under the Securities Act,[487] which relates to the computation of Securities Act registration fees. Under the proposed amendment to Rule 190, notwithstanding other provisions, if the pool assets for the asset-backed securities are collateral certificates or SUBIs, those collateral certificates or

---

484 See 17 CFR 230.190(c). Rule 190(c) provides for the conditions in which an asset-backed issuer is not required to register a pool asset representing an interest in or the right to the payments or cash flows of another asset.

485 See Interpretation 13.01 of the Division's Manual of Publicly Available Interpretations on Regulation AB and Related Rules.

486 See id.

487 17 CFR 230.457.

SUBIs must be registered concurrently with the registration of the asset-backed securities.[488] Pursuant to the proposed revision to Rule 457, where the securities to be offered are collateral certificates or SUBIs underlying asset-backed securities which are being registered concurrently, no separate fee for the certificates or SUBIs will be payable.[489]

B. Incorporating by Reference Subsequently Filed Periodic Reports

Currently, the prospectus for an offering of securities registered on Form S-3 is required to incorporate by reference all subsequently filed periodic and other reports filed under Exchange Act Sections 13(a) and 15(d)[490] prior to the termination of the offering.[491] For corporate issuers, information regarding the issuer that is allowed to be omitted from the registration statement is made available through the Exchange Act reports.

With respect to asset-backed issuers, information filed with a current report on Form 8-K[492] prior to the termination of the offering would often be important to incorporate into the prospectus. For example, disclosure under Item 6.05 of Form 8-K may provide information regarding a change in the composition of the pool assets. However, the staff has previously noted that asset-backed issuers should not be required

---

488 See proposed revision to Rule 190(c).

489 See proposed paragraph (s) to Rule 457.

490 15 U.S.C. 78m and 15 U.S.C. 28o.

491 See Item 12(b) of Form S-3.

492 17 CFR 249.308.

to incorporate information filed with their Form 10-D or Form 10-K[493] reports into the prospectus.[494]

We are proposing to codify in proposed Form SF-3 the staff's position regarding incorporation by reference of subsequently filed Exchange Act reports for offerings of asset-backed securities. Because, except for issuers that utilize master trust structures, the Form 10-D and Form 10-K that is filed prior to the termination of the offering is generally for a different ABS issuer than the ABS issuer that has filed the prospectus (even though the issuers are affiliated), Form 10-D and Form 10-K reports may not be relevant to asset-backed offering that is the subject of the prospectus. Thus, under the proposed codification, rather than state that all reports subsequently filed by the registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the termination of the offering shall be deemed to be incorporated by reference into the prospectus, the registration statement may, alternatively, state that all current reports on Form 8-K filed by the registrant pursuant to 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the termination of the offering shall be deemed to be incorporated by reference into the prospectus.[495]

Request for Comment

- Should we codify the above staff positions?
- Should we make any changes to the staff positions? For example, should we require master trust issuers to state that all Exchange Act reports subsequently

493 17 CFR 249.312 and 17 CFR 249.310.

494 See Interpretation 15.02 of the Division's Manual of Publicly Available Interpretations on Regulation AB and Related Rules. The staff noted that the 2004 ABS Adopting Release noted that asset-backed issuers are required to incorporate by reference its Exchange Act reports only if the requirement is applicable. See chart in Section III.A.3.a of the Adopting Release.

filed by the registrant shall be deemed to be incorporated by reference into the prospectus rather allow them to incorporate by reference only Form 8-K?

- Should we revise any of the positions we are proposing to be codified? Does the proposed language in any of the codifications modify, or create an ambiguity that we should revise?

VIII. Transition Period

We are considering the appropriate timing for implementation of the proposals, if adopted. Because sponsors of asset securitizations typically are large issuers,[496] we preliminarily believe that a tiered approach to implementation based on size of the sponsor would not be appropriate for asset-backed issuers. We believe that some of our proposed amendments, including asset-level and data tagging requirements, may initially impose significant burdens on sponsors and originators as they adjust to the new requirements. This could include changes to how information relating to the pool assets is collected and disseminated to various parties along the chain of securitization. While we believe that compliance dates should not extend past a year after adoption of the new rules, we request that commenters provide input about feasible dates for implementation of the proposed amendments. We currently anticipate that, if adopted, the new and amended rules, including the proposed asset-level information requirements and the changes with respect to privately-issued asset-backed securities, would apply to asset-

---

495 See proposed Item 11(b) of proposed Form SF-3.

496 See Section XIV below.

backed securities that are issued after the implementation date of the new requirements.[497]

Request for Comment

- Should implementation of any proposals be phased-in? If so, explain why and provide a reasonable timeframe for a phase-in (e.g., six months, one or two years)?
- Should implementation be based on a tiered approach that relates to a characteristic other than the size of the sponsor? Is there any reason to structure implementation around asset class of the securities?

IX. General Request for Comments

We request comment on the specific issues we discuss in this release, and on any other approaches or issues that we should consider in connection with the proposed amendments. We seek comment from any interested persons, including investors, asset-backed issuers, sponsors, originators, servicers, trustees, disseminators of EDGAR data, industry analysts, EDGAR filing agents, and any other members of the public.

X. Paperwork Reduction Act

A. Background

Certain provisions of the proposed rule amendments contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 (PRA).[498] The Commission is submitting these proposed amendments and proposed rules to the Office of Management and Budget (OMB) for review in accordance with the

---

497 Thus, resecuritizations after the implementation date would be subject to the new requirements, regardless of whether issuance of underlying securities predates the implementation date.

498 44 U.S.C. 3501 et seq.

PRA.[499] An agency may not conduct or sponsor, and a person is not required to comply with, a collection of information unless it displays a currently valid control number. The titles for the collections of information are:[500]

(1) "Form S-1" (OMB Control No. 3235-0065);

(2) "Form S-3" (OMB Control No. 3235-0073);

(3) "Form 10-K" (OMB Control No. 3235-0063);

(4) "Form 10-D" (OMB Control No. 3235-0604);

(5) "Form 8-K" (OMB Control No. 3235-0288);

(6) "Regulation S-K" (OMB Control No. 3235-0071);

(7) "Regulation S-T" (OMB Control No. 3235-0424);

(8) "Form D" (OMB Control No. 3235-0076);

(9) "Form SF-1 (a proposed new collection of information);

(10) "Form SF-3 (a proposed new collection of information);

(11) "Asset Data File" (a proposed new collection of information);

(12) "Waterfall Computer Program" (a proposed new collection of information).

(13) "Form 144A-SF" (a proposed new collection of information); and

(14) "Privately-Issued Structured Finance Product Disclosure" (a proposed new collection of information).

499 44 U.S.C. 3507(d) and 5 CFR 1320.11.

500 The paperwork burden from Regulation S-K is imposed through the forms that are subject to the requirements in those regulations and is reflected in the analysis of those forms. To avoid a Paperwork Reduction Act inventory reflecting duplicative burdens and for administrative convenience, we assign a one-hour burden to Regulation S-K.

The regulations and forms listed in Nos. 1 through 8 were adopted under the Securities Act and the Exchange Act and set forth the disclosure requirements for registration statements and periodic and current reports filed with respect to asset-backed securities and other types of securities to inform investors. Regulation S-T specifies the requirements that govern the submission of electronic documents. Form D is filed by issuers as a notice of sales without registration under the Securities Act based on the claim of an exemption under Regulation D of the Securities Act.

The regulations and forms listed in Nos. 9 through 14 are newly proposed collections of information under the Securities Act and Exchange Act. Form SF-1 and Form SF-3, if adopted, would represent the new registration forms for offerings of asset-backed securities, as defined in Item 1101(c) of Regulation AB. Form SF-3 would represent the registration form for offerings that meet certain shelf eligibility conditions and can be offered on a delayed basis under Rule 415. Form SF-1 would represent the registration forms for other asset-backed offerings. Asset Data File and Waterfall Computer Program are proposed new collections of information that would relate to the regulations and proposed new forms for asset-backed issuers under the Securities Act and Exchange Act that set forth certain disclosure requirements for registration statements and periodic and current reports for asset-backed issuers. Under the requirements, an asset-backed issuer would be required to submit to the Commission specified, tagged information on assets in the pool underlying the securities and a computer program that gives effect to the flow of funds or "waterfall" provisions of the transaction agreements. Form 144A-SF would represent a new notice requirement for certain offerings made in connection with the safe harbor provided in Rule 144A. Finally, Privately-Issued

Structured Finance Product Disclosure is the disclosure that issuers would be required to agree to provide to investors when an ABS issuer sells securities that are eligible for resale under the Rule 144A safe harbor or when an ABS issuer sells securities in reliance on the Regulation D safe harbor.

Compliance with the proposed amendments would be mandatory except that the amendments that would impose collection of information requirements on privately-issued structured finance products would only be required if the issuer is relying on the safe harbors to which those collection of information requirements relate. Responses to the information collections would not be kept confidential and there would be no mandatory retention period for proposed collections of information.

B. Revisions to PRA Reporting and Cost Burden Estimates

Our PRA burden estimates for each of the existing collections of information, except for Form 10-D, are based on an average of the time and cost incurred by all types of public companies, not just ABS issuers, to prepare a particular collection of information. Form 10-D is a form that is only prepared and filed by ABS issuers. In 2004, we codified requirements for ABS issuers in these regulations and forms, recognizing that the information relevant to asset-backed securities differs substantially from that relevant to other securities.

Our PRA burden estimates for the proposed amendments are based on information that we receive on entities assigned to Standard Industrial Classification Code 6189, the code used with respect to asset-backed securities, as well as information

from outside data sources.[501] When possible, we base our estimates on an average of the data that we have available for years 2004, 2005, 2006, 2007, 2008, and 2009. In some cases, our estimates for the number of asset-backed issuers that file Form 10-D with the Commission are based on an average of the number of ABS offerings in 2006, 2007, 2008, and 2009.[502]

1. Form S-3 and Form SF-3

Our current PRA burden estimate for Form S-3 is 236,959 annual burden hours. This estimate is based on the assumption that most disclosures required of the issuer are incorporated by reference from separately filed Exchange Act reports. However, because an Exchange Act reporting history is not a condition for Form S-3 eligibility for ABS, ABS issuers using Form S-3 often must present all of the relevant disclosure in the registration statement rather than incorporate relevant disclosure by reference. Thus, our current burden estimate for ABS issuers using Form S-3 under existing requirements is similar to our current burden estimate for ABS issuers using Form S-1. During 2004 through 2009, we received an average of 99 Form S-3 filings annually related to asset-backed securities.

We are proposing to move the requirements for asset-backed issuers into new forms that would be solely for the registration by offerings of asset-backed securities. Under our proposal, proposed Form SF-3 would be the ABS shelf equivalent form of existing Form S-3. For purposes of our calculations, we estimate that the proposals

---

501 We rely on two outside sources of ABS issuance data. We use the ABS issuance data from Asset-Backed Alert on the initial terms of offerings, and we supplement that data with information from Securities Data Corporation (SDC).

502 Form 10-D was not implemented until 2006. Before implementation of Form 10-D, asset-backed issuers often filed their distribution reports under cover of Form 8-K.

relating to shelf eligibility and new shelf procedures would cause a 10% movement in the number of filers (i.e., a decrease of ten registration statements) out of the shelf system due to the new requirements of risk retention and ongoing reporting for shelf registration eligibility.[503] On the other hand, we estimate the number of shelf registration statements for ABS issuers would increase by five as a result of the proposed elimination of base and supplement prospectuses for these issuers.[504] Thus, we estimate that the number of shelf registration statements will decrease by five altogether. Accordingly, we estimate that the proposals would cause a decrease of 99 ABS filings on Form S-3 and a corresponding number of 94 Form SF-3s filed annually.[505]

In 2004, we estimated that an ABS issuer, under the 2004 amendments, would take an average of 1,250 hours to prepare a Form S-3 to register ABS.[506] For registration statements, we estimate that 25% of the burden of preparation is carried by the company internally and that 75% of the burden is carried by outside professionals retained by the registrant at an average cost of $400 per hour.[507] In this release, we are proposing new and revised disclosure requirements for ABS issuers that if adopted, would be a cost to filing on Form SF-3.

We are proposing a significant new disclosure requirement that the issuer provide asset-level information for each of the assets in the underlying pool. Credit card ABS

---

503 We calculated the decrease of ten Form SF-3s by multiplying the average number of Form S-3s filed (99) by 10 percent.

504 Based on staff reviews, we believe it is very unusual to see ABS registration statements with multiple unrelated collateral types such as auto loans and student loans. There are occasionally multiple related collateral types such as HELOCs, subprime mortgages and Alt A mortgages in ABS registration statements.

505 This is based on the number of registration statements for ABS issuers filed on Form S-3 and the two changes due to our rule proposal.

506 See 2004 ABS Adopting Release and 2004 ABS Proposing Release.

issuers would be required to provide grouped asset data. Another new disclosure requirement would be the filing of a waterfall computer program that gives effect to the waterfall provisions of the transaction. For purposes of the PRA, we are including the costs relating to providing this disclosure on the assets in the estimate for our newly proposed collection of information entitled "Asset Data File." We are also including the costs related to the filing of the waterfall computer program as a separate collection of information, as discussed in the section below entitled "Waterfall Computer Program." We are also proposing some additional disclosure requirements that may impose some additional costs to ABS issuers with respect to registration statements.

If the proposals are adopted, we estimate that the incremental burden for ABS issuers to complete the disclosure requirements in Form SF-3, prepare the information, and file it with the Commission would be 100 burden hours per response on Form SF-3. As a result, we estimate that each Form SF-3 would take approximately 1,350 hours to complete and file.[508] We estimate the total internal burden for Form SF-3 to be 31,725 hours and the total related professional costs to be $38,070,000.[509] This would result in a corresponding decrease in Form S-3 burden hours of 30,937.5 and $37,125,000 in professional costs.[510]

---

507 See, e.g., Credit Ratings Disclosure, Release No. 33-9070 (Oct. 7, 2009)[74 FR 53086].

508 The total burden hours to file Form SF-3 are calculated by adding the existing burden hours of 1,250 that we estimate for Form S-3 and the incremental burden of 100 hours imposed by our proposals for a total of 1,350 total burden hours.

509 To calculate these values, we first multiply the total burden hours per Form SF-3 (1,350) by the number of Form SF-3s expected under the proposal (94), resulting in 126,900 total burden hours. Then, we allocate 25 percent of these hours to internal burden, resulting in 31,725 hours. We allocate the remaining 75 percent of the total burden hours to related professional costs and use a rate of $400 per hour to calculate the external professional costs of $38,070,000.

510 To calculate these values, we first multiply the total burden hours per Form S-3 (1,250) by the average number of Form S-3s over the period 2004-2009 (99), resulting in 123,750 total burden hours. Then, we allocate 25 percent of these hours to internal burden, resulting in 30,937.5 hours. We allocate the

2. Form S-1 and Form SF-1

We are proposing to move the requirements for asset-backed issuers into new forms that would be solely for the registration of asset-backed issuers. Proposed Form SF-1 would be the non-shelf equivalent form of existing Form S-1 under our proposal. As noted above, for purposes of our calculation, we estimate that the new proposals for shelf eligibility and new shelf procedures would cause small movement in the number of filers from the shelf system to the non-shelf system. For purposes of the PRA, we estimate three ABS issuers will move from the shelf system to the non-shelf system of proposed Form SF-1.[511] From 2004 through 2009, an average of four Form S-1s were filed annually by ABS issuers. Correspondingly, we estimate that the number of filings on Form SF-1 will be seven, which is the sum of the four average filings per year and the estimated incremental three filings from shelf to Form SF-1.

For ABS filings on Form S-1, we have used the same estimate of burden per response that we used for Form S-3, because the disclosures in both filings are similar.[512] Even under the proposals, the disclosures would continue to be similar for shelf registration statements and non-shelf registration statements. The burden for the proposed requirements for the asset data file and the waterfall computer program to be filed as exhibits to Form SF-1 are included in the newly proposed collections of information discussed below rather than in this section for Form SF-1. Thus, we estimate

---

remaining 75 percent of the total burden hours to related professional costs and use a rate of $400 per hour to calculate the external professional costs of $37,125,000.

511 We estimate in the section above that the proposals relating to shelf eligibility and new shelf procedures would cause a ten percent movement in the number of filers out of the shelf system. We assume, for the purposes of our PRA estimates, that the other filers that do not move to Form SF-1 would utilize the private markets or offshore offerings for offerings of ABS.

512 See Section IV.B.2 of the 2004 ABS Proposing Release.

that an ABS Form SF-1 filing will impose an incremental burden of 100 hours per response, which is equal to the incremental burden to file Form SF-3. We estimate the total number of hours to prepare and file each Form SF-1 at 1,350, the total annual burden for the issuer at 2362.5 hours and added costs for professional expenses at $2,835,000.[513] This would result in a corresponding decrease in Form S-1 burden hours of 1,250 and $1,500,000 in professional costs.[514]

3. Form 10-K

The ongoing periodic and current reporting requirements applicable to operating companies differ substantially from the reporting that is most relevant to investors in asset-backed securities. For asset-backed issuers, in addition to a limited menu of Form 10-K disclosure items, the issuer must file a servicer compliance statement, a servicer's assessment of compliance with servicing criteria, and an attestation of an independent public accountant as exhibits to the Form 10-K.

One of our proposed ABS shelf eligibility conditions (i.e., criteria that must be met in order to be eligible to register ABS on Form SF-3) would require the issuer to undertake to file Exchange Act reports as long as non-affiliates hold any of its securities that were sold in registered transactions. Except for master trust issuers, the requirement to file Form 10-K for ABS issuers is typically suspended after the year of initial issuance

---

513 The total burden hours to file Form SF-1 are calculated by adding the existing burden hours of 1,250 and the incremental burden of 100 hours imposed by our proposals for a total of 1,350 hours. To calculate the annual internal and external costs, we first multiply the total burden hours per Form SF-1 (1,350) by the number of Form SF-1s expected under the proposal (7), resulting in 9,450 total burden hours. Then, we allocate 25 percent of these hours to internal burden, resulting in 2,363.5 hours. We allocate the remaining 75 percent of the total burden hours to related professional costs and use a rate of $400 per hour to calculate the external professional costs of $2,835,000.

514 To calculate these values, we first multiply the total burden hours per Form S-1 (1,250) by the average number of Form S-1s filed during 2004-2009 (4), resulting in 5,000 total burden hours. Then, we allocate 25 percent of these hours to internal burden, resulting in 1,250 hours. We allocate the remaining

because the issuer has fewer than 300 security holders of record.[515] Therefore, the incremental impact to the number of Forms 10-K filed by ABS issuers would increase each year after the proposal is adopted by the number of ABS shelf offerings. The yearly average of ABS registered shelf offerings with the Commission over the period from 2004 to 2009 was 929.[516] In the first year after implementation, we use 958, which is the average number of all offerings over 2004-2009, as an estimate for the number of Forms 10-K we expect to receive. In the second year after implementation, we increase our estimate of the number of Forms 10-K expected by 929 to a total of 1,887. In the third year after implementation, the addition of another 929 brings the total to 2,817. The average number of Forms 10-K over three years would, therefore, be 1,887. As a result, for PRA purposes, we estimate an increase in Form 10-K filings of 929 filings.

We estimate that, for Exchange Act reports, 75% of the burden of preparation is carried by the company internally and that 25% of the burden is carried by outside professionals retained by the registrant at an average cost of $400 per hour. In 2004, we estimated that 120 hours would be needed to complete and file a Form 10-K for an ABS issuer. We estimate that our proposals relating to Form 10-K would not increase the estimate for the time needed to complete and file Form 10-K for an ABS issuer.

However, our proposed amendments may have a limited impact on the preparation of Form 10-K for the sponsor of the ABS issuer, if the sponsor is a company that is required to report under the Exchange Act. Though we are not proposing changes

---

75 percent of the total burden hours to related professional costs and use a rate of $400 per hour to calculate the external professional costs of $1,500,000.

515 See Exchange Act Section 15(d).

516 The 929 ABS registered shelf offerings is 97 percent of the average yearly number of ABS offerings from 2004 through 2009.

to Form 10-K disclosure requirements for sponsors, our proposals may impact the work that sponsors would have to do to disclose in their Form 10-K the securities they are required to hold as a result of the proposals and the investments they make to manage risks associated with the new requirements. We estimate that our proposals will cause an increase in the number of hours the sponsor will incur to prepare, review and file Form 10-K by 10 hours. From 2004 to 2009, the number of unique ABS sponsors was 343, for an average of 57 unique sponsors per year. Therefore, we estimate that, for PRA purposes, the total annual increase in the number of hours to prepare, review, and file Form 10-K would be 112,050.[517] We allocate 75% of those hours (84,038 hours) to internal burden and the remaining 25% to external costs totaling $11,205,000 using a rate of $400 per hour.

4. Form 10-D

In 2004, we adopted Form 10-D as a new form for only asset-backed issuers. This form is filed within 15 days of each required distribution date on the asset-backed securities, as specified in the governing documents for such securities. The form contains periodic distribution and pool performance information. We have derived an estimate of the number of Form 10-Ds filed by registered ABS issuers using the average annual number of ABS registered offerings completed over the period 2004-2009.[518] The average over those years was 958 offerings annually.

---

[517] The 112,050 total burden hours are calculated by adding the impact on ABS issuers, which equals 929 incremental Forms 10-K times 120 burden hours per filing, and the impact on sponsors of ABS issuers, which equals 57 sponsors times 10 incremental burden hours.

[518] Even though we adopted Form 10-D in 2004 and its implementation was not effective until 2006, we use the longer time period of 2004-2009 to match the years used for our estimate of the expected Form 10-Ks to be filed.

As discussed above, we are proposing to require, as a condition to shelf eligibility, an undertaking from the issuer that it will continue to file Exchange Act reports as long as non-affiliates hold any of its securities that were sold in registered transactions. As with the Form 10-K, we believe that our proposals would result in an increase in the number of Form 10-Ds filed. Except for master trust issuers, the requirement to file Form 10-D for ABS issuers is typically suspended after the year of initial issuance because the issuer has fewer than 300 security holders of record.[519] Therefore, the incremental impact to the number of Forms 10-D filed by ABS issuers would increase each year after the proposal is adopted by the number of ABS shelf offerings older than one year where any of its securities are held by non-affiliates. From 2004 to 2009, the yearly average of ABS registered shelf offerings filed with the Commission was 929.[520] Since Form 10-D is required on a periodic basis based on the distribution schedule of the security, we estimate the total number of Form 10-Ds filed in the first year after implementation to be 5,748.[521] In the second year after implementation, we increase our estimate of the number of Forms 10-D expected by 5,576 for a total of 11,324.[522] In the third year after implementation, the addition of another 5,576 brings the total to 16,899. The average number of Forms 10-D over three years would, therefore, be 11,324. Therefore, for PRA purposes, we estimate an increase in Form 10-D filings of 5,576 filings.

---

519 See Exchange Act Section 15(d).

520 The 929 ABS registered shelf offerings is 97 percent of the average yearly number of ABS offerings from 2004 through 2009.

521 We are estimating that the number of Forms 10-D per year would be a multiple of six times the number of offerings per year (958) for a total of 5,748 Form 10-D filings per year. Different types of asset-backed securities have different distribution periods, and the Form 10-D is filed each distribution period. We derived the multiplier of six by comparing the number of Forms 10-D that have been filed since 2006 with the number of Forms 10-K (which are only required to be filed once a year) that have been filed.

In 2004, we estimated that it would take 30 hours to complete and file Form 10-D.[523] As discussed below, we are proposing to add asset-level disclosure requirements that relate to ongoing performance of the assets to the requirements of Form 10-D. For credit card ABS issuers, we are proposing to add to Form 10-D a requirement that such issuers provide grouped asset data. Those proposed requirements are included in our estimate of the asset-level disclosure collection of information requirements, as discussed below in the section entitled "Asset Data File." We believe that our other proposed revisions to Form 10-D would not increase the burden hours for the form. Therefore, we estimate that the total annual increase in the number of hours to prepare, review, and file Form 10-D would be 167,280.[524] We allocate 75% of those hours (125,460 hours) to internal burden and the remaining 25% to external costs totaling $16,728,000 using a rate of $400 per hour.

5. Form 8-K

Our current PRA estimate for Form 8-K is based on the use of the report to disclose the occurrence of certain defined reportable events, some of which are applicable to asset-backed securities.

The number of ABS issuers filing Form 8-Ks on an annual basis may be affected by our proposal to require an ABS issuer that wishes to be shelf-eligible to undertake to file Exchange Act reports on an ongoing basis. In addition, our proposal to revise existing Item 6.05 of Form 8-K, which currently requires disclosure for any change in the

---

522 We calculate the incremental number of Forms 10-D by multiplying our previous estimate of 929 shelf offerings per year by our estimate of six Forms 10-D filed per offering for a total of 5,576 filings per year.

523 See the 2004 ABS Adopting Release.

524 The burden hours are calculated by multiplying 5,576 incremental Forms 10-D by the 30 burden hours required to complete the form for a total of 167,280 hours.

actual asset pool over five percent from the description in the prospectus, by instead requiring an ABS issuer to instead provide information for any change equal to or greater than one percent in the asset pool from the prospectus description, may lead to an increase of Form 8-K filings.[525] We are also proposing to add a requirement that the sponsor provide disclosure on Form 8-K for a material change in its interest in the transaction.[526]

In 2004, we estimated that the new items added to Form 8-K to address ABS disclosure would cause an increase of two reports on Form 8-K per ABS issuer per year.[527] We estimate that our proposals would cause an increase of 1.5 reports on Form 8-K per ABS issuer per year, or a total of approximately 1,437 additional reports per year.[528]

In 2004, we estimated that an average ABS issuer would spend about five hours completing the form.[529] We estimate that the average burden for the disclosure per Form 8-K would remain relatively the same. Accordingly, we estimate the total annual increase in the number of hours to prepare, review, and file Form 8-K would be 7,185, with 75% of those hours (5,389) allocated to internal burden and the remaining 25% allocated to external costs of $718,500 using a rate of $400 per hour.[530]

---

525 Our estimate here does not include an increase that would result in filing Item 6.06 or Item 6.07 Forms 8-K which are instead included in the our burden estimate for the newly proposed collection of information requirements for asset-level data and the waterfall computer program.

526 See existing Item 6.03 of Form 8-K.

527 See 2004 ABS Adopting Release.

528 The number of ABS offerings is based on the average number of ABS deals issued annually over 2004 through 2009.

529 See 2004 ABS Adopting Release.

530 The total burden hours are calculated by multiplying the expected number of Form 8-K reports per year (1,437) times the estimated hours per filing (5) for a total of 7,185. Then, we allocate 75 percent of these hours to internal burden, resulting in 5,389 hours. We allocate the remaining 25 percent of the total

6. Regulation S-K and Regulation S-T

Regulation S-K, which includes the item requirements in Regulation AB, contains the requirements for disclosure that an issuer must provide in filings under both the Securities Act and the Exchange Act. As noted above, Regulation S-T contains the requirements that govern the electronic submission of documents. In 2004, we noted that the collection of information requirements associated with Regulation S-K as it applies to ABS issuers are included in Form S-1, Form S-3, Form 10-K and Form 8-K. We assign one burden hour to Regulation S-K for administrative convenience to reflect that the changes to the regulation did not impose a direct burden on companies.[531]

The proposed changes would make revisions to Regulation S-K and Regulation S-T. The collection of information requirements, however, are reflected in the burden hours estimated for the various Securities Act and Exchange Act forms related to ABS issuers. The rules in Regulation S-K and Regulation S-T do not impose any separate burden. Consistent with historical practice, we have retained an estimate of one burden hour each to Regulation S-T and Regulation S-K for administrative convenience.

7. Asset Data File

This new collection of information corresponds to asset data file information requirements that we are proposing to add to proposed Form SF-1, proposed Form SF-3, Form 10-D, and Form 8-K. They would be required to appear in exhibits to these forms. Our proposed standard definitions for asset-level information are similar to, and in part based on, other standards that have been developed by the industry, such as those

---

burden hours to related professional costs and use a rate of $400 per hour to calculate the external professional costs of $718,500.

[531] See 2004 ABS Adopting Release.

developed under ASF's Project RESTART and those developed by the CRE Finance Council (formerly CMSA). These proposed standard definitions employ widely used metrics relating to asset-level information and, based on discussions with the industry, we believe that much of asset-level information may already be available for collection, although the format of such information may not be the one that we propose to require. We also believe that first year implementation costs may be much more significant than ongoing implementation costs.

An ABS issuer filing on proposed Form SF-1 or proposed Form SF-3 would be required to provide this new information. For the most part, this new information would be provided at the time that the newly proposed Rule 424(h) filing is required to be filed, at the time the final prospectus is required to be filed, and after there are certain changes to the pool, such as the substitution or addition of assets. Certain information would be required to be filed on an ongoing basis. We believe the information is currently available to the ABS issuer but additional time and expense will be involved in including the information in registration statements in the format that we are proposing.

The requirements are tailored by asset class. All asset classes except credit card receivables and stranded costs are required to provide asset-level information on each asset in the pool. Information relating to the performance of the assets would be required to be filed on an ongoing basis. Credit card ABS issuers would be required to provide grouped asset data, both at the time of securitization and on an ongoing basis. The grouped asset data could be incorporated by reference (from a previously filed Form 10-D).

We believe that the costs of implementation would include software costs, costs to tag the required data, costs of maintaining the required information, and costs of filing. The number of unique ABS sponsors over 2004-2009 was 343, for an average of 57 unique sponsors per year. We estimate that there are 10 unique sponsors of credit card securitizations over a three-year period (or three unique sponsors per year). We base our burden estimates for this collection of information on the assumption that most of the costs of implementation of the proposed asset-level data filing requirements would be incurred before the sponsor files its first asset-level data filing in compliance with the proposed rules. Because asset-backed issuers are currently required by Regulation AB to file pool-level information on the assets in the underlying pool,[532] we assume, for purposes of our PRA estimates, that much of the information that is required to be provided by the new disclosure requirements should be accessible from existing sponsor data systems.

Because of the number of fields involved, our estimates for the proposed asset-level requirements are based on EDGAR data on RMBS and CMBS issuers. We estimate that, for purposes of the PRA burden estimate for the asset-level disclosure requirements, approximately two percent of the proposed asset-level data fields that are required at the time of securitization and approximately two percent of the asset-level data fields that are required on an ongoing basis would require the sponsor to adjust its systems and procedures for collecting information on each asset. We estimate that, for purposes of an initial filing of asset-level information at the time of securitization, a sponsor would be required to expend at least 18 minutes for each item where adjustments must be made for

[532] Also, some registered issuers may be providing asset-level information to investors, although such information is not standardized.

each asset in a pool. We estimate that an RMBS sponsor would incur a one-time setup cost for the initial filing of 3,194 hours to adjust its existing systems to provide the required information at the time of securitization for each asset in the initial filing, 86 hours for a CMBS sponsor, and 2,010 hours for a credit card receivables sponsor.[533] After a sponsor has made the necessary adjustments to its systems and after an initial filing of asset-level data has been made, we estimate that subsequent filings for asset-level data will take approximately ten hours to prepare, review, and file. For credit card ABS sponsors, grouped asset data may be incorporated by reference, as proposed, and therefore, we are not including additional costs for subsequent filings by a credit card master trust.

Similarly, we estimate that for purposes of an initial filing of asset-level ongoing information, a sponsor would be required to expend at least 18 minutes for each item where adjustments must be made for each asset in a pool. We estimate that an RMBS sponsor would incur a one-time set-up cost of 3,811 hours to adjust its existing systems to provide the required ongoing information for each asset in the initial filing, 92 hours for a CMBS sponsor, while a credit card receivables sponsor would not incur additional setup costs for ongoing information.[534] After a sponsor has made the necessary adjustments to

---

[533] For RMBS and CMBS issuers, this is based on an average pool size for RMBS of 3,317 assets and an average pool size for CMBS of 165 assets and also includes ten hours for tagging and filing the required asset-level disclosure. Because we believe that the information that is required by the proposed grouped asset data requirement would be information that a credit card ABS sponsor already collects in its existing systems, we believe the initial set-up costs for a sponsor would not include expenses necessary to adjust systems to collect new information. However, a sponsor may expend some additional effort for other adjustments due to the requirement and therefore, we estimate that the initial filing of grouped asset data would require 2000 hours for a credit card ABS sponsor, plus an added ten hours for tagging and filing the information.

[534] For RMBS and CMBS issuers, this is based on an average pool size for RMBS of 3,317 assets and an average pool size for CMBS of 165 assets and also includes ten hours for tagging and filing the required asset-level disclosure. We do not believe that sponsors credit card receivables would incur additional setup

its systems in connection with the proposed rule and, after an initial filing of asset-level ongoing information has been made, we estimate that subsequent filings for asset-level ongoing information by a sponsor will take approximately ten hours to prepare, review, and file. We estimate that filings of grouped asset data for credit card ABS issuers would take approximately ten hours to prepare, review and file.

Based on the number of loans that may be securitized in a particular offering and the asset-level requirements for each of the asset classes, and the number of offerings for each of the asset classes, we estimate that the total annual burden hours for preparing, tagging and filing asset-level disclosure or grouped asset data at the time of securitization will be 151,368.[535] We allocate 25% of those hours (37,842.04) to internal burden hours for all ABS issuers and 75% of the hours to out-of pocket expenses for software consulting and filing agent costs at a rate of $250 per hour totaling $28,381,527.95. We estimate that the average annual hours for preparing, tagging and filing asset-level disclosure or grouped asset data on an ongoing basis with the Form 10-D will be 207,009 hours for all ABS issuers.[536] We allocated 75% of those hours (155,256.5 hours) to internal burden hours and 25% of those hours for out-of-pocket expenses for software

---

costs for filing grouped asset data information on an ongoing basis since the information that is filed on an ongoing basis is the same information that is required at the time of securitization

[535] We apportion the burden according to the proportion of offerings in each asset class using the following asset classes: (1) CMBS, (2) Credit Cards, (3) RMBS and other. We believe that using the RMBS estimates to represent the burden for other asset classes offers a conservative burden estimate because of the number of data items necessary for RMBS. To calculate the proportions, we divide the average number of offerings per year for each asset class (79 for credit cards, 43 for CMBS, and 836 for RMBS or other asset classes) by the average number of offerings for all asset classes (958).

[536] Again, we apportion the burden according to the proportion of offerings in each asset class using the following asset classes: (1) CMBS, (2) Credit Cards, (3) RMBS and other. We believe that using the RMBS estimates to represent the burden for other asset classes offers a conservative burden estimate because of the number of data items necessary for RMBS. To calculate the proportions, we divide the average number of offerings per year for each asset class (79 for credit cards, 43 for CMBS, and 836 for RMBS or other asset classes) by the average number of offerings for all asset classes (958).

consulting and filing agent costs at a rate of $250 per hour totaling $12,938,042.83. Thus, we estimate the total annual incremental burden for the asset-level disclosure requirements or grouped asset data at 193,098.6 hours[537] and the added total amount of out-pocket expenses for software and filing agent costs at $41,319,570.78.[538]

8. Waterfall Computer Program

While the proposed requirement that ABS issuers file machine-readable computer code detailing the waterfall of the ABS securities issued would be a new collection of information, we believe issuers already produce such a code to structure the ABS deal. However, issuers would bear the costs of converting the code that they typically create into code that meets our proposed requirements. We believe that a substantial portion of those costs will be incurred for each sponsor at the time of implementation of the rule to set up mechanisms to convert the typical program used for waterfall purposes.

Some examples of the need for such mechanisms are: (i) waterfall programs written in languages not directly portable to Python that will have to be adapted to the Python language, (ii) code within the waterfall program that is not required by the rule or necessary for investors to use and understand the waterfall may need to be removed or adapted for the program to run as required by the rule, (iii) and additional functionality of the program, such as a user interface to input assumptions or to input the asset data file, not currently used by sponsors will have to be incorporated. We estimate that issuers will incur a one-time setup cost of 672 hours to create such mechanisms to meet this filing

[537] 193,098.6 = 37,842.04 + 155,256.5

[538] $41,319,570.78 = $28,381,527.95 + $12,938,042.83.

requirement.[539] Additionally, we estimate a two-hour burden at the time of filing for each ABS deal for which a waterfall program is required to be filed to verify that the mechanisms worked properly and that the program meets the requirements of the rule.

As noted above, the number of unique ABS sponsors over 2004-2009 was 343, for an average of 57 unique sponsors per year. Therefore, we estimate that it would take a total of 38,304 hours for ABS issuers to set up the mechanisms to file the waterfall computer program.[540] We allocate 25 percent of these hours (9,576 hours) to internal burden for all sponsors. For the remaining 75 percent of these hours (28,728 hours), we use an estimate of $250 per hour for the costs of computer programmers to derive an external cost of $7,182,000.[541]

The yearly burden at the time of filing for each deal is estimated to be 1,916 hours.[542] For PRA purposes we allocate 25% of these hours (479 hours) to internal burden hours and 75% for out-of-pocket expenses for professional costs totaling $574,800 using a rate of $400 per hour. Therefore, the total internal burden hours are 10,055 and the total external costs are $7,756,800.[543]

---

539 The value of 672 hours for setup costs is based on staff experience and is calculated using an estimate of two computer programmers for two months, which equals 21 days per month times two employees times two months times eight hours per day.

540 The burden of 38,304 hours to set up mechanisms to file the waterfall program is calculated by multiplying the average number of unique sponsors (57) by the estimated set up hours per sponsor (672).

541 Multiplying the 28,728 external cost hours by the $250 per hour estimate results in the external cost of $7,182,000.

542 Multiplying the average number of ABS issues per year (958) by the burden hours at the time of filing each deal (2.0) results in 1,916 hours.

543 We sum the internal burden hours from setup of the waterfall code mechanisms (9,576) and the per-offering internal filing burden hours (479) to get the total internal burden of 10,055. The total external cost of $7,756,800 is calculated by adding the cost from setup ($7,182,000) and the cost from filing each waterfall at the time of offering ($574,800).

9. Form 144A-SF and Form D

Form 144A-SF is a new collection of information that would cover the notice of sales of asset-backed securities that would be required under the proposed revisions to Rule 144A. This notice would contain information related to major participants in the securitization, the date of the offering, the type of securities offered, the basic structure of the securitization and the principal amount of the securities offered. Over the period 2004-2009, the annual average number of Rule 144A ABS offerings was 716.[544]

We believe that the burden assigned to Form 144A-SF should reflect the cost of preparing the notice and the cost of filing the notice. We estimate that preparing, tagging, and filing the Form 144A-SF will require approximately 2.0 hours per response. Using the annual average of 716 Rule 144A offerings, the total burden hours equals 1,432. We allocate 25% as a burden to the seller and 75% as costs of counsel utilized for the preparation and filing of the form. Therefore, the incremental annual impact of Form 144A-SF will be 358 hours and $429,600 in professional costs using an hourly rate of $400.

Form D is an existing collection of information under the PRA. Form D is a notice of sales for offerings made under Regulation D. Currently, we estimate that the burden hours of Form D to be approximately 4.0 hours per response, of which one hour is borne internally and three hours are borne externally. Under the proposal, Form D would be revised to collect, in addition to the information that the form currently collects, the same information as proposed Form 144A-SF when filed in connection with an ABS

[544] This is based on ABS issuance data from Asset-Backed Alert and information from Securities Data Corporation (SDC).

offering. We are aware of only one Form D filed for an ABS offering in 2009.[545] Thus, we believe that the change to this collection of information should be very small. For PRA purposes, we estimate that the Form D filing burden would not increase. Therefore, we continue to estimate that the burden hours for Form D will be 4.0 hours.

10. Privately-Issued Structured Finance Product Disclosure

This new collection of information relates to proposed disclosure requirements for structured finance product issuers that wish to take advantage of the safe harbors provided by Rule 144A, Regulation D and Rule 144. Under the proposed amendments, such issuers would be required to provide the purchaser or prospective purchaser with the same information that would be required if the offering were registered with the Commission. Some of the information that is required for registered offerings, we believe, is being provided to investors who purchase structured finance products in the private markets.[546] For purposes of the PRA, we are assuming that the hours that private structured finance product issuers expend to provide information to investors are approximately the same hours that would be required to prepare information in the registered context. Therefore, our estimate for this new collection of information will be based on the incremental costs that the proposed amendments in this release would include. Although information for a private ABS issuer is not required to be filed with the Commission, the cost of preparing such information should be relatively the same as

---

[545] We believe typically private offerings of ABS are conducted pursuant to Section 4(2) of the Securities Act without reliance on the safe harbor of Regulation D and are followed by resale(s) of the securities in reliance on Rule 144A.

[546] Because of the lack of transparency in the private structured finance product market, we do not have estimates regarding the amount of information and completion time that a typical private structured finance product issuer will need in order to provide investors offering and ongoing information nor estimates of the cost of such information. As discussed below, we are requesting comment on this information.

the estimated burdens for preparing and filing information required in the registered context. We estimate that it will take approximately 300 hours per offering to prepare additional offering information that would be required under the proposed amendments. This is based on the incremental cost of the proposed amendments to ABS issuers that register their offerings with the Commission, along with the cost estimates for the asset data file that would be filed at the time of securitization and the waterfall computer program that we are proposing to require be filed for each ABS offering. Under our proposal, ABS issuers that relied on the safe harbors would be required to provide the same ongoing information that would be required in registered offerings. We estimate that it will take an issuer approximately 18 hours to complete a distribution report accompanied by asset-level and grouped asset data ongoing information for the distribution period. This is based on the incremental costs of providing Form 10-K, Form 10-D, and Form 8-K reports, which would comprise of the cost estimates for the asset data file that is required to be filed on an ongoing basis, as proposed.

As noted above, the average number of private offerings of ABS per year pursuant to Rule 144A over the period 2004-2009 was 716. Based on that number, we estimate an average number of 8,592 ongoing reports containing distribution information and ongoing asset data file information would be provided to investors each year,[547] and a total of 716 annual reports that would be provided to investors each year. Therefore, at the time of securitization, we estimate that the proposed collection of information will

[547] This is based on an average number of such ongoing reports that we estimate private structured finance product issuers would provide to investors over the three years after implementation. Consistent with our estimates in the registered context, we estimate that issuers would provide such ongoing reports at a multiple of six times the number of offerings per year.

impose a total annual burden of 214,791 hours,[548] with 25% of the cost borne internally (53,698 hours) and the remainder of hours paid to outside professionals or software consulting and programming costs ($48,328,318).[549] For information that is provided on an ongoing basis, we estimate that the proposed collection of information will impose a total annual burden of 157,067 hours,[550] with 75% of the cost borne internally (117,800 hours) and the remainder paid to outside professionals or software consulting costs ($9,816,658).[551] Thus, the total estimate for internal burden hours is 171,498,[552] and the total estimate for outside costs is $58,144,976.[553]

11. Summary of Proposed Changes to Annual Burden Compliance in Collection of Information

Table 1 illustrates the changes in annual compliance burden in the collection of information in hours and costs for existing reports and registration statements and for the proposed new registration statements for asset-backed issuers. Below, the asset data file is annotated as "Asset Data," the waterfall computer formula is annotated as "WCP", and privately-issued structured-finance disclosure is annotated as "P-SF." Bracketed numbers indicate a decrease in the estimate.

---

548 We calculate the total annual burden of 214,791 hours by multiplying the expected number of filings per year (716) times the burden hours per securitization filing (300).

549 We estimate that hours related to providing asset-level information and the waterfall computer program is allocated to software consulting or other labor costs ($22,621,125) at a cost of $250 per hour and hours related to providing other types of information is allocated to costs of outside professionals ($21,480,000) at a cost of $400 per hour.

550 We calculate the total annual burden of 157,067 hours by adding the total number of hours we believe it would take to provide ongoing asset-level information (18 hours*8,592 reports).

551 We estimate that hours relating to asset-level information paid to software consultants or other labor costs would be paid at cost of $250 per hour.

552 171,498 = 53,698 + 117,800

553 $58,144,976 = $9,816,658 + $48,328,318

Form	Current Annual Responses	Proposed Annual Responses	Current Burden Hours	Decrease or Increase in Burden Hours	Proposed Burden Hours	Current Professional Costs	Decrease or Increase in Professional Costs	Proposed Professional Costs
S-3	2,065	1,966	236,959	[30,937.5]	206,021.5	284,350,500	[37,125,000]	247,225,500
S-1	1,168	1,164	242,360	[2,362.5]	239,997.5	290,832,000	[1,500,000]	289,332,000
SF-3	--	94	--	31,725	31,725	--	38,070,000	38,070,000
SF-1	--	7	--	2,362.5	2,362.5	--	2,835,000	2,835,000
10-K	13,545	14,474	21,337,939	84,038	21,421,971	2,845,058,500	11,205,000	2,856,263,500
10-D	10,000	15,576	225,000	125,460	350,460	30,000,000	16,728,000	46,728,000
8-K	115,795	117,232	493,436	5,389	498,825	54,212,000	718,500	54,871,500
Asset Data	--	16,534	--	193,099	193,099	--	41,319,571	41,319,571
WCP	--	958	--	10,055	10,055	--	7,756,800	7,756,800
D	25,000	25,000	100,000	--	100,000	30,000,000	--	30,000,000
144A-SF	--	716	--	358	358	--	429,600	429,600
P-SF	--	9,308	--	171,498	171,498	--	58,144,976	58,144,976

12. Solicitation of Comments

We request comments in order to evaluate: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information would have practical utility; (2) the accuracy of our estimate of the burden of the proposed collection of information; (3) whether there are ways to enhance the quality, utility, and clarity of the information to be collected; and (4) whether there are ways to minimize the burden of the collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology.[554] We also specifically request comment regarding:

- Whether and to what extent the proposed shelf eligibility requirements would cause a movement in filers that are currently eligible for shelf registration on Form S-3 out of shelf registration on proposed Form SF-3;

[554] We request comment pursuant to 44 U.S.C. 3506(c)(2)(B).

- For all types of asset classes that are subject to the proposed asset level data requirements, the cost of adjusting the sponsor's systems to meet the proposed requirements and the cost of preparing, tagging, and filing the information; and
- For credit card ABS issuers, whether any grouped asset data proposed to be required is not currently collected on existing sponsors' systems and what are the costs of preparing, tagging and filing such grouped asset data at the time of securitization and on an ongoing basis;
- To what extent the proposals to require more information relating to sales of privately-issued structured finance products in reliance on certain safe harbors would increase the number of hours that issuers of such securities already expend in providing information to investors.

Any member of the public may direct to us any comments concerning the accuracy of these burden estimates and any suggestions for reducing these burdens. Persons submitting comments on the collection of information requirements should direct the comments to the Office of Management and Budget, Attention: Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, DC 20503, and should send a copy to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090, with reference to File No. S7-08-10. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7-08-10, and be submitted to the Securities and Exchange Commission, Records Management, Office of Filings and Information Services, 100 F Street, NE,

Washington, DC 20549. OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication of this release. Consequently, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

XI. Benefit-Cost Analysis

A. Background

The proposed amendments to our regulations and forms for asset-backed securities relate to the offering process, disclosure and reporting requirements for these securities. We also are proposing amendments to safe harbor rules for exempt offerings and resales to require additional disclosure by ABS issuers. In this section, we examine the benefits and costs of our proposed rules in each of these areas. We request that commenters provide their views along with supporting data as to the benefits and costs of the proposed amendments.

First, we are proposing to revise shelf registration for ABS issuers and create new registration forms that would be applicable only to ABS offerings. Under the proposals, for ABS issuers that wish to register their offerings on a shelf basis, for offerings to be conducted after the shelf registration statement is effective, transaction-specific information relating to each offering of securities must be filed with the Commission at least five business days ahead of the first sale in the offering. We also are proposing to replace the existing shelf eligibility requirement that the securities must be investment grade rated by an NRSRO with alternate requirements. Instead of the investment grade ratings requirement, the following would be required for any offering off the shelf registration statement:

- the sponsor must retain a portion of each tranche of the securities sold in the offering, net of hedging and on an ongoing basis;
- the chief executive officer of the depositor must certify that the securitized assets backing the issue have characteristics that provide a reasonable basis to believe that they will produce, taking into account internal credit enhancements, cash flows at times and in amounts necessary to service any payments of the securities as described in the prospectus;
- the pooling and servicing agreement must contain a provision that would require third party review for assets that were not repurchased or replaced by an obligated party after being put back for breach of a representation or warranty; and
- the ABS issuer must undertake to file Exchange Act reports so long as non-affiliates of the depositor hold any of the issuer's securities sold in registered transactions.

We also are proposing to eliminate the exception from the 48-hour preliminary prospectus delivery requirement for ABS adopted in 2004 under Exchange Act 15c2-8(b), such that in connection with all issuances of ABS, regardless of whether the issuer has previously been required to file reports pursuant to Sections 13(a) or 15(d) of the Exchange Act, or exempted from the reporting requirements by Section 12(h) of the Exchange Act, broker-dealers would be subject to the 48-hour preliminary prospectus delivery requirement. Further, we are proposing several revisions to enhance the disclosures made by asset-backed issuers in prospectuses and Exchange Act reports. For most asset classes, we are proposing to require information regarding each asset in the

pool in addition to the existing requirements relating to pool-level disclosures. Issuers of ABS backed by credit card receivables would be required to provide grouped asset data. This information would be provided according to standardized definitions and filed with the Commission in XML. In addition, we are proposing to require that ABS issuers file a computer program on EDGAR that gives effect to the flow of funds, or "waterfall," of the transaction. This computer program would be required to provide users with the ability to input the asset data file and other assumptions.

We also are proposing revisions to our disclosure requirements for ABS issuers that would require, among other things:

- additional information on exception loans;
- enhanced static pool disclosure;
- disclosure regarding the loans that were put back to the originator or sponsor for repurchase;
- additional information regarding an originator, including its interest in the securitization and, to the extent there is material risk that the financial condition of the originator could have a material impact on the origination of the originator's assets in the pool or on its ability to comply with provisions relating to the repurchase obligations for assets, its financial condition;
- additional information regarding a sponsor, including its interest in the securitization and, to the extent there is a material risk that the financial condition could have a material impact on its ability to comply with the provisions relating to the repurchase obligations for assets or otherwise materially impact the pool, its financial condition;

- a description of the standards in the pooling and servicing agreement for modifying the terms of the underlying assets;
- a statement whether the pooling and servicing agreement contains a fraud representation; and
- the description of the flow of funds in a single place in the prospectus.

We also are proposing revisions to the definition of an asset-backed security to further restrict the type of security that may be sold under the framework set forth in Regulation AB. While securities that do not meet the proposed definition may still be registered with the Commission, an issuer may need to provide additional disclosure regarding the securities and consider issues that are not contemplated by Regulation AB. We are proposing to limit the amount of prefunding accounts and revolving periods that may be utilized under the definition, and we are proposing to exclude master trusts that are backed by non-revolving assets (e.g., mortgages) from the definition.

We also address privately-issued structured finance products in our proposals. In order to foster additional transparency in the exempt securitization markets, we propose to require the issuer to agree to provide additional disclosure to the investor for any resale made under the Rule 144A safe harbor or offering under the Regulation D safe harbor. We also are proposing to amend the current public information requirement in Rule 144 to require that, in order to satisfy that requirement, in the case of a non-reporting ABS issuer, the issuer must agree to provide additional disclosure to the investor. In addition, we propose to require that the issuer file with the Commission a notice of the sales for the initial placement of securities that are to be sold under Rule 144A that provides basic information on the sale and a description of the securities sold.

B. Benefits

The proposed amendments are designed to increase investor protection by improving the disclosure and offering process of asset-backed securities, and thereby enhancing the transparency of the securitization market. This should result in an increase in investors' understanding of the underlying pool of assets.

In 2009, there were 87 registered ABS offerings as compared to 1,306 in 2004.[555] The market for securitized assets has suffered dramatically, in part due to the perception of inadequacies in the disclosure and transparency of the underlying pool of assets in the securitization process.[556] Securitization is a large component of borrowing and lending, which can benefit borrowers by lowering borrower costs.[557]

1. Securities Act Registration

The lack of time to adequately consider deal-specific information in an offering has been a longstanding concern of ABS investors, as discussed in the 2004 Adopting Release.[558] Based on our experience with the financial crisis, we continue to have concerns regarding the lack of time for investors to analyze asset-backed securities. By requiring that information about the specific offering be filed at least five business days before first sale, we seek to provide investors with the benefit of additional time to value and assess the issuance.

---

555 This is based on data from Asset-Backed Alert and information from Securities Data Corporation.

556 See, e.g., Group of Thirty, Financial Reform: A Framework for Financial Stability (Jan. 15, 2009).

557 U.S. Securities and Exchange Commission, U.S. Department of Treasury, Congressional Budget Office and U.S. Small Business Administration, An Interagency Report: Developing a Secondary Market For Small Business Loans (August 1994), available at http://www.cbo.gov/doc.cfm?index=5013&type=0.

558 See fn. 174 above.

Unlike other types of securities, the payments on asset-backed securities primarily depend on the credit quality of the assets in the underlying pool. Each offering of asset-backed securities involves a new set of assets, which requires investment analysis to be done anew. Our proposal to require an issuer to file a form of preliminary prospectus at least five business days ahead of first sale seeks to give investors additional time to review offering documents without unduly burdening issuers.[559] We believe that this additional time will benefit investors by increasing their ability to assess an offering and to perform a better analysis of information provided by the parties to the securitization. This in turn should lead to better investment decisions.

We believe that investment grade credit ratings may no longer be an appropriate criterion for use as a shelf eligibility requirement for ABS.[560] In addition to promoting independent analysis, we believe that replacing investment grade ratings requirement for shelf eligibility conditions for ABS offerings would reduce the appearance that the Commission has placed an imprimatur on credit ratings.

Our proposed risk retention requirement for shelf-registration eligibility is aimed at better aligning the incentives of an ABS sponsor with those of investors. By doing so, risk retention provides investors with an assurance that the quality and characteristics of the underlying assets are consistent with the disclosures and representations of the sponsor. The proposed risk-retention requirement may also make it more likely that sponsors select assets of higher quality for the pool than they would have, absent the

---

559 We are also proposing to repeal the exception for asset-backed securities from the 48-hour preliminary prospectus delivery requirement in Rule 15c2-8(b). The 48-hour preliminary prospectus delivery requirement would apply to all ABS issuers, including those exempted from the requirement to file reports pursuant to section 12(h) of the Exchange Act.

560 See Liz Rappaport and Serena Ng, "Credit Ratings Now Optional," Wall Street Journal, Oct. 29, 2009 (noting sales of bonds and structuring of complex securities without credit ratings).

requirement. Thus, although we do not believe that risk retention would result in only investment-grade ABS being shelf-registered, we do nonetheless consider it an appropriate partial replacement for the existing shelf eligibility condition that ABS have investment-grade rating.

We are proposing to require the sponsor to retain five percent of each tranche, net of hedging and on an ongoing basis. Spreading the sponsor's economic interest across all tranches evenly is designed to better address the overall risk assessment and quality of the entire offering rather than only aspects that relate to a specific tranche. Risk retention in the amount of five percent of a tranche is aimed at increasing alignment of incentives of transaction participants in securitizations that will in turn lead to better performing securities without placing an undue burden on issuers.

We note that our proposal only mandates the minimum amount of risk that the issuer is required to retain to have access to shelf registration. A sponsor may voluntarily retain an amount in a tranche greater than that required by our proposed requirement, which could alter the alignment in incentives between the sponsor and the investor.

We also are proposing that, in the case of revolving exposures, a sponsor can meet the risk retention requirement by retaining the originator's interest of not less than five percent. This is proposed to accommodate the special structure of revolving asset master trusts. For example, credit card ABS issuers already retain a seller's percentage that is equivalent to a portion of the pool.[561] Allowing an alternative to the proposed vertical slice requirement for these particular ABS sponsors would benefit investors by allowing

---

[561] The originator's interest, also known as the "seller's interest," also may serve an additional function of absorbing seasonal fluctuations in credit card receivables balance. See Fitch IBCA, ABCs of Credit Card ABS, July 17, 1998; Federal Deposit Insurance Corporation, Manual on Credit Card ABS, available at http://www.fdic.gov/regulations/examinations/credit_card_securitization/.

incentive alignment aimed at achieving better quality assets to be compatible with the nature of revolving assets.

Requiring the sponsor to meet the risk retention condition rather than the originator may provide benefits to both originators and investors. We are aware that smaller originators may not have the resources to retain such risks. In addition, by not placing the requirement on originators, these institutions could have greater capital resources available to make loans which could ultimately benefit borrowers and financial systems as a whole. We are also aware that implementing an originator-based risk retention requirement would be difficult in a securitization involving multiple originators and may unnecessarily increase the cost of such securitizations.

We believe that our proposal requiring the pooling and servicing agreement or other governing document for an ABS shelf transaction to contain a provision that requires third party loan review of loans that are not repurchased or replaced by the originator after being put back because of a breach in a representation or warranty should strengthen the enforcement mechanisms surrounding representations and warranties for shelf transactions. ABS investors have expressed concerns with the integrity and enforceability of bargained-for contractual provisions in underlying transaction documents ABS offerings.[562] By requiring that the third party be unaffiliated, investors can be better assured that the opinion as to whether a representation and warranty has been breached is impartial. This requirement, which strengthens enforcement mechanisms of representations and warranties, should incentivize obligated parties to better consider the characteristics and quality of the assets underlying the securities,

[562] See fn. 131 and accompanying text.

making it an appropriate partial replacement for the existing shelf eligibility requirement that requires the securities to have an investment grade rating.

We believe our proposal to require a certification by the depositor's chief executive officer will focus the certifier on the transaction and the disclosure. Such certification should enhance investors' confidence in the securitization. We believe that a certification may cause these officials to review more carefully the disclosure, and in this case the transaction, and to participate more extensively in the oversight of the transaction making it an appropriate partial replacement the existing shelf requirement relating to investment grade ratings.

Under Section 15(d) of the Exchange Act, investors in most asset-backed securities may not receive ongoing reporting pursuant to the Act, as most ABS issuers may have less than 300 record holders. Given recent history, we believe ongoing reporting for ABS is important even if the number of holders is low.[563] Our proposal to require that the issuer in an ABS shelf offering undertake to file Exchange Act reports would provide investors with ongoing access to information. Although some issuers already provide ongoing information to investors pursuant to transaction agreement provisions, we believe that our requirements and the undertaking would impose greater discipline on issuers to provide such information and thereby provide further transparency for investors, especially when combined with the proposed loan level disclosure requirements. Investors would benefit from greater transparency on the continuing performance, composition and disposition of assets which can be used to evaluate both their investment as well as the performance of sponsors and originators.

---

563 See the Committee on Capital Markets Regulation Financial Crisis Report, at 152-153.

2. Disclosure

We believe that the proposed requirements for asset-level disclosures in XML format and with standardized data definitions will benefit investors in several important ways. First, such required disclosures should reduce investors' cost of information production by reducing duplicative efforts on their part to gather such data on their own or purchase it through data intermediaries. Although some ABS issuers currently provide asset-level data to investors, this is not the case across all asset classes. For example, issuers of certain asset classes, such as credit card receivables, dealer floorplans or equipment loans, typically do not consistently provide asset-level information. As discussed in further detail below, we are proposing an exemption from the asset-level disclosure requirement for a few asset classes. We are unaware of any publicly available data standards for asset classes other than mortgage-backed securities and currently there is no mandatory requirement that issuers follow any of these standards for reporting to investors in asset-backed securities.[564] For the ABS offerings of asset classes that fall within our proposed requirement, our proposal seeks to provide investors with consistent and equal access to asset-level information.

We believe that requiring the asset-level disclosures in XML format and utilizing standardized definitions of material loan, obligor, and collateral characteristics will further benefit investors. The machine-readable format should lower the cost of information processing, and the standardized definitions should increase comparability of information across issuers. Currently, one sponsor's use of a term in asset-level information may differ from another sponsor's use. For example, "reduced

---

[564] See discussion in Section III.A.1. above.

documentation" may not have the same meaning from one sponsor to another or from one originator to another. The XML format that is proposed to be required, along with the utilization of standardized definitions, should allow issuers to provide investors with asset-level information in an immediately usable format. Investors could promptly download and input this information into software tools for analysis of the assets in the underlying pool and pricing of the asset-backed securities.

This process will be further aided by the proposed requirement to provide a programming language representation of the ABS waterfall, which we refer to as the waterfall computer program requirement. This is intended to benefit investors by facilitating their ability to run simulations of expected cash flows under different prepayment, loss and loss-given-default assumptions, while obtaining the full benefit of the loan-level data that we are proposing to require. Requiring the filing of a programming language representation of the waterfall will provide information about the terms of the securities to investors in a form they can readily use for computerized valuation methods of ABS. This will make more relevant information available to investors and allow them to make better-informed investment choices.

The proposal should eliminate the transaction costs for single institutional investors individually to script the waterfall provisions into a programming language representation. This should reduce some of the information asymmetry between the sponsor and a prospective investor that arises because the sponsor, as the person creating the contractual cash flows has access to a programming language representation of the waterfall, a necessary element of ABS valuation using computer simulations of security performance, at the time of the initial public offering, and the investor does not.

Asset-level data in easy to use format and accompanied by the waterfall computer program will likely improve investors' ability to conduct independent analysis and reduce their reliance on credit ratings. With usable information on the composition of the asset pool, investors can evaluate the sponsor's disclosed characteristics of the pool. This, in turn, will allow them not only to price the issue more efficiently but to evaluate the investment potential of the issue better. Indeed, there is some evidence that a major benefit of asset-level disclosure, and more specifically borrower-characteristics disclosure, is an ability to price ABS more accurately.[565] In addition, if asset-level data reduces investors' uncertainty about the composition of the asset pool, investors should be willing to pay higher prices for the security.[566] We believe that the proposed grouped asset data requirement applicable to credit cards ABS issuers offers benefits similar to that of the proposed asset-level data requirements.

We also are proposing to require asset-level disclosure be provided on an ongoing basis. Ongoing disclosure of asset-level information should encourage better monitoring of the security by investors and other market participants. Such information would be

---

565 See Joshua Rosner, "Securitization: Taming the Wild West," in Roosevelt Institute, Make Markets be Markets (Mar. 3, 2010) at 77 (stating that "In order to accurately price securities, investors need timely loan-level information on the assets backing each deal"). See also Paul Bennett, Richard Peach, Stavros Peristiani, "How Much Mortgage Pool Information Do Investors Need?," The Journal of Fixed Income, June 2001, Vol. 11, No. 1, at 8-15.

566 Information uncertainty tends to increase credit spreads. Yu (2005) and Sengupta (1998) show that the cost of bond financing increases as the borrowing firm's accounting reports become less informative. Yu, F., "Accounting Transparency and the Term Structure of Credit Spreads," Journal of Financial Economics (2005) at 75, 53-84. Sengupta, P., "Corporate Disclosure Quality and the Cost of Debt," Accounting Review (1998) at 73, 459-474. Güntay and Hackbarth (2006) find that higher dispersion of analysts' forecasts is associated with significantly higher bond spreads. Güntay, L. and D. Hackbarth, "Corporate Bond Credit Spreads and Forecast Dispersion," working paper: Washington University – St. Louis (2006). Thompson and Vaz (1990) document that credit-rating agency disagreements on a firm's credit rating also widens bond credit spreads even after controlling for the firm's default risk. Thompson, G. R. and P. Vaz, "Dual Bond Ratings: A Test of the Certification Function of Rating Agencies," Financial Review (1990) at 25, 457-471. Finally, Wittenberg-Moerman (2007) documents that loan rates are higher for firms with higher bid-ask spreads on loans traded in the secondary

useful for tracking the performance of the assets, as well as an assessment of performance of the originator, sponsor, or servicer. This would allow investors to continue their independent analysis of the asset-backed securities rather than rely on NRSRO credit ratings to alert them of changes in the ABS risk-return profile.

Our proposed asset-level information requirements, notably, are tailored by asset class. We have taken under consideration situations in which the amount of asset- level disclosure would be too voluminous, or investors are unlikely to find such disclosure meaningful. We have decided to modify these requirements or not impose them at all, if they do not appear to justify the compliance costs imposed on issuers. For example, instead of asset-level information, we propose to require that issuers of ABS backed by credit card receivables provide grouped asset data. Such issuers will be required to disclose information on the assets in the underlying pool by grouping these assets into different combinations of standardized pool characteristics. Similarly, we believe that the potential costs of requiring issuers of stranded-costs ABS to provide asset-level disclosures would not justify the benefits, so we are not proposing to require such disclosures.[567]

Our proposed enhancements to pool-level disclosure are intended to help elicit important information in areas that became problematic in the recent financial crisis, such as with respect to exception loans. We also are proposing to amend the definition of an asset-backed security to further restrict the type of securities that may utilize the framework provided in Regulation AB. We believe that the restrictions on exceptions to

---

market. Wittenberg-Moerman, Regina, "The Impact of Information Asymmetry on Debt Pricing and Maturity," working paper: The Wharton School, University of Pennsylvania (2007).

[567] See Sections III.A.1.b.iv and III.A.2.b above.

the discrete pool requirement of an asset-backed security benefits investors by maintaining the integrity of the discrete pool requirement and is consistent with investor demand for more meaningful asset-level data. Our proposed revisions to Item 6.05 of Form 8-K would require that issuers file a current report and provide pool information when there is a one percent or greater change in a material pool characteristic of the asset pool. These revisions to the rules, we believe, assist in closing existing gaps by which the asset pool composition could be changed significantly or without necessary accompanying disclosure. Investors will be able to evaluate the consequences of asset pool composition changes in order to determine the continuing suitability of the investment.

Certain of the proposed disclosure requirements should benefit investors by helping them to more easily and effectively assess the structure of the ABS transaction and the parties involved. For example, where assets have been put back to an originator or sponsor in the offering in the last three years and those assets have not been repurchased or replaced, we are proposing to require disclosure of the number of those assets that have not been repurchased or replaced. Similarly, disclosure on the originator's and sponsor's financial condition where material, as provided in the proposal, should benefit investors by allowing them to assess whether the condition of the originator or sponsor may have bearing on their ability to make payments relating to their repurchase obligations. Our proposed requirement relating to disclosure of a fraud representation in the transaction documents would allow an investor to consider the existence of the representation (or lack thereof) in making an investment decision. Finally, our proposed disclosure requirement relating to the originator's and sponsor's

interest in the securitization program, including risk retention, would allow an investor to better consider the incentive structure and other possible risks relating to such party.

We also have several proposals relating to the presentation of information in the prospectus for ABS offerings, including our proposal on the flow of funds, our proposal eliminating the use of a base prospectus and accompanying prospectus supplement, and our proposed revisions to the static pool information requirements. Through such proposals, we seek to improve the presentation of information in ABS offering materials, which may be unwieldy and contain duplicative disclosure, jargon or discussion inapplicable to the specific transaction at hand. These proposed revisions aim to facilitate more ready access to the information for investors and other market participants.

In addition, in coordination with the expiration of the temporary accommodation in Rule 312 allowing ABS issuers to file static pool information on an Internet Website, issuers would need to file static pool information with the Commission. We are proposing to permit that such information be filed in PDF format. Implementation of the requirement to file static pool information on EDGAR addresses concerns relating to the maintenance of websites and the presentation of static pool information while our proposal to allow issuers to file such information in PDF format would allow this disclosure to be provided to investors in an easy to read format.

3. Privately-Issued Structured Finance Products

Many ABS and similar structured finance products are offered and resold in reliance on the Rule 144A safe harbor.[568] Rule 144A is a safe harbor from being deemed an underwriter within the meaning of Sections 2(a)(11) and 4(1) of the Securities Act for

the resale of securities to qualified institutional buyers. Many of the types of asset-backed securities that caused significant concern in the financial crisis included securities that are typically sold in private transactions.[569] Our proposal to require more disclosure for privately-issued structured finance products are designed to provide investors in such securities, which can have complex incentive structures among various parties and whose valuation is dependent on an understanding of the assets in the underlying pool, with better information than they currently receive.

Our proposal to require a notice of sales for the initial placement of securities to be sold in reliance on Rule 144A, we believe, would improve transparency in the asset-backed securitization market. This notice could in turn help regulators with monitoring developments in the securitization market and determining whether future rulemaking or other actions with regard to asset-backed securities may be necessary. This notice could also have the additional benefit of supporting the Commission's efforts to enforce the federal securities laws relating to asset-backed securities. The items proposed to be added to Form D for asset-backed issuers would have similar benefits to the extent ABS issuers rely on Rule 506 of Regulation D.

C. Costs

Our proposals for asset-backed securities are designed to improve disclosure to ABS investors but would impose costs on ABS issuers and other participants in the chain of securitization in various ways. The proposals to revise shelf registration and to replace the investment grade ratings requirement for shelf eligibility would impose additional

---

[568] See, e.g., SEC Staff Report, "Enhancing Disclosure in the Mortgage-Backed Securities Markets," (Jan. 2003), available at http://www.sec.gov/news/studies/mortgagebacked.htm (noting that almost all private-label MBS that are not sold pursuant to a registration statement are sold in the 144A market).

[569] See discussion in Section VI. above.

costs on ABS issuers offering securities through shelf registration. Sponsors of shelf registered issuers would also incur direct costs, as a result of the proposed risk retention shelf eligibility condition that would require the sponsor to retain and maintain five percent of each tranche, or, in the case of revolving assets, five percent of the pool.

Some of the proposed disclosure requirements refine existing disclosure requirements; however the proposal to require standardized asset-level information or grouped asset data and to provide a computerized program of the issue's waterfall are new disclosure requirements, and thus issuers would be required to incur additional costs to which they were previously not subject. Our proposals relating to the disclosure by privately-issued structured finance product issuers would impose additional costs on such issuers seeking to rely on certain regulatory safe harbors.

1. Securities Act Registration

The proposed requirement to file a form of preliminary prospectus at least five business days before the date of first sale and the proposed requirement that brokers deliver a preliminary prospectus 48 hours ahead of sale would require that issuers provide information to investors earlier in the process than is currently the case. During that period, issuers may be exposed to the risk of changing market conditions; however, such uncertainty is similar to that faced by other issuers of underwritten initial public offerings of debt whose final offer prices are not set for weeks or months after filing.

The two methods to satisfy the risk retention shelf eligibility condition that we are proposing to allow for shelf eligibility may increase costs of securitization to sponsors. We note, however, if issuers find the cost of risk retention too high, ABS offerings could be registered without being subject to a risk retention requirement, as long as such

offerings are registered on proposed Form SF-1. For purposes of PRA analysis, we estimate the total movement out of the shelf registration system to be 10% of the current number of shelf offerings, although not all of this movement is estimated to move to proposed Form SF-1 and some may move to private markets.

We also note that the risk retention shelf eligibility condition may impact the risk management process of a sponsor. Some financial institutions are impacted through requirements to hold capital against the risk to which they are exposed, which would put them at a disadvantage to other institutions. Reserving capital for risk retention reduces the amount of funds available for lending which will increase a borrower's cost of funds. Any such reduction in lending capacity suffered by the ABS issuer may be passed through to the financial institution's investors and customers as a cost of the securitization process.

In addition, as we noted in our PRA estimates, while we are not imposing additional disclosure requirements for the Form 10-K for sponsors, they may incur some additional costs in preparing their annual reports in determining the impact of the required risk retention on their disclosure. We estimate, for purposes of the PRA, that sponsors will need an additional 10 hours to prepare their Form 10-K filings at a total cost of $2,500 per sponsor.[570]

Also, under our proposed shelf eligibility conditions, issuers in shelf registrations would be subject to additional costs of hiring a third party to review assets that have been

[570] This estimate is based on the estimated total burden hours of the amendments associated with the schedules and forms that would include the new disclosure, an assumed 75%/25% split of the burden hours between internal staff and external professionals with respect to proxy and information statements, an assumed 25%/75% split of the burden hours between internal staff and external professionals with respect to registration statements, and an hourly rate of $200 for internal staff time and $400 for external professionals.

put back to an obligated party, usually the sponsor or originator, for breach of the representation and warranties. Additionally, the value of these opinions is dependent on investors' perception of the expertise of the entity providing the opinion. This proposed shelf eligibility condition also might create incentives for originators or sponsors to agree to repurchase or replace assets that have been put back to them even in cases where these assets were not in breach. Under our proposals, ABS offerings that are shelf registered would be required to include a certification signed by the depositor's chief executive officer regarding the characteristics of the assets, which will impose some additional disclosure burden.

Our proposed shelf eligibility condition to require ABS issuers to undertake to file Exchange Act reports would also impose certain costs on ABS issuers on shelf. The Exchange Act reporting requirements for ABS issuers take into account existing reporting obligations to investors required under ABS transaction agreements. Many ABS transaction agreements contemplate continued reporting to investors, but those reports, while provided to investors, are not required to be filed if the issuer has suspended its Exchange Act reporting obligation. Because our proposal would require the issuers to undertake to file reports with the Commission, an ABS issuer registered on shelf would include additional costs to file ongoing information with the Commission. Certain types of asset-backed securities, such as ABS backed by credit cards, continue to issue securities backed by the same pool, and thus are required to continue to report on an ongoing basis, and thus would not incur additional costs as a result of the proposed amendments. Other asset-backed securities are exchange-listed and are subject to the reporting requirements of Section 12(b) of the Exchange Act, and thus our proposal

would not impose additional costs of them. We estimate in the PRA that the incremental cost of the proposed changes relating to Exchange Act reporting is $71,628,900.[571]

These proposed shelf eligibility conditions would replace, in part, the prior reliance on investment grade ratings as a condition for shelf eligibility. A potential cost of this substitution is that investors may incorrectly believe that these requirements are an indication that shelf registrations are, effectively, investment grade offers. Under the proposed requirements, securitizations would be eligible for shelf registration if they meet the rule's requirements regardless of their credit rating, which may or may not be investment grade.

The costs associated with both the shelf registration requirements and asset-level disclosures detailed above could be passed down the chain of securitization. If the market is much more concentrated at the sponsor level than at the originator level, sponsors may be able to pass on to originators some of the costs of our proposals. Originators could, in turn, pass some of these costs onto borrowers, although their ability to do so might be constrained by competition from non-securitizing lenders.

2. Disclosure

Although some issuers currently provide asset-level information, this is not a consistent practice across all issuers.[572] Our proposals to require disclosure of asset-level

---

[571] This amount is calculated using the increases in burden hours for Form 10-K, Form 10-D, and Form 8-K from the PRA. We allocate 75% of these hours to issuer internal costs at a rate of $200 per hour and 25% to professional costs at a rate of $400 per hour.

[572] For example, CMBS issuers frequently provide loan-level information in accordance with industry standards. See fn. 224 above and accompanying text. RMBS issuers sometimes file loan-level mortgage schedules with the Commission or provide loan-level information to rating agencies. See, e.g., "Moody's Proposes Enhancements to Non-Prime RMBS Securitization," Structured Finance Special Report," Sept. 25, 2008. It is suggested that certain of the issuers of securities backed by auto loans provide loan-level information. See "S&P's Auto Loan-Level Model Enhances Understanding of Loss Performance," Structured Finance, available at http://www.vehiclefinanceconference.com/pdf/handout5.pdf.

information are designed to provide, investors with equal access to such information with certain exceptions discussed below. This will lead to additional costs being imposed on sponsors to compile and report asset-level data. As noted in the PRA, we estimate that it will cost issuers $79,939,291 to compile and report asset-level information.[573]

Where we believe individual asset-level disclosures would be overly burdensome and of little utility to investors, we are proposing to require less granular disclosures or no disclosures altogether. For instance, credit-card ABS are backed by millions of accounts. For this ABS class, asset-level disclosures likely would produce an overwhelming amount of data, which we believe would not be useful for investors. Thus, we are proposing that issuers of ABS backed by credit and charge card receivables provide information on the assets in the underlying pool grouped along specified standardized dimensions. Based on similar considerations, we propose to exclude from the required asset-level disclosures issuers of ABS backed by stranded costs.

Our proposed standard definitions for asset-level information are similar to, and in part based on, other standards that have been developed by the industry, such as those developed under ASF's Project RESTART or those developed by CRE Finance Council. Because these proposed standard definitions employ widely used metrics for asset-level information, we also believe that these standards should be similar to other standards used for reporting purposes, including the mortgage metrics that national banks and thrifts must provide to the Office of Comptroller of the Currency and the Office of Thrift Supervision.[574] To the extent that there are differences between standards on the same

---

[573] The dollar cost of $42,619,856.5 is calculated by multiplying 110,086.5 internal burden hours by $200 per hour for internal costs and then adding $20,602,562.5.

[574] See OCC Press Release NR 2008-24, "OCC to Require Data from Large Bank Mortgage Servicers," February 29, 2008 and Letter to National Bank Mortgage Servicers dated February 29, 2008.

information, additional costs would be imposed on issuers and servicers to track the differences between one standard and another. Further, servicers may incur some costs in monitoring their compliance with servicing criteria and requirements under the servicing agreement with respect to reports on asset-level information.

Under the proposed requirements, issuers of ABS would be subject to additional ongoing asset-level or grouped asset disclosure requirements. Because we believe the information required already should be available, we do not expect significant increase in information gathering costs. However, we do believe that the costs discussed above of reconciling variable definitions, tagging required asset data and filing information with the Commission will be incurred in the process of continued reporting.[575] For purposes of our PRA analysis, we estimate that after the sponsor has incurred initial setup costs and after it has made its first filing, ongoing asset-level disclosure requirements would impose an additional cost of 10 burden hours per filing, which is equivalent to $2,125.[576]

The proposed requirements for asset data disclosure might have important implications for originators' ability to remain competitive and retain their lending market share. Once detailed data on borrower characteristics matched to loan terms becomes publicly available in XML format, a disclosing originator's competitors may be able to more easily infer its loan pricing model and might use the data to increase their own market share at the disclosing originator's expense. This may have an adverse impact on

---

575 We note that the CRE Finance Council is now requiring that asset-level information for commercial mortgage-backed securities be provided in XML. See CRE Finance Council Investor Reporting Package x 6.0 Preliminary Exposure Draft #1, Jan. 1, 2009, available at http://www.crefc.org/. In this regard, issuers of commercial mortgage-backed securities may already be subject to the costs of XML data tagging.

576 We allocate 75% of the hours to issuer internal costs at a rate of $200 per hour and 25% to professional costs at a rate of $250 per hour.

the profitability of credit institutions that choose to securitize some of the credit they extend.

Disclosures about an originator's or a sponsor's refusal to repurchase or replace assets put back to them for breach of representations and warranties (as well as the proposed third party opinion shelf eligibility condition, as noted above) might create incentives for originators to agree to repurchase or replace such assets even in cases where these assets were not in breach. If investors regard such disclosures as indicative of a willingness to comply with representations and warranties in the future, then originators or sponsors might try to preserve their reputation by taking back assets even when they do not have to do so. This might create an incentive for sponsors and possibly trustees to ask for repurchase or replacement of poorly performing assets that represent no breach of representations or warranties.

The proposed requirement to provide a programming language representation of the waterfall computer program would facilitate the ability of ABS investors to meaningfully use the asset data disclosed by the ABS issuer at the time of the public offering and with the monthly or other periodical distribution reports on Form 10-D filed with the Commission. We believe that the sponsor of an ABS generally will have in its possession at the time of the public offering a representation in computer programming language of the waterfall. However, additional time and expense will be involved in filing this computer programming language as source code on EDGAR concurrently with the filing of the Rule 424 prospectus, as the waterfall computer program may have to be subjected to additional review before it is filed with the Commission. We are proposing to exempt issuers of offerings backed by stranded costs from the proposed requirement,

as they are not required to provide asset-level information under the proposal. As discussed in the PRA section, we believe that initial startup costs for preparing waterfall computer program for ABS would be approximately 672 burden hours per sponsor at a cost of $159,600.[577] Also in our PRA analysis, we estimate the ongoing costs associated with converting the waterfall computer program to the necessary format to be two hours per securitization, which equals $700.[578]

The asset data and waterfall computer program disclosure requirements might impose costs on entities other than the securitization participants. Making such information available to the public for free may adversely impact the business model of firms currently selling such information to investors. If waterfall formulas are available to investors free of charge, in program form, investors may face a reduced incentive to purchase existing products that provide essentially the same service.

Sponsors may face costs in addition to the initial and ongoing mechanical costs of waterfall preparation. Increased product transparency may reduce some effects of product complexity, potentially enabling investors to more accurately value securities. The resulting price transparency may place new constraints on sponsors' latitude in pricing the products, potentially lowering the profitability of bringing ABS to market.

Rating agencies may also face costs related to implementation of the waterfall computer program requirement. To the extent that rating agency analysis has served as a proxy, for some investors, for in-depth modeling, investors may rely less on this analysis

---

577 To calculate the total dollar costs, we allocate 25% of these hours to issuer internal costs at a rate of $200 per hour and 75% to computer programmer costs at a rate of $250 per hour.

578 To calculate the total dollar costs, we allocated 25% of these hours to issuer internal costs at a rate of $200 per hour and 75% of outside professional costs at a rate of $400 per hour.

as a result of being more readily able to perform their own calculations, potentially on an automated basis.

We believe that our proposals to amend the discrete pool exception in the Regulation AB definition of an asset-backed security, for the most part, only carve back on outlier structures and should result in little cost to asset-backed issuers.[579] Our proposed revisions to the Regulation AB definition of an asset-backed security should be minimal, and, if adopted, a security that does not meet the new Regulation AB definition of an asset-backed security could still register with the Commission as long as additional, suitable disclosure is provided regarding the offering, the securities and transaction parties.

We note that our proposals to revise the pool-level information requirements and information requirements on originators and sponsors further refine the disclosure requirements rather than impose significant burdens, which is why we expect no material increase in compliance costs. Our proposal to eliminate the base prospectus and prospectus supplement format for ABS issuers may cause a small increase in the number of registration statements filed with the Commission and a corresponding increase in the cost to issuers to prepare and file such registration statements. In addition, this proposal and our proposal to require the filing of a post-effective amendment for additional structural features or credit enhancements could increase some compliance costs for ABS issuers. However, we believe that our proposal to allow ABS issuers to use a "pay-as-

[579] We are aware of only four issuers backed by non-revolving assets that utilize the master trust structure. Based on staff review, we believe that use of prefunding accounts is generally limited to select sponsors, approximately 25 percent or less of the principal balance or proceeds are set aside for prefunding for those select sponsors, and the prefunding period in those cases generally extends for approximately one year. In addition, we believe that revolving periods are not widely used across asset classes or by standalone amortizing trust structures.

you-go" registration system for each offering would offset some of those costs by providing ABS issuers with greater flexibility that would improve the utility of shelf registration, increase efficiency and thereby ultimately reduce costs for issuers.

3. Privately-Issued Structured Finance Products

The costs of complying with the shelf registration requirements may make alternate offering mechanisms, such as private placements or exempt offerings more attractive. To improve investor protection in these types of offerings, our proposed regulations would give investors the right to obtain the same level of disclosure as required in a registered Form S-1 or proposed Form SF-1 offering (and ongoing information that would be required if the issuer were subject to Exchange Act reporting obligations) when sales are made in reliance on Rule 506 of Regulation D or resales are made in reliance on Rule 144A. We also are proposing to require that transaction agreements contain a provision by which the issuer promises and represents to provide this disclosure to investors and prospective purchasers upon request.

While the costs to implementing this new information requirement may be significant to ABS issuers, we believe that such costs are justified in light of the role that privately-placed issued ABS played in the financial crisis. We believe that the recent financial crisis exposed deficiencies in the information available about CDOs and other privately-issued structured finance products.[580] Not only does it appear that these instruments were not well understood by investors, but market participants and regulators did not have access to important information about this significant component of the

---

[580] See the 2008 CRMPG III Report, at 53.

capital markets.[581] We also recognize that the additional proposed requirements that would be imposed on issuers who wish to rely on the safe harbors may possibly result in changes in the number of ABS offerings and increased use of offshore ABS offerings. For purposes of PRA analysis, we estimate for that total annual number of internal burden hours that would be imposed by the proposed amendments is 171,498 hours, while the total annual external cost estimate is be $58,144,976.

We believe that costs of the proposed requirement that issuers file a notice of sales for the initial placement of securities to be sold in reliance on Rule 144A should be minimal. In addition, we are proposing to add disclosure requirements specific to ABS issuers to Form D. For purposes of PRA, we estimate that proposed requirement on issuers to file Form 144A-SF would take approximately two hours per response per year at a total dollar cost of $700.[582] For purposes of the PRA, the added requirements to Form D would not increase the current four- hour estimate for completing the form.

D. Request for Comment

We seek comments and empirical data on all aspects of this Benefit-Cost Analysis including identification and quantification of any additional costs and benefits. Specifically, we ask the following:

---

581 See testimony of Joseph Mason, "Hearing on the Role of Credit Rating Agencies In the Structured Finance Market," Before the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, Committee on Financial Services United States House of Representatives (Sept. 27, 2007) (proposing a resolution to information asymmetry for structured finance investments, including CDOs, thought changing the manner in which information is gathered by accountants and regulators and disseminated to market participants by ratings agencies and markets). See also Anna Katherine Barnett-Hart, "The Story of the CDO Market Meltdown: An Empirical Analysis" (Mar. 19, 2009) (discussing mis-rating of CDOs and failure of all market participants, from investment banks to hedge funds, to understand risk of CDOs) at 3, 40.

582 We allocate 25% of the hours to issuer internal costs at a rate of $200 per hour and 75% to professional costs at a rate of $400 per hour.

- Would the required risk retention threshold for shelf eligibility be overly burdensome on issuers? If yes, please provide both qualitative and quantitative information to support your position.
- How does the proposed level of risk retention for shelf eligibility differ from current industry standards?
- Are there other more cost-effective ways we can accommodate issuer practices with respect to risk retention in order lower overall costs without jeopardizing interest alignment?
- Who will bear the costs of the risk retention shelf eligibility condition? How would the proposed risk retention shelf eligibility condition impact borrowers?
- Would the proposed risk retention shelf eligibility condition impose costs in addition to those identified above, such as costs arising from systems changes and restructuring business practices to account for the new risk retention requirements?
- Are the cost estimates per ABS issuance estimated by the Commission in line with industry's expectations?
- Would these proposals affect originators by making publicly available asset data that makes it possible to infer their loan pricing model? Is it possible to quantify or mitigate such effects?
- Do you believe that the proposed disclosure requirements will impose costs on other market participants, including firms that currently provide asset-level data information and waterfall computer code for a fee?

- Do the proposed disclosure requirements strike an appropriate balance in requiring sufficient pool-level information? Do you believe that providing more pool-level information will affect investors' willingness to analyze the individual assets comprising the pool? If so, what might be the consequences of such an outcome?
- Are our estimates for costs of disclosing and tagging asset data file appropriate?
- What type of burden would the proposed waterfall computer program requirement would impose on ABS issuers? What is the magnitude of that burden?
- What are the costs of our proposal to require that more information be disclosed to the investor when a sale is made in reliance on the Rule 144A or Regulation D safe harbors? Are those costs justified by the benefits provided by the proposals?

XII. Consideration of Burden on Competition and Promotion of Efficiency, Competition and Capital Formation

Section 23(a) of the Exchange Act[583] requires the Commission, when making rules and regulations under the Exchange Act, to consider the impact a new rule would have on competition. Section 23(a)(2) prohibits the Commission from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. Section 2(b) of the Securities Act[584] and Section 3(f)

583 15 U.S.C. 78w(a).

584 15 U.S.C. 77b(b).

of the Exchange Act[585] require the Commission, when engaging in rulemaking that requires it to consider whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action would promote efficiency, competition, and capital formation. Below, we address these issues for each of the proposed, substantive changes to ABS offerings.

A. Shelf Registration Requirements

1. Risk Retention

The impact of our proposed shelf eligibility condition to require that issuers retain a certain amount of risk in each tranche of the securitization is similar to the existing regulations imposed by the EU. Under EU regulations, certain investing institutions may not hold a position in asset-backed securities unless the sponsor or originator agrees to retain a certain amount of the exposures in the securitization. Because the EU- and the U.S.-issued shelf registered ABS (which had comprised most of the publicly offered ABS market) would then have comparable risk retention features, our proposed shelf eligibility condition should not cause a reduction in U.S. competitiveness from the status quo that existed prior to the current EU regulations.

Risk retention may have the additional effect on capital adequacy for those issuers who are subject to the regulatory capital requirements. The risk retention requirement may put sponsors subject to regulatory capital requirements at a competitive disadvantage with those who are not.

In addition, we recognize that some issuers may not wish to retain risk and requiring those issuers to retain risk in order to conduct a shelf offering could reduce the

---

585 15 U.S.C. 78c(f).

investment alternatives available to investors. Therefore, our proposal would allow an issuer to register an offering on proposed Form SF-1 without retaining risk. The tradeoff facing the issuer is that offers on proposed Form SF-1 would likely have a longer wait before being able to go to market, for instance possibly waiting for the registration statement to be declared effective for 60 to 90 days compared to five business days for the proposed revised shelf registration procedures. The amount of time in non-shelf registration is greater than that of shelf offerings in order to allow the Commission staff the ability to review and comment on the filing and give investors additional time to consider the issue and make a better informed investment decision. These features of our proposal could have the pro-competitive effect of providing more alternatives to issuers. Alternatively, some or all issuers could decide that registration is not an acceptable alternative, which could result in fewer alternatives for investors.

The proposed risk retention shelf eligibility condition promotes capital formation and efficiency by improving the alignment of sponsors' interest with that of investors. This could result in an allocation of capital to the most productive uses and lead to gains in overall economic efficiency.

2. Representations and Warranties in Pooling and Servicing Agreements

One of the problems in the ABS market that was highlighted during the financial crisis is the inability to efficiently enforce contractual provisions and unilateral modification of those ABS provisions. Our proposed ABS shelf eligibility condition relating to the representations and warranties stated in a pooling and servicing agreement promotes a better understanding of the enforceability of those representations and warranties. As a result, investors should have greater certainty and transparency about

the consequences of breaches of the representations and warranties. With respect to shelf offerings of ABS, all other things equal, this proposal is competitively neutral.

3. Depositor's Chief Executive Officer Certification

Our ABS shelf eligibility condition that the chief executive officer of the depositor certify that to his or her knowledge the assets have characteristics that provide a reasonable basis to believe that the underlying pool of assets will produce cash flows at times and in amounts necessary to service payments on the securities as described in the prospectus promotes capital formation by providing investors in shelf offerings with additional assurance that the sponsor has performed the necessary evaluation of the underlying assets and this evaluation is consistent with the disclosure provided in the prospectus.

4. Ongoing Exchange Act Reporting

Our proposals would require that issuers of ABS using shelf registration provide ongoing Exchange Act reporting. We believe that this will promote both efficiency and capital formation by making information useful for monitoring and assessing the performance of both the assets and the sponsor available to investors and the markets in general. More public information on an ongoing basis should assist investors to make better informed decisions on how to allocate capital, and should promote allocational efficiency by enabling investors to better match their preferences for risk and return.

5. Eliminate Ratings Requirement

We propose to eliminate the current ABS shelf eligibility condition that relies on the ratings provided by an NRSRO. Our proposal, however, does not prohibit an investor from using a credit rating in its investment decision in an offering under a shelf

registration statement if they should find this information useful. Rather, we would be eliminating the reference to credit ratings in our rules in order to reduce the likelihood of undue reliance and remove the appearance of an imprimatur that such references may create. This is designed to decrease the appearance that we sanction the use of ratings over investor analysis in an investment decision. We believe that doing so promotes investor protection by reducing the possibility that our rules encourage investors to rely unduly on ratings[586] rather than conduct their own analysis of the securities. If the proposals are adopted, investors may still utilize ratings. It is also possible that ABS sponsors will continue to have their offerings rated. Even if ratings agencies see a decline in their business due to this regulation and other information being made available by sponsors, we believe that the benefits of the proposals would justify these potential indirect costs. The proposals provide an efficient means of assessing the quality and character of ABS shelf offerings, which thus would not impose a burden on competition.

B. Five-Business Day Filing and Prospectus Delivery Requirements

In the case of shelf registration, once the registration statement is effective, we are effectively proposing to increase the time that issuers are required to provide information about the offering from no minimum to at least five business days before first sale in the offering off the shelf. This additional time is designed to provide investors with additional time to analyze and understand the risk profile of the securities being offered

---

[586] In other recent actions, we have addressed significant issues relating to the credit ratings process by an NRSO, seeking to improve the transparency relating to ratings shopping, methodologies of rating the securities. See Amendments to Rules for Nationally Recognized Statistical Rating Organizations, Release No. 34-61050 (Nov. 23, 2009); Credit Ratings Disclosure, Release No. 33-9070 (Oct. 7, 2009) [74 FR 53086]; Proposed Rules for Nationally Recognized Statistical Rating Organizations, Release No. 34-61051 (Nov. 23, 2009)[74 FR 63866].

and to make more informed and better investment decisions that will improve pricing efficiency, and should assist investors to make better informed decisions on how to allocate capital.

Our proposal to require brokers to provide investors with a preliminary prospectus at least 48 hours before confirmations are sent would apply to all registered ABS offerings, regardless of whether they are made under a shelf registration statement. Given that each ABS offering requires a consideration of new and different assets, we propose to treat ABS offerings in this regard similarly to any other initial public offering of securities. Because all registered ABS offerings will have the same requirement, this proposal is competitively neutral with respect to all public issuers.

C. Disclosure

As a result of the financial crisis and subsequent events, the market for securitized assets has suffered dramatically due, in part, to the recession, lower housing prices and increased consumer debt load—but also because of perceived problems in the securitization process that affected investors' willingness to participate in these issues. Increased transparency of the underlying assets is valuable because it provides better information that should allow the market to price these products more accurately. Greater disclosure should give investors better tools to evaluate the underlying assets and to determine whether or not to invest in the instrument and at what price. By doing so, the Commission intends to promote efficient capital allocation. Consequently, each of these regulations, described individually below, should provide the following:

- Productive efficiency: The underwriter and sponsor are in the best position to be the lowest cost providers of the loan level information that we are

proposing. Making such information available will reduce the amount of investor and third party research that is repetitive. Requiring that this data be easily machine-readable will allow parties to perform, at relatively low cost, larger scale analysis than now occurs.

- Allocational efficiency: Investors will be better able to match their risk/return preferences with ABS issues having the same risk return profile;
- Capital formation: Better disclosure should increase demand for these securities that will then be used to increase capital formation.[587]

We note that some of our proposals refine rules to provide investors with a better understanding of the offering, the transaction parties, or the material characteristics of the pool assets, including the underwriting of the assets. These proposals do not significantly change the framework that exists under our current rules for asset-backed securities.

1. Asset Data File and Waterfall Computer Program

Under our proposed asset-level disclosure requirements, issuers would be required to provide certain standardized information on each asset that is in the pool underlying the securities, or on standardized groupings in the case of credit card receivables. Such information would not only be required at the time of securitization but also on an ongoing basis. This should be an efficiency-enhancing requirement because issuers and

---

[587] Indeed, this was the original motivation for the Securities Act of 1933 and the Securities Exchange Act of 1934. Investing had all but ceased in the Great Depression. The conceptual framework for these laws was that increased disclosure would promote ethical behavior in the securities industry leading to greater investor confidence leading, in turn, to more investment and capital formation. Revitalization of the securitization market through additional disclosure has also been espoused by others. See, e.g., Ralph Atkins and David Oakley, "Disclosure move aims to revive ABS market," Financial Times, May 17, 2009 (European Central Bank pushing for an increase in the amount of information that has to be disclosed about asset-backed securities as part of efforts to revive ABS market and encourage investors that have been deterred for lack of transparency in the market to buy asset-backed securities) and European Central Bank, Public consultation on the provision of ABS loan-level information in the Eurosystem collateral framework, available at http://www.ecb.int/paym/cons/previous/html/abs.en.html.

underwriters have ready access to the asset-level information that we propose be provided; consequently, the information will be publicized by the lowest cost provider. As evidence that this is not an onerous burden, some issuers already provide much of the information to investors (although such information is not standardized). Nonetheless, where we believe the costs in providing this information may not be justified in light of the limited benefit to investors and with consequent potentially negative effects on efficiency, competition and/or capital formation, we are proposing to exclude those issuers from the asset-level requirements, or, in the case of credit card ABS issuers, to modify the approach. Asset data file information requirements are proposed to be applied equally to shelf eligible and non-shelf eligible offerings alike, thus applying the burdens equally to all publicly offered ABS issuers.

As described in the Benefit-Cost section above, the proposed asset-level disclosure requirements are likely to increase competition in lending markets by making information more cheaply available. Large datasets of loan-level information on credit terms and borrower characteristics are now available--but often at a considerable cost to subscribers and with incomplete information for some mortgage originators of the loans in the underlying pool. The data can be used to reverse engineer an originator's lending strategy in general or loan-pricing model in particular. Such information can be used by lenders to compete more effectively and even more generally can lower barriers to entry into geographic or product lending markets. By making this information more cheaply available, small loan originators may have access in the future to data that only the larger institutions could afford. As such, the provision of this data will be pro-competitive in lending markets.

We are mindful that forced disclosure of detailed information may create disincentives for innovation. At the present time, however, asset-level data are sometimes available from third party vendors for a price. Consequently, there should be little incremental effect on innovation from our proposed disclosure requirement.

We expect that the proposed asset-level and waterfall-computer-program disclosure requirements may negatively impact the profitability of providers of similar information and products currently being marketed. If the individual-asset data and cash-flow generating code are available free of charge, investors will no longer have the incentive to purchase similar products from third party vendors. Thus, some data vendor product market share may be negatively impacted by our requirements. However, the free availability of this data could give rise to new products from third party vendors who will offer data analyses, data analysis services and even user software to process the data that has features absent from the proposed waterfall computer program requirement.

Our proposals should benefit consumers because, first, the same information will be available at lower cost than is now the case and, second, we expect to see innovations in information processing and delivery to provide insights to investors that may now be prohibitive.

2. Pay-As-You-Go Registration and Revisions to Registration Process

Some of our proposals are directed at the format and presentation in which information is provided to investors to facilitate analysis of offering materials and, thus, promote more efficient capital formation through greater understanding of ABS. For example, we propose to eliminate the base prospectus and prospectus supplement format for disclosure. We believe that this should significantly improve disclosure for investors.

While we acknowledge that the proposal may increase costs for issuers by increasing the number of registration statements that must be filed, our proposal to allow a "pay-as-you-go" registration system for ABS issuers should help to offset those costs and thereby improve efficiency for ABS issuers.

3. Restrictions on Use of Regulation AB

Part of our proposed changes would change the definition of an asset-backed security to restrict the types of structures that could be utilized under the Regulation AB framework. The proposed revisions should impact only a few offerings. Inasmuch as this is basically delineating the securities that are not suitable for the Regulation AB framework, this action does not significantly change the status quo and therefore has no effect on efficiency, competition and capital formation.

D. Safe Harbors for Privately-Issued Structured Finance Products

We also note that some of our changes to registered offerings of ABS may make alternate offering mechanisms, such as private placements or exempt offerings more attractive. We are proposing to revise our rules relating to offers and sales made in reliance on Rule 506 of Regulation D and resales made in reliance on Rule 144A to give the investors the right to obtain the same level of disclosure as required in a registered Form S-1 or proposed Form SF-1 offerings. This in turn may make offers and sales pursuant to Section 4(2) of the Securities Act or resales pursuant to so-called Section 4(1-½) more attractive to issuers. We think this will promote efficiency by bringing transparency to formerly opaque private structured finance product market, particular for CDOs and similar products.

E. Combined Effect of Proposals

If sponsors/issuers bear the costs discussed above, this could put private-label RMBS sponsors/issuers at further disadvantage relative to government sponsored enterprises [588] whose RMBS are exempt from SEC registration (e.g., Freddie Mac, Fannie Mae and Ginnie Mae). Increasing the costs of securitization may give a competitive advantage to residential mortgage originators who can securitize through government sponsored enterprises and may increase the cost of non-conforming loans to borrowers. Such GSEs are not required to disclose loan-level information and/or commit to the requirements of SEC registration. If the proposed costs are sufficiently high relative to the resulting benefits of these regulations to investors, originators could receive a better price from selling conforming loans to these agencies as opposed to private conduits, thus increasing the competitive advantage of GSEs. In addition, the better selling price of conforming loans to GSEs could adversely affect originators' incentives to underwrite non-conforming loans, since these cannot be securitized through GSEs. The combined effect might be a reduction in the number of assets available for securitization by non-GSE ABS issuers and could provide GSEs with greater market power at the expense of conforming loan lenders and non-conforming borrowers. We believe that to the extent the consideration of risk and return makes non-GSE more attractive than GSEs, this competitive advantage could be reduced.

In summary, taken together the proposed amendments to our regulations and forms on asset-backed securities are designed to improve investor protection, reduce the likelihood of undue reliance on ratings, and increase transparency to market participants.

---

[588] Ambrose, B. and W., Arthur (2002), "Measuring Potential GSE Funding Advantages," The Journal of Real Estate Finance & Economics, Vol. 25, No. 2; Passmore, W. (2005), "The GSE Implicit Subsidy and the Value of Government Ambiguity," REAL ESTATE ECONOMICS, Vol. 33, No. 3, at 465-486.

We believe that the proposals also would improve investors' confidence in asset-backed securities and help recovery in the ABS market with attendant positive effects on efficiency, competition and capital formation.

We request comment on our proposed amendments. We request comment on whether our proposals would promote efficiency, competition, and capital formation. Commenters are requested to provide empirical data and other factual support for their views, if possible. We also request comment on whether our proposed changes to Exchange Act Rule 15c2-8(b), the disclosure requirements and Exchange Act forms would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

XIII. Small Business Regulatory Enforcement Fairness Act

For purposes of the Small Business Regulatory Enforcement Fairness Act of 1996,[589] a rule is "major" if it has resulted, or is likely to result in:

- an annual effect on the U.S. economy of $100 million or more;
- a major increase in costs or prices for consumers or individual industries; or
- significant adverse effects on competition, investment, or innovation.

We request comment on whether our proposed amendments would be a "major rule" for purposes of the Small Business Regulatory Enforcement Fairness Act. We solicit comment and empirical data on:

- the potential effect on the U.S. economy on an annual basis;
- any potential increase in costs or prices for consumers or individual industries; and

[589] Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996).

- any potential effect on competition, investment, or innovation.

XIV. Regulatory Flexibility Act Certification

The Commission hereby certifies pursuant to 5 U.S.C. 605(b) that the proposals contained in this release, if adopted, would not have a significant economic impact on a substantial number of small entities. The proposals relate to the registration, disclosure and reporting requirements for asset-backed securities under the Securities Act and the Exchange Act. Securities Act Rule 157[590] and Exchange Act Rule 0-10(a)[591] defines an issuer, other than an investment company, to be a "small business" or "small organization" if it had total assets of $5 million or less on the last day of its most recent fiscal year. As the depositor and issuing entity are most often limited purpose entities in an ABS transaction, we focused on the sponsor in analyzing the potential impact of the proposals under the Regulatory Flexibility Act. Based on our data, we only found one sponsor that could meet the definition of a small broker-dealer for purposes of the Regulatory Flexibility Act.[592] Accordingly, the Commission does not believe that the proposals, if adopted, would have a significant economic impact on a substantial number of small entities.

XV. Statutory Authority and Text of Proposed Rule and Form Amendments

We are proposing the new rules, forms and amendments contained in this document under the authority set forth in Sections 4, 5, 6, 7, 8, 10, 17(a), 19(a), and 28 of

590 17 CFR 230.157.

591 17 CFR 240.0-10(a).

592 This is based on data from Asset-Backed Alert.

the Securities Act, Sections 10, 12, 13, 14, 15, 23(a), 35A and 36 of the Exchange Act, and Section 319[593] of the Trust Indenture Act.[594]

List of Subjects

17 CFR Parts 200, 229, 230, 232, 239, 240, 243 and 249

Advertising, Reporting and recordkeeping requirements, Securities.

For the reasons set out above, Title 17, Chapter II of the Code of Federal Regulations is proposed to be amended as follows:

PART 200 - ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION REQUESTS

1. The authority citation for Part 200 Subpart A continues to read in part as follows:

Authority: 15 U.S.C. 77o, 77s, 77sss, 78d, 78d–1, 78d–2, 78w, 78 ll(d), 78mm, 80a–37, 80b–11, and 7202, unless otherwise noted.

Sections 200.27 and 200.30–6 are also issued under 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77q, 77u, 78e, 78g, 78h, 78i, 78k, 78m, 78o, 78o–4, 78q, 78q–1, 78t–1, 78u, 77hhh, 77uuu, 80a–41, 80b–5, and 80b–9.

Section 200.30–1 is also issued under 15 U.S.C. 77f, 77g, 77h, 77j, 78c(b) 78l, 78m, 78n, 78 o(d).

Section 200.30–3 is also issued under 15 U.S.C. 78b, 78d, 78f, 78k–1, 78q, 78s, and 78eee.

Section 200.30–5 is also issued under 15 U.S.C. 77f, 77g, 77h, 77j, 78c(b), 78l, 78m, 78n, 78o(d), 80a-8, 80a-20, 80a-24, 80a-29, 80b-3, 80b-4.

---

593 15 U.S.C. 77sss.

594 15 U.S.C. 77aaa et. seq.

2. Amend § 200.30-1 by adding paragraph (a)(11) to read as follows:

§ 200.30-1 Delegation of authority to Director of Division of Corporation Finance.

* * * * *

(a) * * *

(1l) To request materials from issuers as required to be furnished to the Commission, upon written request, pursuant to Form D (referenced in § 239.500 of this chapter) and Form 144A-SF (referenced in §239.144A of this chapter).

* * * * *

PART 229 -- STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975 -- REGULATION S-K

3. The authority citation for part 229 continues to read in part as follows:

Authority: 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77z-2, 77z-3, 77aa(25), 77aa(26), 77ddd, 77eee, 77ggg, 77hhh, 777iii, 77jjj, 77nnn, 77sss, 78c, 78i, 78j, 78l, 78m, 78n, 78o, 78u-5, 78w, 78ll, 78mm, 80a-8, 80a-9, 80a-20, 80a-29, 80a-30, 80a-31(c), 80a-37, 80a-38(a), 80a-39, 80b-11, and 7201 et seq.; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

4. Amend §229.512 by:

a. Revising paragraph (a)(1)(iii)(B) by adding the phrase, ", Form SF-3(§239.45 of this chapter)" immediately after the phrase, "Form S-3(§239.13 of this chapter)";

b. Revising paragraph (a)(1)(iii)(C) by revising the phrase “on Form S-1 (§239.11 of this chapter) or Form S-3 (§239.13 of this chapter)” to read “Form SF-1 (§239.44 of this chapter) or Form SF-3 (§239.45 of this chapter)”;

c. Adding paragraphs (a)(5)(iii) and (a)(7); and

d. Removing paragraph (l).

Added paragraph (a)(5)(iii) reads as follows:

§ 229.512 (Item 512) Undertakings.

(a) * * *

(5) * * *

(iii) If the registrant is relying on Rule 430D (§230.430D of this chapter):

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) and Rule 424(h) (§230.424(b)(3) and §230.424(h) of this chapter) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) (§230.424(b)(2), (b)(5), or (b)(7) of this chapter) as part of a registration statement in reliance on Rule 430D relating to an offering made pursuant to Rule 415(a)(1) (vii) (§230.415(a)(1) (vii) of this chapter) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430D, for liability purposes of

the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

* * * * *

(7) If the offering is registered on Form SF-3 (§239.45) and the registrant is relying on Rule 430D (§230.430D of this chapter):

(i) with respect to any offering of securities to file substantially all the information previously omitted from the prospectus filed as part of an effective registration statement in reliance on Rule 430D (§230.430D) except for the omission of information with respect to the offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds or other matters dependent upon the offering price in accordance with Rule 424(h) (§230.424(h)); and

(ii) to file reports for each offering that is registered on Form SF-3 as would be required by Section 15(d) of the Exchange Act and the rules thereunder if the issuer were required to report under that section as long as non-affiliates of the depositor hold

any of the issuer's securities that were sold in registered transactions and provide disclosure in the prospectus that is filed as part of the registration statement that the registrant has undertaken to, and will, file with the Commission reports as would be required by Section 15(d) of the Exchange Act and the rules thereunder.

* * * * *

5. Amend §229.601 by:

a. Revising the exhibit table in paragraph (a);

b. Adding paragraph (b)(36); and

c. Adding paragraphs (b)(102) through (b)(106).

The revision and additions read as follows:

§ 229.601 Item 601. Exhibits.

(a) * * *

EXHIBIT TABLE

* * * * *

EXHIBIT TABLE															
	Securities Act Forms								Exchange Act Forms						
	S-1	S-3	SF-1	SF-3	S-4[1]	S-8	S-11	F-1	F-3	F-4[1]	10	8-K[2]	10-D	10-Q	10-K
(1) Underwriting agreement	X	X	X	X	X	---	X	X	X	X	---	X	---	---	---
(2) Plan of acquisition, reorganization, arrangement, liquidation or succession	X	X	X	X	X	---	X	X	X	X	X	X	---	X	X
(3) (i) Articles of incorporation	X	---	X	X	X	---	X	X	---	X	X	X	X	X	X
(ii) Bylaws	X	---	X	X	X	---	X	X	---	X	X	X	X	X	X

(4) Instruments defining the rights of security holders, including indentures	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
(5) Opinion re legality	X	X	X	X	X	X	X	X	X	X	---	---	---	---	---
(6) [Reserved]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(7) Correspondence from an independent accountant regarding non-reliance on a previously issued audit report or completed interim review	---	---	---	---	---	---	---	---	---	---	---	X	---	---	---
(8) Opinion re tax matters	X	X	X	X	X	---	X	X	X	X	---	---	---	---	---
(9) Voting trust agreement	X	---	---	---	X	---	X	X	---	X	X	---	---	---	X
(10) Material contracts	X	---	X	X	X	---	X	X	---	X	X	---	X	X	X
(11) Statement re computation of per share earnings	X	---	---	---	X	---	X	X	---	X	X	---	---	X	X
(12) Statements re computation of ratios	X	X	---	---	X	---	X	X	---	X	X	---	---	---	X
(13) Annual report to security holders, Form 10-Q or quarterly report to security holders[3]	---	---	---	---	X	---	---	---	---	---	---	---	---	---	X
(14) Code of Ethics												X	---		X
(15) Letter re unaudited interim financial information	X	X	---	---	X	X	X	X	X	X	---	---	---	X	---

(16) Letter re change in certifying accountant[4]	X	---	---	---	X	---	X	---	---	---	X	X	---	---	X
(17) Correspondence on departure of director	---	---	---	---	---	---	---	---	---	---	---	X	---	---	---
(18) Letter re change in accounting principles	---	---	---	---	---	---	---	---	---	---	---	---	---	X	X
(19) Report furnished to security holders	---	---	---	---	---	---	---	---	---	---	---	---	---	X	---
(20) Other documents or statements to security holders	---	---	---	---	---	---	---	---	---	---	---	X	---	---	---
(21) Subsidiaries of the registrant	X	---	X	X	X	---	X	X	---	X	X	---	---	---	X
(22) Published report regarding matters submitted to vote of security holders	---	---	---	---	---	---	---	---	---	---	---	---	X	X	X
(23) Consents of experts and counsel	X	X	X	X	X	X	X	X	X	X	---	X[5]	X[5]	X[5]	X[5]
(24) Power of attorney	X	X	X	X	X	X	X	X	X	X	X	X	---	X	X
(25) Statement of eligibility of trustee	X	X	X	X	X	---	---	X	X	X	---	---	---	---	---
(26) Invitation for competitive bids	X	X	X	X	X	---	---	X	X	X	---	---	---	---	---
(27) through (30) [Reserved]															
(31) (i) Rule 13a-14(a)/15d-14(a) Certifications (ii) Rule 13a-14/15d-14 Certifications	---	---	---	---	---	---	---	---	---	---	---	---	---	X ---	X X
(32) Section 1350	---	---	---	---	---	---	---	---	---	---	---	---	---	X	X

Certifications[6]															
(33) Report on assessment of compliance with servicing criteria for asset-backed issuers	---	---	---	---	---	---	---	---	---	---	---	---	---	---	X
(34) Attestation report on assessment of compliance with servicing criteria for asset-backed securities	---	---	---	---	---	---	---	---	---	---	---	---	---	---	X
(35) Servicer compliance statement	---	---	---	---	---	---	---	---	---	---	---	---	---	---	X
(36) Depositor Certification for shelf offerings of asset-backed securities	---	---	---	X	---	---	---	---	---	---	---	---	---	---	---
(36) through (98) [Reserved]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(99) Additional exhibits	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
(100) XBRL-Related Documents			---	---							X	X		X	X
(101) Interactive Data File	X	X	---	---	X	---	X	X	X	X	---	X	---	X	X
(102) Asset Data File	---	---	X	X	---	---	---	---	---	---	---	X	X	---	---
(103) Asset Related Documents	---	---	X	X	---	---	---	---	---	---	---	X	X	---	---
(104) Waterfall Computer Program	---	---	X	X	---	---	---	---	---	---	---	X	X	---	---
(105) Waterfall Computer Program Related Documents	---	---	X	X	---	---	---	---	---	---	---	X	X	---	---
(106) Static Pool PDF	---	---	X	X	---	---	---	---	---	---	---	X	---	---	---

(b) * * *

(36) Depositor certification for shelf offerings of asset-backed securities. For any offering of asset-backed securities (as defined in §229.1101) made on a delayed basis under §230.415(a)(1)(vii), provide the certification required by General Instruction I.B.iii. of Form SF-3 (referenced in §239.45) exactly as set forth below:

Certification

I, [identify the certifying individual,] certify that:

1. To my knowledge, the securitized assets backing the issue have characteristics that provide a reasonable basis to believe that they will produce, taking into account internal credit enhancements, cash flows at times and in amounts necessary to service any payments of the securities as described in the prospectus; and

2. I have reviewed the prospectus and the necessary documents for this certification.

Date:_____

_____

[Signature]

_____

[Title]

The certification should be signed by the chief executive officer of the depositor, as required by General Instruction I.B.1(c) of Form SF-3.

* * * * *

(102) Asset Data File. An Asset Data File (as defined in §232.11 of this chapter) pursuant to, with respect to any registration statement on Form SF-1 (§239.44)

or Form SF-3 (§239.45), Items 1111(h) and 1111(i) (§ 229.1111(h) and 229.1111(i) of this chapter) or, with respect to any distribution report on Form 10-D, Item 1121(d) and 1121(e) (§ 229.1121(d) and 229.1121(e) of this chapter).

(103) Asset Related Documents.

(i) If a registrant includes other data points in the Asset Data File filed pursuant to (102) of this subparagraph, in addition to those required by Schedule L of Regulation AB (§229.1111A of this chapter), Schedule L-D of Regulation AB (§229.1121A of this chapter), or Schedule CC of Regulation AB (§229.1111B of this chapter), a document identifying and setting forth the definitions and formulas for each of those additional data points and the related tagged data.

(ii) A document setting forth, in reasonable detail other explanatory disclosure regarding the asset-level data file filed pursuant to (102) of this paragraph,

(104) Waterfall Computer Program. A Waterfall Computer Program as defined in Item 1113(h) of Regulation AB (§229.1113(h) of this chapter) filed pursuant to, with respect to any registration statement on Form SF-1 (§239.44) or Form SF-3 (§239.45), Item 1113(h) of Regulation AB (§229.1113(h) of this chapter).

(105) Waterfall Computer Program Related Documents.

If a registrant includes additional program functionality in the Waterfall Computer Program filed pursuant to (104) of this subparagraph, in addition to that required by Item 1113(h) of Regulation AB (§229.1113(h) of this chapter), a document identifying and setting forth in reasonable detail the additional program functionality.

(106) Static Pool. If not included in the prospectus, static pool disclosure as required by Item 1105 of Regulation AB (§229.1105 of this chapter).

* * * * *

6. Amend §229.1100 by:

a. Revising paragraph (f); and

b. Adding paragraph (g).

The revision and addition read as follows:

§ 229.1100 (Item 1100) General

* * * * *

(f) Where agreements or other documents in this Regulation AB are specified to be filed as exhibits to a Securities Act registration statement, such final agreements or other documents, if applicable, may be incorporated by reference as an exhibit to the registration statement, such as by filing a Form 8-K in the case of offerings registered on Form SF-3 (§239.45 of this chapter). They must, however, be filed and made part of the registration statement at the latest by the date the final prospectus is required to be filed under Securities Act Rule 424 (§230.424 of this chapter).

(g) Presentation of flow of funds on the transaction. Provide information on the flow of funds in the transaction, as required in Item 1113 of Regulation AB, including any related definitions of terms, in one location in the prospectus.

7. Amend §229.1101 by:

a. Revising paragraph (c)(3)(i);

b. Revising the references to“50%” in paragraph (c)(3)(ii) in both places they appear to read “10%”; and

c. Revising the phrase “three years” in paragraph (c)(3)(iii) to read “one year”

The revision in paragraph (c)(3)(i) and the addition read as follows:

§ 229.1101 (Item 1101) Definitions

* * * * *

(c) * * *

(3) * * *

(i) Master trusts. The offering related to the securities contemplates adding additional assets to the pool that backs such securities in connection with future issuances of asset-backed securities backed by such pool, provided, however, that the securities are backed by receivables or other financial assets that arise under revolving accounts. Such offering also may contemplate additions to the asset pool, to the extent consistent with paragraphs (c)(3)(ii) and (c)(3)(iii) of this section, in connection with maintaining minimum pool balances in accordance with the transaction agreements.

* * * * *

8. Amend §229.1102 by revising paragraph (a) to read as follows:

§ 229.1102 (Item 1102) Forepart of registration statement and outside cover page of the prospectus.

* * * * *

(a) Identify the sponsor, the depositor and the issuing entity (if known). Such identifying information should include a Central Index Key number for the depositor and the issuing entity, and if applicable, the sponsor.

* * * * *

9. Amend §229.1103 by adding an instruction after paragraph (a)(2) to read as follows:

§ 229.1103 (Item 1103) Transaction summary and risk factors.

* * * * *

(a) * * *

(2) * * *

Instruction to Item 1103(a)(2). What is required is summary disclosure tailored to the particular asset pool backing the asset-backed securities. While the material characteristics will vary depending on the nature of the pool assets, summary disclosure may include, among other things, statistical information of: the types of underwriting or origination programs, exceptions to underwriting or origination criteria and, if applicable, modifications made to the pool assets after origination.

* * * * *

10. Amend §229.1104 by adding new paragraphs (e) and (f) to read as follows:

§ 229.1104 (Item 1104) Sponsors.

* * * * *

(e) Describe any interest that the sponsor has retained in the transaction, including amount and nature of that interest. If the offering is registered on Form SF-1 (§239.44), provide disclosure (if applicable) that the sponsor is not required by law to retain any interest in the securities and may sell any interest initially retained at any time.

(f) If the sponsor is required to repurchase or replace any asset for breach of a representation and warranty pursuant to the transaction agreements, provide the following information:

(1) On a pool by pool basis, the amount, if material, of the publicly securitized assets originated or sold by the sponsor that were the subject of a demand to repurchase or replace for breach of the representations and warranties concerning the pool assets that

has been made in the prior three years pursuant to the transaction agreements. Provide the percentage of that amount that were not then repurchased or replaced by the sponsor. Of those assets that were not then repurchased or replaced, disclose whether an opinion of a third party not affiliated with the sponsor had been furnished to the trustee that confirms that the assets did not violate a representation or warranty.

(2) The sponsor's financial condition to the extent that there is a material risk that the financial condition could have a material impact on its ability to comply with the provisions relating to the repurchase obligations for those assets or otherwise materially impact the pool.

11. Amend §229.1105 by:

a. Revising the introductory text;

b. Revising paragraph (a)(3)(ii);

c. Adding new Instruction to 1105(a)(3)(ii);

d. Adding new paragraph (a)(3)(iv); and

e. Revising paragraph (c).

§ 229.1105 (Item 1105) Static pool information.

Describe the static pool information presented. Provide appropriate introductory and explanatory information to introduce the characteristics, the methodology used in determining or calculating the characteristics and any terms or abbreviations used. Include a description of how the static pool differs from the pool underlying the securities being offered. In addition to a narrative description, the static pool information should be presented graphically if doing so would aid in understanding.

(a) * * *

(3) * * *

(ii) Present delinquency, cumulative loss and prepayment data for each prior securitized pool or vintage origination year, as applicable, over the life of the prior securitized pool or vintage origination year. The most recent periodic increment for the data must be as of a date no later than 135 days after the date of first use of the prospectus.

Instruction to Item 1105(a)(3)(ii). Refer to Item 1100(b) of this Regulation AB for presentation of historical delinquency and loss information.

* * * * *

(iv) Provide graphical illustration of delinquencies, prepayments and losses for each prior securitized pool or by vintage origination year regarding originations or purchases by the sponsor, as applicable for that asset type.

* * * * *

(c) If the information that would otherwise be required by paragraph (a)(1), (a)(2) or (b) of this section is not material, but alternative static pool information would provide material disclosure, provide such alternative information instead. Similarly, information contemplated by paragraph (a)(1), (a)(2) or (b) of this section regarding a party or parties other than the sponsor may be provided in addition to or in lieu of such information regarding the sponsor if appropriate to provide material disclosure. In addition, provide other explanatory disclosure, including why alternative disclosure is being provided and explain the absence of any static pool information contemplated by paragraphs (a)(1), (a)(2) or (b) of this section, as applicable.

* * * * *

12. Amend §229.1106 by adding paragraph (d) to read as follows:

§ 229.1106 (Item 1106) Depositors.

* * * * *

(d) Any failure in the last year of an issuing entity established by the depositor or any affiliate of the depositor to file or file in a timely manner an Exchange Act report that was required either by rule or by virtue an undertaking pursuant to Item 512 of Regulation S-K (17 CFR 229.512).

13. Amend §229.1108 by:

a. Revising the phrase "(c) and (d)" in paragraph (a) to read "(c), (d), and (e)";

b. Removing paragraph (c)(6);

c. Redesignating paragraphs (c)(7) and (c)(8) as paragraphs (c)(6) and (c)(7); and

d. Adding paragraph (e).

New paragraph (e) reads as follows:

§ 229.1108 (Item 1108) Servicers.

* * * * *

(e) Describe any interest that the servicer has retained in the transaction, including amount and nature of that interest.

14. Amend §229.1110 by:

a. Revising paragraph (a);

b. Adding paragraph (b)(3); and

c. Adding paragraph (c).

The revision and additions read as follows:

§ 229.1110 (Item 1110) Originators.

(a) Identify any originator or group of affiliated originators, apart from the sponsor or its affiliates, provided, however, identification of an originator is not required if such originator has originated, or is expected to originate, less than 10% of the pool assets and the cumulative amount of originated assets by parties other than the sponsor (or its affiliates) comprises less than 10% of the total pool assets.

(b) * * *

(3) Describe any interest that the originator has retained in the transaction, including amount and nature of that interest.

(c) For any originator identified under paragraph (b), if such originator is required to repurchase or replace a pool asset for breach of a representation and warranty pursuant to the transaction agreements, provide the following information:

(1) On a pool by pool basis, the amount, if material, of the publicly securitized assets originated or sold by the originator that were the subject of a demand to repurchase or replace for breach of the representations and warranties concerning the pool assets that has been made in the prior three years pursuant to the transaction agreements. Provide the percentage of that amount that were not then repurchased or replaced by the originator. Of those assets that were not then repurchased or replaced, disclose whether an opinion of a third party not affiliated with the originator had been furnished to the trustee that confirms that the assets did not violate the representations and warranties.

(2) The originator's financial condition to the extent that there is a material risk that the financial condition could have a material impact on the origination of the

originator's assets in the pool or on its ability to comply with the provisions relating to the repurchase obligations for those assets.

15. Amend §229.1111 by:

a. Revising paragraph (a)(3);

b. Redesignating paragraphs (a)(5) and (a)(6) and Instruction to Item 1111(a)(6) as paragraphs (a)(6) and (a)(7) and Instruction to Item 1111(a)(7);

c. Adding new paragraph (a)(5);

d. Revising paragraph (e); and

e. Adding paragraphs (h) and (i).

The addition and revisions read as follows:

§ 229.1111 (Item 1111) Pool assets.

(a) * * *

(3) A description of the solicitation, credit-granting or underwriting criteria used to originate or purchase the pool assets, including any changes in such criteria and the extent to which such policies and criteria are or could be overridden. Disclosure on the underwriting of assets that deviate from the disclosed criteria, must be accompanied by data on the amount and characteristics of those assets that did not meet the disclosed standards. If disclosure is provided regarding compensating or other factors, if any, that were used to determine that the those assets should be included in the pool, despite not having met the disclosed underwriting standards, describe those factors and provide data on the amount of assets in the pool that are represented as meeting those factors and the amount of assets that do not meet those factors.

* * * * *

(5) The steps undertaken by the originator to verify the information used in the solicitation, credit-granting or underwriting of the pool assets.

* * * * *

(e) Representations and warranties and modification provisions relating to the pool assets. Provide the following information:

(1) Representations and warranties.

(i) Summarize any representations and warranties made concerning the pool assets by the sponsor, transferor, originator or other party to the transaction, and describe briefly the remedies available if those representations and warranties are breached, such as repurchase obligations.

(ii) Describe any representation and warranty relating to fraud in the origination of the assets. If none, so state.

(2) Modification provisions. Describe any provisions in the transaction agreements governing the modification of the terms of any asset, including how modification may effect cash flows from the assets or to the securities.

* * * * *

(h) Asset-level information. Provide asset-level information for each asset in the pool in a manner specified in Schedule L (§229.1111A). This subparagraph (h) does not apply to issuers of asset-backed securities backed primarily by receivables due on credit cards, charge cards or stranded costs. State in the prospectus that the information provided in response to this subparagraph and Schedule L is provided as a machine-

readable data file filed with the Securities and Exchange Commission on its website at www.sec.gov. Identify the CIK and file number.

(1) If the information is part of a prospectus filed with a registration statement on Form SF-1 (§239.44) or in accordance with Rule 424(h) (§230.424(h)), provide the information as of a measurement date, unless otherwise specified. For purposes of this subparagraph, the measurement date is a date designated by the registrant that is as recent as practicable.

(2) If the information is part of a final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (§230.424(b)), provide the information as of the cut-off date as specified in the instruments governing the transaction (i.e., the date on and after which collections on the pool assets accrue for the benefit of the asset-backed security holders).

(3) If the information is part of a report filed on Form 8-K (referenced in § 249.308) in accordance with Item 6.05, provide the information as of the cut-off date as specified in the instruments governing the transaction, unless otherwise specified.

(i) Credit card pool information. If the asset-backed securities are backed primarily by receivables due on credit cards or charge cards, provide the information for the underlying pool in a manner specified in Schedule CC (§229.1111B). State in the prospectus that the information provided in response to this subparagraph and Schedule CC is provided as a machine-readable data file filed with the Securities and Exchange Commission on its website at www.sec.gov. Identify the CIK of the issuer and file number.

(1) If the information is part of a prospectus filed in accordance with Rule 424(h) (§230.424(h)), or if the information is part of a final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (§230.424(b)), provide the information as of a measurement date. Identify the measurement date in the prospectus. For purposes of this paragraph, the measurement date is a date designated by the registrant that is as recent as practicable.

(2) If the information is part of a report filed on Form 8-K (referenced in § 249.308) in accordance with Item 6.05, provide the information as of a measurement date.

16. Add §229.1111A to read as follows:

§229.1111A (Item 1111A) Asset-level information.

Schedule L

Note A. Submit the disclosures as an Asset Data File (as defined in §232.11 of this chapter) in the format required by the EDGAR Filer Manual. See Rule 301 of Regulation S-T (§232.301 of this chapter).

Instruction. The following definitions apply to the terms used in this schedule unless otherwise specified:

MI. Mortgage insurance.

Underwritten. The amount of revenues or expenses adjusted based on a number of assumptions made by the mortgage originator or seller.

Item 1. General. Provide the following data for each asset in the asset pool:

(a) Information related to the asset.

(1) Asset number type. Identify the source of the asset number used to specifically identify each asset in the pool.

Instruction to Item 1(a)(1). Asset number types that will satisfy the requirements of this subparagraph may be generated by organizations such as CUSIP Global Services (CUSIP), the American Securitization Forum (ASF Universal Link) or MERS (Mortgage Identification Number); by the registrant; or by using the convention "[CIK number]-[Sequential asset number]".

(2) Asset number. Provide the unique ID number of the asset.

Instruction to Item 1(a)(2). The asset number should be the same number that will be used to identify the asset for all reports that would be required of an issuer under Sections 13(a) or 15(d) of the Exchange Act.

(3) Asset group number. For structures with multiple collateral groups, indicate the collateral group number in which the asset falls.

(4) Originator. Identify the name or MERS organization number of the originator entity. If the asset is a security, identify the name of the issuer.

(5) Origination date. Provide the date of asset origination. For revolving asset master trusts, provide the origination date of the receivable that will be added to the asset pool.

(6) Original asset amount. Indicate the dollar amount of the asset at the time of origination.

(7) Original asset term. Indicate the initial number of months between asset origination and the asset maturity date.

(8) Asset maturity date. Indicate the month and year in which the final payment on the asset is scheduled to be made.

(9) Original amortization term. Indicate the number of months in which the asset would be retired if the amortizing principal and interest payment were to be paid each month.

(10) Original interest rate. Provide the rate of interest at the time of origination of the asset.

(11) Interest type. Indicate whether the interest rate calculation method is simple or actuarial.

(12) Amortization type. Indicate whether the interest rate on the asset is fixed or adjustable.

(13) Original interest only term. Indicate the number of months in which the obligor is permitted to pay only interest on the asset.

(14) First payment date. Provide the date of the first scheduled payment.

(15) Primary servicer. Identify the name or MERS organization number of the entity that services or will have the right to service the asset.

(16) Servicing fee—percentage. If the servicing fee is based on a percentage, indicate the percentage of monthly servicing fee paid to all servicers as a percentage of the Original Contract Amount.

(17) Servicing fee—flat-dollar. If the servicing fee is based on a flat-dollar amount, indicate the monthly servicing fee paid to all servicers as a dollar amount.

(18) Servicing advance methodology. Indicate the code that describes the manner in which principal and/or interest are to be advanced by the servicer.

(19) Defined underwriting indicator. Indicate yes or no whether the loan or asset was made as an exception to a defined and/or standardized set of underwriting criteria.

(20) Measurement date. The date the loan or asset-level data is provided in accordance with Item 1111(h)(1) of Regulation AB (§229.1111(h)(1)).

(b) Updated information as of the cut-off date.

(1) Cut-off date. Indicate the date on and after which collections on the pool assets accrue for the benefit of the asset-backed security holders.

(2) Current asset balance. Indicate the outstanding principal balance of the asset as of the cut-off date.

(3) Current interest rate. Indicate the interest rate in effect on the asset as of the cut-off date.

(4) Current payment amount due. Indicate the next total payment due to be collected.

(5) Current delinquency status. Indicate the number of days the obligor is delinquent as determined by the governing transaction agreement.

(6) Number of days payment is past due. If an obligor has not made the full scheduled payment, indicate the number of days between the scheduled payment date and the cut-off date.

(7) Current payment status. Indicate the number of payments the obligor is past due as of the cut-off date. A payment is considered past due if it has not been received by the end of the day immediately preceding the next due date.

(8) Remaining term to maturity. Indicate the number of months between the cut-off date and the asset maturity date.

Item 2. Residential mortgages. If the asset pool contains residential mortgages, provide the following data for each loan in the asset pool:

(a) Information related to the loan.

(1) Loan purpose. Specify the code which describes the purpose of the loan.

(2) Lien position. Indicate the code that describes the lien position for the loan.

(3) Prepayment penalty indicator. Indicate yes or no as to whether the obligor is subject to prepayment penalties.

(4) Negative amortization indicator. Indicate yes or no as to whether the loan allows negative amortization.

(5) Mortgage modification indicator. Indicate yes or no as to whether the loan has been modified.

(6) Mortgage insurance requirement indicator. Indicate yes or no as to whether the mortgage insurance is or was required as a condition for originating the loan.

(7) Balloon indicator. Indicate yes or no as to whether the loan documents require a lump-sum payment of principal at maturity.

(8) Cash out amount. Provide the amount of cash the obligor will receive at the closing of the loan on a refinance transaction.

(9) Broker. Indicate yes or no as to whether a broker originated or was involved in the origination of the loan.

(10) Channel. Specify the code that describes the source from which the Issuer obtained the loan.

(11) NMLS loan originator number. Specify the National Mortgage License System registration number of the loan originator.

(12) NMLS loan origination company number. Specify the National Mortgage License System registration number of the company that originated the loan.

(13) Buy down period. Indicate the total number of months during which any buy down is in effect, representing the accumulation of all buy down periods.

(14) Interest paid through date. Provide the date through which interest is paid with the current payment, which is the effective date from which interest will be calculated for the application of the next payment.

(15) Loan delinquency advance days count. Indicate the number of days after which a servicer can stop advancing funds on a delinquent loan.

(16) Junior mortgage balance. For first mortgages with subordinate liens at the time of origination, provide the amount of the combined balance of the subordinate liens.

(17) Information related to junior liens. If the loan is not a first mortgage, provide the following additional information for each non-first mortgage:

(i) Senior loan amount(s). For non-first mortgages, provide the total amount of the balances of all associated senior mortgages at the time of origination of the subordinate lien.

(ii) Loan type of most senior lien. For non-first mortgages, indicate the code that describes the loan type of the first mortgage.

(iii) Hybrid period of most senior lien. For non-first mortgages where the associated first mortgage is a hybrid ARM, provide the number of months remaining in the initial fixed interest rate period for the first mortgage.

(iv) Negative amortization limit of most senior lien. For non-first mortgages where the associated first mortgage features negative amortization, indicate the negative amortization limit of the mortgage as a percentage of the original unpaid principal balance.

(v) Origination date of most senior lien. For non-first mortgages, provide the origination date of the associated first mortgage.

(18) Information related to ARMs. If the loan is an ARM, provide the following additional information for each loan:

(i) ARM index. Specify the code that describes the index on which an adjustable interest rate is based.

(ii) ARM margin. Indicate the number of percentage points that is added to the current index value to establish the new note rate at each interest rate adjustment date.

(iii) Fully indexed interest rate. Indicate the fully indexed interest rate.

(iv) Initial fixed rate period for hybrid ARM. If the interest rate is initially fixed for a period of time, indicate the number of months between the

first payment date of the mortgage and the first interest rate adjustment date.

(v) Initial interest rate decrease. Indicate the maximum percentage by which the mortgage note rate may decrease at the first interest rate adjustment date.

(vi) Initial interest rate increase. Indicate the maximum percentage by which the mortgage note rate may increase at the first interest rate adjustment date.

(vii) Index lookback. Provide the number of days prior to an interest rate effective date used to determine the appropriate index rate.

(viii) Subsequent interest rate reset period. Indicate the number of months between subsequent rate adjustments.

(ix) Lifetime rate ceiling. Indicate the percentage of the maximum interest rate that can be in effect during the life of the loan.

(x) Lifetime rate floor. Indicate the percentage of the minimum interest rate that can be in effect during the life of the loan.

(xi) Next adjustment date. Provide the next scheduled date on which the mortgage note rate adjusts.

(xii) Subsequent interest rate decrease. Provide the maximum percentage by which the interest rate may decrease at each rate adjustment date after the initial adjustment.

(xiii) Subsequent interest rate increase. Provide the maximum percentage by which the interest rate may increase at each rate adjustment date after the initial adjustment.

(xiv) Subsequent payment reset period. Indicate the number of months between payment adjustments after the first interest rate adjustment date.

(xv) ARM round indicator. Indicate the code that describes whether an adjusted interest rate is rounded to the next higher adjustable rate mortgage round factor, to the next lower round factor, or to the nearest round factor.

(xvi) ARM round percentage. Indicate the percentage to which an adjusted interest rate is to be rounded.

(xvii) Option ARM indicator. Indicate yes or no as to whether the loan is an Option ARM.

(xviii) Payment method after recast. Specify the code that describes the means of computing the lowest monthly payment available to the obligor after recast.

(xix) Initial minimum payment. Provide the amount of the initial minimum payment the obligor is permitted to make.

(xx) Convertible indicator. Indicate yes or no as to whether the obligor of the loan has an option to convert an adjustable interest rate to a fixed interest rate during a specified conversion window.

(xxi) HELOC indicator. Indicate yes or no as to whether the loan is a Home Equity Line of Credit (HELOC).

(xxii) HELOC draw period. Indicate the original maximum number of months during which the obligor may draw funds against the HELOC account.

(19) Information related to prepayment penalties. If the obligor is subject to prepayment penalties, provide the following additional information for each loan:

(i) Prepayment penalty calculation. Specify the code that describes the method for calculating the prepayment penalty for the loan.

(ii) Prepayment penalty type. Specify the code that describes the type of prepayment penalty.

(iii) Prepayment penalty total term. Provide the total number of months that the prepayment penalty may be in effect.

(20) Information related to negative amortization. If the loan allows for negative amortization, provide the following additional information for each loan:

(i) Negative amortization limit. Specify the maximum dollar amount of negative amortization that is allowed before it is required to recalculate the fully amortizing payment based on the new loan balance.

(ii) Initial negative amortization recast period. Indicate the number of months in which negative amortization is allowed.

(iii) Subsequent negative amortization recast period. Indicate the number of months after which the payment is required to recast after the first recast period.

(iv) Current negative amortization balance amount. Provide the amount of the current negative amortization balance accumulated.

(v) Initial fixed payment period. Indicate the number of months after the origination of the loan during which the payment is fixed.

(vi) Initial periodic payment cap. Indicate the maximum percentage by which a payment can change (increase or decrease) in the first period.

(vii) Subsequent periodic payment cap. Indicate the maximum percentage by which a payment can change (increase or decrease) in one period after the initial cap.

(viii) Initial minimum payment reset period. Provide the maximum number of months an obligor can initially pay the minimum payment before a new minimum payment is determined.

(ix) Subsequent minimum payment reset period. Provide the maximum number of months an obligor can pay the minimum payment before a new minimum payment is determined after the initial period.

(x) Current minimum payment. Provide the amount of current minimum payment.

(21) Information related to modifications. If the loan has been modified, provide information related to the most recent modification.

(i) Number of modifications. Provide the number of times that the loan has been modified.

(ii) Loan modification event type. Specify the code that describes the type of action that has modified the loan terms.

(iii) Loan modification effective date. Provide the date on which the modification of the loan has gone into effect.

(iv) Updated DTI (front-end). Provide the updated front-end DTI ratio, calculated by dividing the total monthly housing expense by total monthly income.

(v) Updated DTI (back-end). Provide the updated back-end DTI ratio, calculated by dividing the total monthly debt expense by the total monthly income.

(vi) Modification effective payment date. Indicate the date of the first payment due after the loan modification.

(vii) Total capitalized amount. Provide the amount added to the principal balance of a loan due to the modification.

(viii) Total deferred amount. Provide the deferred amount that is non-interest bearing.

(ix) Pre-modification interest rate. Provide the most recent scheduled interest rate preceding the Modification Effective Payment Date.

(x) Pre-modification principal and interest payment. Provide the most recent scheduled total principal and interest payment amount preceding the Modification Effective Payment Date.

(xi) Forgiven principal amount. Provide the total amount of all principal balance reductions as a result of loan modification over the life of the loan.

(xii) Forgiven interest amount. Provide the total amount of all interest forgiven as a result of loan modification over the life of the loan.

(b) Information related to the property.

(1) Geographic location. Specify the location of the property by providing the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.

(2) Occupancy status. Specify the code that describes the property occupancy status.

(3) Sales price. Provide the negotiated price of a given property between the buyer and seller.

(4) Property type. Specify the code that describes the type of property that secures the loan.

(5) Original appraised property value. Provide the appraised value amount of the property used to approve the loan.

(6) Original property valuation type. Specify the code that describes the method by which the property value was reported at the time of underwriting.

(7) Original property valuation date. Specify the date on which the original property value was reported.

(8) Original automated valuation model (AVM) model name. Provide the code that indicates the name of the AVM model if an AVM was used to determine the original property valuation.

(9) Original AVM confidence score. Provide the confidence score presented on the AVM report of the original property value.

(10) Most recent property value. If an additional property valuation was obtained after the Original Appraised Property Value, provide the most recent property value.

(11) Most recent property valuation type. Specify the code that describes the method by which the Most Recent Property Value was reported.

(12) Most recent property valuation date. Specify the date on which the Most recent property value was reported.

(13) Most recent AVM model name. Provide the code indicating the name of the AVM model if an AVM was used to determine the most recent property value.

(14) Most recent AVM confidence score. Provide the confidence score presented on the AVM report of the most recent property value.

(15) Original combined loan-to-value (CLTV). Provide the ratio obtained by dividing the amount of all known outstanding mortgage liens on a property at origination by the lesser of the original appraised property value or the sales price.

(16) Original loan-to-value (LTV). Provide the ratio obtained by dividing the amount of the original mortgage loan at origination by the lesser of the original appraised property value or the sales price.

(17) LTV calculation date. Provide the date on which the LTV was calculated.

(18) Original pledged assets. If the obligor pledged financial assets to the lender instead of making a down payment, provide the total value of assets pledged as collateral for the loan at the time of origination.

(19) Information related to manufactured homes. If loans in the pool are collateralized by manufactured homes, provide the following additional information:

(i) Real estate interest. Indicate the code that describes the real estate interest of the property on which the manufactured home is situated.

(ii) Community ownership structure. If the manufactured home is situated in a community, specify the code that describes the ownership of the community.

(iii) Year of manufacture. Indicate the year in which the home was manufactured.

(iv) HUD code compliance indicator. Indicate yes or no as to whether the home was constructed in accordance with the 1976 HUD code.

(v) Gross manufacturer's invoice price. Provide the total amount that appears on the manufacturer's invoice of the home.

(vi) LTI (loan-to-invoice) gross. Provide the ratio of the loan amount divided by the gross manufacturer's invoice price.

(vii) Net manufacturer's invoice price. Provide the amount of the gross manufacturer's invoice price minus intangible costs, including: transportation, association, on-site setup, service, and warranty costs, taxes, dealer incentives, and other fees.

(viii) LTI (Net). Provide the ratio of the loan amount divided by the net manufacturer's invoice price.

(ix) Manufacturer name. Provide the name of the manufacturer of the subject property.

(x) Model name. Provide the model name of the subject property.

(xi) Down payment source. Indicate the code that describes the source of the down payment.

(xii) Community/related party lender indicator. Indicate the code describing whether the loan was made by the community owner, an affiliate of the community owner or the owner of the real estate upon which the collateral is located.

(xiii) Chattel indicator. Specify the code indicating whether the secured property is classified as chattel or real estate.

(c) Information related to the obligor.

(1) Obligor credit score type. Specify the type of the standardized credit score used to evaluate the obligor.

(2) Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 2(c)(3).

(3) Obligor FICO score. If the obligor credit score type is FICO, provide the standardized FICO credit score of the obligor.

(4) Co-obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.

(5) Co-obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 2(c)(6).

(6) Co-obligor FICO score. Provide the standardized FICO credit score of the co-obligor.

(7) Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.

(8) Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.

(9) Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified.

(10) Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.

(11) Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.

(12) Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.

(13) Liquid/cash reserves. Provide the dollar amount of remaining verified liquid assets after the close of the mortgage.

(14) Number of mortgaged properties. Provide the number of properties owned by the obligor that currently secure mortgage loans.

(15) Monthly debt. Provide the dollar amount of the aggregate monthly payment due on other debt of the obligor.

(16) Originator DTI. Provide the total debt to income ratio used by the originator to qualify the loan.

(17) Qualification method. Specify the code that describes type of mortgage payment used to qualify the obligor for the loan.

(18) Percentage of down payment from obligor own Funds. Provide the percentage of down payment from obligor own funds other than any gift or borrowed funds.

(19) Number of obligors. Indicate the number of obligors who are obligated to repay the mortgage note.

(20) Self-employment flag. Indicate whether the obligor is self-employed.

(21) Current other monthly payment. Provide the total amount per month of all payments pertaining to the subject property other than principal and interest.

(22) Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.

(23) Length of employment: co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.

(24) Months bankruptcy. Provide the number of months since any obligor was discharged from bankruptcy.

(25) Months foreclosure. If the obligor has directly or indirectly been obligated on any loan that resulted in foreclosure, provide the number of months since the foreclosure date.

(26) Obligor wage income. Provide the dollar amount per month of income associated with the obligor's employment.

(27) Co-obligor wage income. Provide the dollar amount per month of income associated with the co-obligor's employment.

(28) Obligor other income. Provide the dollar amount of the obligor's monthly income other than Obligor Wage Income.

(29) Co-obligor other income. Provide the dollar amount of the co-obligor's monthly income other than co-obligor wage income.

(30) All obligor wage income. Provide the monthly income of all obligors derived from employment.

(31) All obligor total income. Provide the monthly income of all obligors.

(d) Information related to mortgage insurance. If mortgage insurance is required on the mortgage, provide the following additional information:

(1) Mortgage insurance company name. Provide the name of the entity providing mortgage insurance for the loan.

(2) Mortgage insurance coverage. Indicate the percentage of mortgage insurance coverage obtained.

(3) Mortgage insurance obtainer. Specify the code that describes the party that paid for the mortgage insurance: the obligor, the lender, or others.

(4) Pool insurance company. Provide the name of the pool insurance provider.

(5) Pool insurance stop loss percent. Provide the aggregate amount that the pool insurance company will pay, calculated as a percentage of the pool balance.

(6) Mortgage insurance certificate number. Provide the number assigned to the individual loan by the mortgage insurance company.

(7) Mortgage insurance coverage plan type. Specify the code that describes coverage category of mortgage insurance applicable to the loan.

Item 3. Commercial mortgages. If the asset pool contains commercial mortgages, provide the following data for each loan in the asset pool:

(a) Information related to the loan.

(1) Lien position. Indicate the code that describes the lien position for the loan.

(2) Loan structure. Indicate the code that describes the type of loan structure including the seniority of participated mortgage loan components. The code relates to loan within securitization.

(3) Current remaining term. Provide the number of months until the earlier of the scheduled loan maturity or the current hyperamortizing date.

(4) Payment type. Indicate the code that describes the type or method of payment for a loan.

(5) Periodic principal and interest payment. Provide the total amount of principal and interest due on the loan in effect as of the closing date of the transaction.

(6) Payment Frequency. Indicate the code that describes the frequency mortgage loan payments are required to be made.

(7) Number of properties. Provide the current number of properties which serve as mortgage collateral for the loan.

(8) Grace days allowed. Provide the number of days after a mortgage payment is due in which the lender will not require a late payment charge in accordance with the loan documents. Does not include penalties associated with default interest.

(9) Current hyper-amortizing date. Provide the current anticipated repayment date, after which principal and interest may amortize at an accelerated rate, and/or interest expense to mortgagor increases substantially as per the loan documents.

(10) Interest only indicator. Indicate yes or no as to whether or not this is a loan for which scheduled interest only is payable, whether for a temporary basis or until the full loan balance is due.

(11) Balloon indicator. Indicate yes or no as to whether the loan documents require a lump-sum payment of principal at maturity.

(12) Prepayment penalty indicator. Indicate yes or no as to whether the obligor is subject to prepayment penalties.

(13) Negative amortization indicator. Indicate yes or no whether negative amortization (interest shortage) amounts are permitted to be added back to the unpaid principal balance of the loan if monthly payments should fall below the true amortized amount.

(14) Mortgage modification indicator. Indicate yes or no whether the loan has been modified.

(15) Information related to ARMs. If the loan is an ARM, provide the following additional information for each loan:

(i) ARM index. Specify the code that describes the index on which an adjustable interest rate is based.

(ii) First rate adjustment date. Provide the date on which the first interest rate adjustment becomes effective.

(iii) First payment adjustment date. Provide the date on which the first adjustment to the regular payment amount becomes effective (after the contribution/cut-off date).

(iv) ARM margin. Indicate the number of percentage points that is added to the current index value to establish the new note rate at each interest rate adjustment date.

(v) Lifetime rate ceiling. Indicate the percentage of the maximum interest rate that can be in effect during the life of the loan.

(vi) Lifetime rate floor. Indicate the percentage of the minimum interest rate that can be in effect during the life of the loan.

(vii) Periodic rate increase. Provide the maximum percentage the interest rate can increase from any period to the next.

(viii) Periodic rate decrease. Provide the maximum percentage the interest rate can decrease from any period to the next.

(ix) Periodic pay adjustment. Provide the maximum dollar amount the principal and interest constant can increase or decrease on any adjustment date.

(x) Periodic pay adjustment. Provide the maximum percentage amount the principal and interest constant can increase or decrease from any period to the next.

(xi) Rate reset frequency. Indicate the code describing the frequency which the periodic mortgage rate is reset due to an adjustment in the ARM index.

(xii) Pay reset frequency. Indicate the code describing the frequency which the periodic mortgage payment will be adjusted.

(xiii) Index look back. Provide the number of days prior to an interest rate adjustment effective date used to determine the appropriate index rate.

(16) Information related to prepayment penalties. If the obligor is subject to prepayment penalties, provide the following additional information for each loan:

(i) Prepayment lock-out end date. Provide the effective date after which the lender allows prepayment of a loan.

(ii) Yield maintenance end date. Provide the date after which yield maintenance prepayment penalties are no longer effective.

(iii) Prepayment premium end date. Provide the effective date after which prepayment premiums are no longer effective.

(17) Information related to negative amortization. If the loan allows for negative amortization, provide the following additional information for each loan:

(i) Maximum negative amortization allowed (% of original balance). Provide the maximum percentage of the original loan balance that can be added to the original loan balance as the result of negative amortization.

(ii) Maximum negative amortization allowed ($). Provide the maximum dollar amount of the original loan balance that can be added to the original loan balance as the result of negative amortization.

(b) Information related to the property. Provide the following information for <u>each</u> of the properties that collateralizes a loan identified above.

(1) Property name. Provide the name of the property which serves as mortgage collateral. If the property has been defeased, then populate with “defeased.”

(2) Geographic location. Specify the location of the property by providing the zip code.

(3) Property type. Indicate the code that describes how the property is being used.

(4) Net rentable square feet. Provide the net rentable square feet area of a property.

(5) Number of units/beds/rooms. Provide the number of units/beds/rooms of a property.

(6) Year built. Provide the year that the property was built.

(7) Valuation amount. The valuation amount of the property as of the valuation date.

(8) Valuation source. Specify the code that identifies the source of the most recent property valuation.

(9) Valuation date. The date the valuation amount was determined.

(10) Physical occupancy. Provide the percentage of rentable space occupied by tenants. Should be derived from a rent roll or other document indicating occupancy.

(11) Revenue. Provide the total underwritten revenue amount from all sources for a property.

(12) Operating expenses. Provide the total underwritten operating expenses. Include real estate taxes, insurance, management fees, utilities, and repairs and maintenance.

(13) Defeasance option start date. Provide the date when the defeasance option becomes available.

(14) Net operating income. Provide the total underwritten revenues less total underwritten operating expenses prior to application of mortgage payments and capital items for all properties.

(15) Net cash flow. Provide the total underwritten revenue less the total underwritten operating expenses and capital costs.

(16) NOI/NCF indicator. Indicate the code that describes how net operating income and net cash flow were calculated.

(17) DSCR (NOI). Provide the ratio of underwritten net operating income to debt service.

(18) DSCR (NCF). Provide the ratio of underwritten net cash flow to debt service.

(19) DSCR indicator. Indicate the code that describes how DSCR was calculated.

(20) Largest tenant. Identify the tenant that leases the largest square feet of the property (based on the most recent annual lease rollover review).

(21) Square feet of largest tenant. Provide total square feet leased by the largest tenant.

(22) Lease expiration of largest tenant. Provide the date of lease expiration for the largest tenant.

(23) Second largest tenant. Identify the tenant that leases the second largest square feet of the property (based on the most recent annual lease rollover review).

(24) Square feet of second largest tenant. Provide total square feet leased by the second largest tenant.

(25) Lease expiration of second largest tenant. Provide the date of lease expiration for the second largest tenant.

(26) Third largest tenant. Identify the tenant that leases the third largest square feet of the property (based on the most recent annual lease rollover review).

(27) Square feet of third largest tenant. Provide total square feet leased by the third largest tenant.

(28) Lease expiration of third largest tenant. Provide the date of lease expiration for the third largest tenant.

Item 4. Automobile loans. If the asset pool contains vehicle loans, provide the following data for each loan in the asset pool:

(a) Information related to the loan.

(1) Payment type. Specify the code indicating whether payments are required monthly or if a balloon payment is due.

(2) Subvented. Indicate yes or no as to whether a form of subsidy is received on the loan, such as cash incentives or favorable financing for the buyer.

(b) Information related to the property.

(1) Geographic location of dealer. Provide the zip code of the originating dealer.

(2) Vehicle manufacturer. Provide the name of the manufacturer of the vehicle.

(3) Vehicle model. Provide the name of the model of the vehicle.

(4) New or used. Indicate whether the vehicle financed is new or used.

(5) Model year. Indicate the model year of the vehicle.

(6) Vehicle type. Indicate the code describing the vehicle type.

(7) Vehicle value. Indicate the value of the vehicle at the time of origination.

(8) Source of vehicle value. Specify the code that describes the source of the vehicle value.

(c) Information related to the obligor.

(1) Obligor credit score type. Specify the type of the standardized credit score used to evaluate the obligor.

(2) Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 4(c)(3).

(3) Obligor FICO score. If the Obligor Credit Score Type is FICO, provide the standardized FICO credit score of the obligor.

(4) Co-Obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.

(5) Co-Obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 4(c)(6).

(6) Co-Obligor FICO score. Provide the standardized FICO credit score of the co-obligor.

(7) Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.

(8) Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.

(9) Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified.

(10) Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.

(11) Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.

(12) Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.

(13) Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.

(14) Length of employment: co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.

(15) Obligor wage income. Provide the dollar amount per month of income associated with the obligor's employment.

(16) Co-obligor wage income. Provide the dollar amount per month of income associated with the co-obligor's employment.

(17) Obligor other income. Provide the dollar amount of the obligor's monthly income other than obligor wage income.

(18) Co-obligor other income. Provide the dollar amount of the co-obligor's monthly income other than Co-obligor wage income.

(19) All obligor wage income. Provide the monthly income of all obligors derived from employment.

(20) All obligor total income. Provide the monthly income of all obligors.

(21) Geographic location of obligor. Specify the location of the obligor by providing the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.

Item 5. Automobile leases. If the asset pool contains automobile leases, provide the following data for each lease in the asset pool:

(a) Information related to the lease.

(1) Payment Type. Specify the code indicating whether payments are required monthly or if a balloon payment is due.

(2) Subvented. Indicate yes or no as to whether a form of subsidy is received on the loan, such as cash incentives or favorable financing for the obligor.

(b) Information related to the property.

(1) Geographic location of the dealer. Provide the zip code of the originating dealer.

(2) Vehicle manufacturer. Provide the name of the manufacturer of the vehicle.

(3) Vehicle model. Provide the name of the model of the vehicle.

(4) New or used. Indicate whether the vehicle financed is new or used.

(5) Model year. Indicate the model year of the vehicle.

(6) Vehicle type. Indicate code describing the vehicle type.

(7) Vehicle value. Provide the dollar value of the vehicle at the time of origination.

(8) Source of vehicle value. Specify the code that describes the source of the vehicle value.

(9) Base residual value. Provide the residual value of the vehicle at the time of origination.

(10) Source of base residual value. Specify the code that describes the source of the residual value.

(c) Information related to the obligor.

(1) Obligor credit score type. Specify the type of the standardized credit score used to evaluate the obligor.

(2) Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 5(c)(3).

(3) Obligor FICO score. If the obligor credit score type is FICO, provide the standardized FICO credit score of the obligor.

(4) Co-obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.

(5) Co-obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 5(c)(6).

(6) Co-obligor FICO Score. Provide the standardized FICO credit score of the co-obligor.

(7) Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.

(8) Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.

(9) Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified.

(10) Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.

(11) Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.

(12) Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.

(13) Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.

(14) Length of employment: Co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.

(15) Obligor wage income. Provide the dollar amount per month of income associated with the obligor's employment.

(16) Co-obligor wage income. Provide the dollar amount per month of income associated with the co-obligor's employment.

(17) Obligor other income. Provide the dollar amount of the obligor's monthly income other than obligor wage income.

(18) Co-obligor other income. Provide the dollar amount of the co-obligor's monthly income other than co-obligor wage income.

(19) All obligor wage income. Provide the monthly income of all obligors derived from employment.

(20) All obligor total income. Provide the monthly income of all obligors.

(21) Geographic location of obligor. Specify the location of the obligor by providing the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.

Item 6. **Equipment loans.** If the asset pool contains equipment loans, provide the following data for each loan in the asset pool:

(a) Information related to the loan.

(1) Payment frequency. Specify the code that describes the payment frequency on the loan.

(b) Information related to the property.

(1) Equipment type. Indicate the code that describes the equipment type.

(2) New or used. Indicate whether the equipment financed is new or used.

(c) Information related to the obligor.

(1) Obligor industry. Indicate the code that describes the industry category of the obligor.

(2) Geographic location of obligor. Provide the zip code of the obligor.

Item 7. **Equipment leases.** If the asset pool contains equipment leases, provide the following data for each lease in the asset pool:

(a) Information related to the lease.

(1) Lease type. Indicate whether the lease is a true lease or a finance lease.

(2) Payment frequency. Indicate the code that describes the payment frequency on the lease.

(b) Information related to the property.

(1) Equipment type. Indicate the code that describes the equipment type.

(2) New or used. Indicate whether the equipment financed is new or used.

(3) Residual value. Provide the residual value of the equipment at the time of origination. For operating leases, provide the value of the asset at the end of its useful economic life (i.e., “salvage” or “scrap value”).

(4) Source of residual value. Specify the code that describes the source of the residual value.

(c) Information related to the obligor.

(1) Obligor industry. Indicate the code that describes the industry category of the obligor.

(2) Geographic location of obligor. Provide the zip code of the obligor.

Item 8. **Student loans.** If the asset pool contains student loans, provide the following data for each loan in the asset pool:

(a) Information related to the loan.

(1) Subsidized. Indicate whether the loan is subsidized or unsubsidized.

(2) Repayment type. Indicate code that describes the type of loan repayment terms.

(3) Year in repayment. If the loan is in repayment, indicate the number of years the loan has been in repayment.

(4) Guarantee agency. Specify the name of the agency guaranteeing the loan.

(5) Disbursement date. Indicate the date the loan was disbursed to the obligor.

(b) Information related to the obligor.

(1) Current obligor payment status. Indicate the code describing whether the obligor payment status is in-school, grace period, deferral, forbearance or repayment.

(2) Geographic location of obligor. Provide the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable of the obligor.

(3) School type. Indicate code describing the type of school or program.

(c) Information about private student loans. If the loan was not issued under a federally funded program provide the following for each loan in the pool:

(1) Obligor credit score type. Specify the type of the standardized credit score used to evaluate the obligor.

(2) Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 8(c)(3).

(3) Obligor FICO score. Provide the standardized FICO credit score of the obligor.

(4) Co-Obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.

(5) Co-Obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 8(c)(6).

(6) Co-Obligor FICO score. Provide the standardized credit score of the co-obligor.

(7) Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.

(8) Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.

(9) Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified.

(10) Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.

(11) Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.

(12) Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.

(13) Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.

(14) Length of employment: Co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.

(15) Obligor wage income. Provide the dollar amount per month of income associated with the obligor's employment.

(16) Co-obligor wage Income. Provide the dollar amount per month of income associated with the co-obligor's employment.

(17) Obligor other income. Provide the dollar amount of the obligor's monthly income other than obligor wage income.

(18) Co-obligor other income. Provide the dollar amount of the co-obligor's monthly income other than co-obligor wage income.

(19) All obligor wage income. Provide the monthly income of all obligors derived from employment.

(20) All obligor total income. Provide the monthly income of all obligors.

Item 9. Floorplan financings. If the asset pool contains receivables arising from floorplan financings, provide the following data for each loan in the asset pool:

(a) Information related to the loan.

(1) Account origination date. Provide the date of account origination.

(b) Information related to the property.

(1) Product line. Indicate the code describing the type of inventory product line.

(2) New or used. Indicate whether the collateral securing the loan is new or used.

(c) Information related to the obligor.

(1) Credit score type. Specify the type of the standardized credit score used to evaluate the obligor.

(2) Credit score. Provide the standardized credit score of the obligor.

(3) Geographic location of obligor. Provide the zip code of the obligor.

(d) If the issuing entity is structured as a master trust that has previously issued securities, provide the information as required by Items 1 and 9 of Schedule L-D (§229.1121A) for assets that were part of the pool prior to the current offering.

Item 10. Corporate debt. If the registrant's pool assets include corporate debt securities of another issuer, provide the following data for each security in the asset pool:

(a) Title of underlying security. Specify the title of the underlying security.

(b) Denomination. Give the minimum denomination of the underlying security.

(c) Currency. Specify the currency of the underlying security.

(d) Trustee. Specify the name of the trustee.

(e) Underlying SEC file number. Specify the registration statement file number of the registration of the offer and sale of the underlying security.

(f) Underlying CIK number. Specify the CIK number of the issuer of the underlying security.

(g) Callable. Indicate whether the security is callable.

(h) Payment frequency. Indicate the code describing the frequency of payments that will be made on the underlying security or agreement.

(i) Zero Coupon indicator. Indicate yes or no as to whether an underlying security or agreement is interest bearing.

Item 11. Resecuritizations.

(a) If the registrant's pool assets include asset-backed securities of another issuer, provide the asset-level information as required by Item 9. Corporate Debt in this Schedule L.

(b) Provide asset-level information as specified in this Schedule L and Item 1111(h) (§229.1111(h)) for the assets backing those securities.

* * * * *

17. Add §229.1111B to read as follows:

§229.1111B (Item 1111B) Grouped account data for credit card pools.

Schedule CC

Note A. Submit the disclosures as an Asset Data File (as defined in §232.11 of this chapter) in the format required by the EDGAR Filer Manual. See Rule 301 of Regulation S-T (§232.301 of this chapter).

* * * * *

Provide the information regarding the underlying asset pool required by paragraph (b) in all specified combinations of distributional groups for each pool characteristic specified in paragraph (a) below. Designate a grouped account data line number to each individual combination of distributional groups.

(a) Distributional groups.

(1) Credit score. If the credit score is FICO, provide each of the following credit score distributional groups: (1) less than 500; (2) 500-549; (3) 550-599; (4) 600-649; (5) 650-699; (6) 700-749; (7) 750-799; (8) 800 and over; and (9) unknown.

(2) Number of days past due. Provide each of the following number of days past due distributional groups: (1) current; (2) less than 30 days; (3) 30-59 days; (4) 60-89 days; (5) 90-119 days; (6) 120-149 days; (7) 150-179 days; and (8) 180 days and over.

(3) Account age. Provide each of the following account age distributional groups: (1) less than 12 months; (2) 12 to 24 months; (3) 24 to 36 months; (4) 36 to 48 months; (5) 48 to 60 months; and (6) over 60 months.

(4) State. Provide the top 10 states for aggregate account balance. The remaining accounts should be grouped into the category "other."

(5) Adjustable rate index. Provide the following groups of bases for the adjustable rate indexes: (1) fixed; (2) prime; and (3) other.

(b) Information required. Provide the following information for each combination of distributional groups specified in paragraph (a):

(1) Aggregate credit limit. Provide the aggregate credit limit for all accounts included in each representative line.

(2) Aggregate account balance. Provide the aggregate account balance for all accounts included in each representative line.

(3) Number of accounts. Provide the total number of accounts included in each representative line.

(4) Weighted average APR. Provide the weighted average annual percentage rate (APR) of all accounts included in each representative line.

(5) Weighted average net APR. Provide the weighted average net annual percentage rate (APR) of all accounts included in each representative line.

Weighted average net APR is the weighted average APR less servicing fees.

Instruction. The table below illustrates how the distributional groups in paragraph (a) and the information requirements in paragraph (b) relate to each other. A single line, or "grouped account data" line should disclose the aggregate credit limit, aggregate account balance, number of accounts, weighted average APR and weighted average net coupon of the accounts that possess the multiple characteristics designated by that grouped account data line. The combination of all distributional groups should produce 14,256 grouped account data lines representing composition of the entire underlying asset pool. For example, grouped account data line 2 in the table below presents the information required by paragraph (b) by combining all the credit card accounts in the underlying pool that fall within the 500-549 credit score group, delinquency status of less than 30 days, account age of 12 to 24 months with obligors located in the state of Alabama, where the adjustable rate index is based on a floating percentage.

	(a)(1)	(a)(2)	(a)(3)	(a)(4)	(a)(5)	(b)(1)	(b)(2)	(b)(3)	(b)(4)	(b)(5)
Grouped Account Data Line number	Credit Score	Days payment is past due	Account Age	Top 10 State	Adjust-able Rate Index	Aggregate Credit Limit ($)	Aggregate Account Balance ($)	Number of Accounts (#)	Weighted Average APR (%)	Weighted Average Net APR (%)
1	Less than 500	Current	Less than 12 months	AK	Fixed					
2	500-549	< 30 days	12-24 months	AL	Prime					
3	550-599	30-59 days	24-36 months	AR	Other					
4	600-649	60-89 days	36-48 months	AZ	Fixed					
5	650-699	90-119 days	48-60 months	CA	Prime					
6	700-749	120-149 days	Over 60 months	CO	Other					
7	750-799	150-179 days	Less than 12 months	CT	Fixed					
8	800 and over	180+ days	12-24 months	DE	Prime					

9	Less than 500	< 30 days	24-36 months	DC	Other					
10	500-549	30-59 days	36-48 months	FL	Fixed					
11	550-599	60-89 days	48-60 months	Other	Prime					
12	600-649	90-119 days	Over 60 months	AK	Other					
13	650-699	120-149 days	Less than 12 months	AL	Fixed					
14	700-749	150-179 days	12-24 months	AR	Prime					
15	750-799	180+ days	24-36 months	AZ	Other					
16	800 and over	Current	36-48 months	CA	Fixed					

18. Amend § 229.1112 by:

a. Removing Instruction 2 to Item 1112(b); and

b. Redesignating Instructions 3 and 4 to Items 1112(b) as Instructions 2 and 3 to Item 1112(b).

19. Amend § 229.1113 by adding paragraph (h) as follows:

§ 229.1113 (Item 1113) Structure of the transaction.

* * * * *

(h) Waterfall Computer Program. Provide a Waterfall Computer Program in the manner specified in Rule 314 of Regulation S-T (§232.314). This subparagraph (h) does not apply to issuers of asset-backed securities backed primarily by receivables due on stranded costs.

(1) For purposes of this paragraph, a Waterfall Computer Program shall mean a computer program that:

(i) gives effect to the provisions in the transaction agreements that set forth the rules by which the funds available for payments or distributions to the holders of each class of securities, and each other person or account entitled to payments or distributions,

from the pool assets, pool cash flows, credit enhancement or other support, and the timing and amount of such payments or distributions, are determined;

(ii) provides a user with the ability to programmatically input:

(A) the user's own assumptions regarding the future performance and cash flows coming from the pool assets underlying the asset-backed security, including but not limited to assumptions about future interest rates, default rates, prepayment speeds, loss-given-default rates, and any other assumptions required to be described pursuant to Section 229.1113; and

(B) the current state and performance of the pool assets underlying the asset-backed security by uploading directly into the computer program the initial XML-based Asset Data File (as defined in §232.11 of this chapter) and any subsequent monthly updates to that file; and

(iii) produces a programmatic output, in machine-readable form, of all resulting cash flows associated with the asset-backed security, including the amount and timing of principal and interest payments payable or distributable to a holder of each class of securities, and each other person or account entitled to payments or distributions in connection with the securities, until the final legal maturity date as a function of the inputs described in paragraph (h)(1)(ii) of this section.

Instruction: For purposes of this definition, the transaction agreement provisions that should be given effect to include, but are not limited to, any provisions setting forth the priorities of payments or distributions (and any contingencies affecting such priorities) to the holders of each class of securities and any other persons or accounts entitled to payments or distributions, and any related provisions necessary to determine the

quantitative results of such provisions (including without limitation the provisions required to be described in Item 1113(b), Item 1113(c), Item 1113(d), and items (2)-(4), (6), (7) and (9) of Item 1113(a)) .

(2) Provide a sample expected output for each class of securities in the asset-backed transaction. The sample should be based on the Asset Data File (as defined in 232.11 of this chapter) filed pursuant to Item 1111(h)(1) and filed with the Waterfall Computer Program. The sample should disclose the sample input assumptions used to generate the expected output.

(3) State in the prospectus that the information provided in response to this subparagraph (h) is provided as a downloadable source code for a computer program in the Python programming language filed with the Securities and Exchange Commission on its website at www.sec.gov. Identify the CIK and file number of the filing.

(4) File the Waterfall Computer Program as part of any prospectus filed in accordance with Rule 424(h) (§230.424(h)) or any final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (§230.424(b)). The Waterfall Computer Program shall give effect to the transaction provisions as of the date of such filing.

(5) With respect to a credit card master trust, file the Waterfall Computer Program in accordance with Item 6.07(b) of Form 8-K (§249.308). The Waterfall Computer Program shall give effect to the transaction provisions as of the date of such filing.

20. Amend § 229.1114 by:

a. Revising the heading for “Instructions to Item 1114:” to read “Instructions to Item 1114(b)”;

b. Removing Instruction 3 to Item 1114; and

c. Redesignating Instructions 4 and 5 to Item 1114 as Instructions 3 and 4 to Item 1114.

21. Amend §229.1121 by:

a. Revising paragraph (a)(9); and

b. Adding paragraphs (c) (d) and (e).

The revision and additions read as follows:

§ 229.1121 (Item 1121) Distribution and pool performance information.

* * * * *

(a) * * *

(9) Delinquency and loss information for the period. Refer to Item 1100(b) of this Regulation AB for presentation of historical delinquency and loss information.

* * * * *

(c) If the sponsor or an originator is required to repurchase or replace any of the pool assets for breach of a representation and warranty pursuant to the transaction agreements, provide the amount, if material, of the publicly securitized assets originated or sold by the obligor (i.e., the sponsor or the originator) that were the subject of a demand to repurchase or replace for breach of the representations and warranties concerning the pool assets that has been made in the period covered by the report pursuant to the transaction agreements. Also provide the percentage of that amount that were not then repurchased or replaced by the obligor. Of those assets that were not then

repurchased or replaced, disclose whether an opinion of a third party not affiliated with the obligor had been furnished to the trustee that confirms that the assets did not violate the representations and warranties.

(d) Asset-level performance information. Provide asset-level performance information for each asset in the pool in a manner specified in Schedule L-D (§229.1121A). This subparagraph (d) does not apply to issuers of asset-backed securities backed primarily by receivables due on credit cards, charge cards or stranded costs. State in the report on Form 10-D that the information provided in response to this subparagraph and Schedule L-D is filed with the Securities and Exchange Commission as a machine readable data file on the Commission's website at www.sec.gov. Identify the CIK of the issuer and file number.

(e) Grouped account data for credit card pools. If the asset-backed securities are backed primarily by receivables due on credit cards or charge cards, provide the information for the underlying pool in a manner specified in Schedule CC (§229.1111B). State in the report on Form 10-D that the information provided in response to this subparagraph and Schedule CC is filed with the Securities and Exchange Commission as a machine-readable data file on the Commission's website at www.sec.gov. Identify the CIK of the issuer and file number.

22. Add §229.1121A to read as follows:

§229.1121A Asset-level performance information.

Schedule L-D

Note A. Submit the disclosures as an Asset Data File (as defined in §232.11 of this chapter) in the format required by the EDGAR Filer Manual. See Rule 301 of Regulation S-T (§232.301 of this chapter).

Instruction. The following definitions apply to the terms used in this schedule unless otherwise specified:

Debt service reduction. A modification of the terms of a loan resulting from a bankruptcy proceeding, such as a reduction of the amount of the monthly payment on the related mortgage loan.

Deficient valuation. A bankruptcy proceeding whereby the bankruptcy court may establish the value of the mortgaged property at an amount less than the then-outstanding principal balance of the mortgage loan secured by the mortgaged property or may reduce the outstanding principal balance of a mortgage loan.

FNMA. The Federal National Mortgage Association.

HAMP. The federal Home-Affordable Modification Plan program.

Underwritten. The amount of revenues or expenses adjusted based on a number of assumptions made by the mortgage originator or seller.

Item 1. General. Provide the following data for each asset in the asset pool:

(a) Asset number type. Identify the source of the asset number used to specifically identify each asset in the pool.

(b) Asset number. Provide the unique ID number of the asset.

Instruction to Item 1(b). The asset number should be the same number that was previously used to identify the asset in Schedule L (§229.1111A).

(c) Asset group number. For structures with multiple collateral groups, indicate the collateral group number in which the asset falls.

(d) Reporting period begin date. Specify the beginning date of the reporting period.

(e) Reporting period end date. Specify the servicer cut-off date for the reporting period.

(f) Activity during the reporting period.

(1) Total actual amount paid. Indicate the total payment (including all escrows) paid to the servicer during the reporting period.

(2) Actual interest paid. Indicate the amount of interest collected during the reporting period.

(3) Actual principal paid. Indicate the amount of principal collected during the reporting period.

(4) Actual other amounts paid. Indicate the total of any other amounts collected during the reporting period.

(5) Other principal adjustments. Indicate any other amounts that would cause the principal balance of the loan to be decreased or increased during the reporting period.

(6) Other interest adjustments. Indicate any unscheduled interest adjustments during the reporting period.

(7) Current asset balance. Indicate the outstanding principal balance of the asset as of the servicer cut-off date.

(8) Current scheduled asset balance. Indicate the scheduled principal balance of the asset as of the servicer cut-off date.

(9) Current scheduled payment amount. Indicate the total payment amount that was scheduled to be collected for this reporting period (including all fees and escrows).

(10) Current scheduled principal amount. Indicate the principal payment amount that was scheduled to be collected for this reporting period.

(11) Current scheduled interest amount. Indicate the interest payment amount that was scheduled to be collected for this reporting period.

(12) Current delinquency status. Indicate the number of days the obligor is delinquent as determined by the governing transaction agreement.

(13) Number of days payment is past due. If an obligor has not made the full scheduled payment, indicate the number of days between the scheduled payment date and the reporting period end date.

(14) Current payment status. Indicate the number of payments the obligor is past due as of the cut-off date.

(15) Pay history. Provide the coded string of values that describes the payment performance of the asset over the most recent 12 months.

(16) Next due date. For loans that have not been paid-off, indicate the date on which the next payment is due on the asset.

(17) Next interest rate. For loans that have not been paid-off, indicate the interest rate that is in effect as of the next scheduled remittance due to the investor.

(18) Remaining term to maturity. For loans that have not been paid-off, indicate the number of months between the cut-off date and the asset maturity date.

(g) Information related to servicing.

(1) Current servicing fee - amount. Indicate the dollar amount of the fee earned by the current servicer for administering the loan for this reporting period.

(2) Current servicer. Indicate the name or MERS organization number of the entity that currently services the asset.

(3) Servicing transfer received date. If a loan's servicing has been transferred, provide the effective date of the servicing transfer.

(4) Servicer advanced amount. If amounts were advanced by the servicer during the reporting period, specify the amount.

(5) Cumulative outstanding advanced amount. Specify the outstanding cumulative amount advanced by the servicer.

(6) Servicing advance methodology. Indicate the code that describes the manner in which principal and/or interest are to be advanced by the servicer.

(7) Stop principal and interest advance date. Provide the first payment due date for which the servicer ceased advancing principal or interest.

(8) Other loan-level servicing fee(s) retained by servicer. Provide the amount of all other fees earned by loan administrators that reduce the amount of funds remitted to the issuing entity (including subservicing, master servicing, trustee fees, etc).

(9) Other assessed but uncollected servicer fees. Provide the cumulative amount of late charges and other fees that have been assessed by the servicer, but not paid by the obligor.

(h) Modification indicator. Indicate yes or no whether the asset was modified from its original terms during the reporting period.

(i) Repurchase indicator. Indicate yes or no whether the asset has been repurchased from the pool. If the asset has been repurchased, provide the following additional information.

(1) Repurchase notice. Indicate yes or no whether a notice of repurchase has been received.

(2) Repurchase date. Indicate the date the asset was repurchased.

(3) Repurchaser. Specify the name of the repurchaser.

(4) Repurchase reason. Indicate the code that describes the reason for the repurchase.

(j) Liquidated indicator. Indicate yes or no whether the asset has been liquidated. An asset is considered liquidated if the related collateral has been sold or disposed, or if the asset has been charged-off in its entirety without realizing upon the collateral.

(k) Charge-off indicator. Indicate yes or no as to whether the asset has been charged-off. The asset is charged-off when it will be treated as a loss or expense because payment is unlikely.

(1) Charged-off principal amount. Specify the amount of uncollected principal charged-off.

(2) Charged-off interest amount. Specify the amount of uncollected interest charged-off.

(l) Information related to paid-off loans.

(1) Paid-in-full indicator. Indicate yes or no whether the asset is paid in full.

(2) Information related to prepayment penalties. If the obligor is subject to prepayment penalties, provide the following additional information for each loan:

(i) Pledged Prepayment Penalty Paid. Provide the total amount of the prepayment penalty that was collected from the obligor.

(ii) Pledged prepayment penalty waived. Provide the total amount of the prepayment penalty that was incurred by the obligor, but not collected by the servicer.

(iii) Reason for not collecting pledged prepayment penalty. Indicate the code that describes the reason that a prepayment penalty due from a borrower was not collected by the servicer.

Item 2. Residential mortgages. If the asset pool contains residential mortgages, provide the following data for each loan in the asset pool:

(a) Information related to delinquent loans.

(1) Non-pay reason. Indicate the code that describes the reason for loan delinquency.

(2) Non-pay status. Indicate the code that describes the delinquency status of the loan.

(3) Reporting action code. Further indicate the code that defines the default/delinquent status of the loan.

(b) Information related to ARMs. If the loan is an ARM, provide the following additional information for each loan:

(1) Rate at next reset. Provide the interest rate that will be used to determine the next scheduled interest payment.

(2) Next interest rate change date. Provide the next date that the note rate is scheduled to change.

(3) Payment at next reset. Provide the principal and interest payment due after the next scheduled interest rate change.

(4) Next payment change date. Provide the next date that the amount of scheduled principal and/or interest is scheduled to change.

(5) Option ARM indicator. Indicate yes or no whether the loan is an Option ARM.

(6) Exercised ARM conversion option indicator. Indicate yes or no whether the borrower exercised an option to convert an ARM loan to a fixed interest rate loan.

(c) Information related to bankruptcy. For obligors who have filed for bankruptcy, provide the following additional information:

(1) Bankruptcy file date. Provide the date on which the obligor filed for bankruptcy.

(2) Bankruptcy case number. Provide the case number assigned by the court to the bankruptcy filing.

(3) Post-petition due date. Provide the date on which the next payment is due under the terms of the bankruptcy plan.

(4) Bankruptcy release reason. If the bankruptcy has been released, indicate the code that describes the reason for the release.

(5) Bankruptcy release date. If the bankruptcy has been released, provide the date on which the loan was removed from bankruptcy as a result of dismissal, discharge, and/or the granting of a motion for relief.

(6) Contractual due date. Provide the actual due date of the loan payment had bankruptcy not been filed.

(7) Debt reaffirmed indicator. Indicate yes or no whether the obligor excluded this debt from the bankruptcy and reaffirmed the debt obligation.

(8) Trustee pays all indicator. Indicate yes or no whether post-petition payments are sent to the bankruptcy trustee by the obligor and then forwarded to the servicer by the trustee.

(d) Loss mitigation type indicator. Indicate the code that describes the type of loss mitigation the servicer is pursuing with the borrower, loan, or property.

(e) Information related to loan modifications.

(1) Modification effective payment date. Provide the date of first payment due post modification.

(2) Modification loan balance. Provide the loan balance as of modification effective payment date as reported on the modification documents.

(3) Total capitalized amount. Provide the amount added to the principal balance of the loan pursuant to a loan modification.

(4) Pre-modification interest (note) rate. Provide the scheduled interest rate of the loan immediately preceding the modification effective payment date -- or if servicer is no longer advancing principal and interest, the interest rate that would be in effect if the loan were current.

(5) Post-modification interest (note) rate. Provide the interest rate in effect as of the modification effective payment date.

(6) Post-modification margin. Provide the margin as of the modification effective payment date. The margin is the number of percentage points added to the interest rate index to establish the new rate.

(7) Pre-modification P&I payment. Provide the scheduled total principal and interest payment amount preceding the modification effective payment date -- or if servicer is no longer advancing principal and interest, the interest rate that would be in effect if the loan were current.

(8) Post-modification lifetime rate floor. Provide the minimum rate of interest that may be applied to an adjustable rate loan over the course of the loan's life (after modification).

(9) Post-modification lifetime rate ceiling. Provide the maximum rate of interest that may be applied to an adjustable rate loan over the course of the loan's life (after modification).

(10) Pre-modification initial interest rate decrease. Provide the maximum percentage by which the interest rate may adjust downward on the first interest rate adjustment date (prior to modification).

(11) Post-modification initial interest rate decrease. Provide the maximum percentage by which the interest rate may adjust downward on the first interest rate adjustment date (after modification).

(12) Pre-modification subsequent interest rate increase. Provide the maximum percentage increment by which the rate may adjust upward after the initial rate adjustment (prior to modification).

(13) Post-modification subsequent interest rate increase. Provide the maximum percentage increment by which the rate may adjust upward after the initial rate adjustment (after modification).

(14) Pre-modification payment cap. Provide the percentage value by which a payment may increase or decrease in one period (prior to modification).

(15) Post-modification payment cap. Provide the percentage value by which a payment may increase or decrease in one period (after modification).

(16) Post-modification principal and interest payment. Provide total principal and interest payment amount as of the modification effective payment date.

(17) Pre-modification maturity date. Provide the loan's original maturity date (or, if the loan has been modified before, the maturity date in effect immediately preceding the most recent modification effective payment date).

(18) Post-modification maturity date. Provide the loan's maturity date as of the modification effective payment date.

(19) Pre-modification interest reset period (if changed). Provide the number of months of the original interest reset period of the loan.

(20) Post-modification interest reset period (if changed). Provide the number of months of the interest reset period of the loan as of the modification effective payment date.

(21) Pre-modification next interest rate change date. Provide the next interest reset date under the original terms of the loan (one month prior to new payment due date).

(22) Post-modification next reset date. Provide the next interest reset date as of the modification effective payment date.

(23) Modification front-end DTI. Provide the front-end DTI ratio (total monthly housing expense divided by monthly income) used to qualify the modification.

(24) Income verification indicator. Indicate yes or no whether a transcript of tax return (received pursuant to the filing of IRS Form 4506-T) was obtained to corroborate modification front-end DTI (calculated using pay stubs, W-2s and/or CPA certified tax returns).

(25) Modification back-end DTI. Provide the back-end DTI ratio (total monthly debt divided by monthly income) used to qualify the modification.

(26) Pre-modification interest only term. Provide the number of months of the interest-only period prior to the modification effective payment date.

(27) Post-modification interest only term. Provide the number of months of the interest-only period as of the modification effective payment date.

(28) Post-modification balloon payment amount. Provide the new balloon payment amount due at maturity as a result of loan modification, not including deferred amounts.

(29) Forgiven principal amount (cumulative). Provide the sum total of all principal balance reductions as a result of loan modification over the life of the deal.

(30) Forgiven interest amount (cumulative). Provide the sum total of all interest incurred and forgiven as a result of loan modification over the life of the deal.

(31) Forgiven principal amount (current period). Provide the total principal balance reduction as a result of loan modification during the current period.

(32) Forgiven interest amount (current period). Provide the total gross interest forgiven as a result of loan modification during the current period.

(33) Modified next payment adjust date. Provide the due date on which the next payment adjustment is scheduled to occur for an ARM loan per the modification agreement.

(34) Modified ARM indicator. If the loan is remaining an ARM loan, indicate whether the loan's existing ARM parameters are changing per the modification agreement.

(35) Interest rate step tndicator. Indicate whether the terms of the modification agreement call for the interest rate to step up over time.

(36) Maximum future rate under step agreement. If the loan modification includes a step provision, provide the maximum interest rate to which the loan may step up.

(37) Date of maximum rate. If the loan modification includes a step provision, provide the date on which the maximum interest rate will be reached.

(38) Non-interest bearing principal deferred amount (current period). Provide the total amount of principal deferred (or forborne) by the modification that is not subject to interest accrual.

(39) Non-interest bearing principal deferred amount (cumulative balance). Provide the total amount of principal deferred by the modification that is not subject to interest accrual.

(40) Recovery of deferred principal (current period). Provide the amount of deferred principal collected from the obligor during the current period.

(41) Non-interest bearing deferred interest and fees Amount (current period). Provide the total amount of interest and expenses deferred by the modification that is not subject to interest accrual during the current period.

(42) Non-interest bearing deferred interest and fees amount (cumulative balance). Provide the total amount of interest and expenses deferred by the modification that is not subject to interest accrual.

(43) Recovery of deferred interest and fees (current period). Provide the amount of deferred interest and fees collected from the obligor during the current period.

(44) Forgiven non-principal and interest advances to be reimbursed by trust. Provide the total amount of expenses (including all escrow and corporate advances) that have been waived or forgiven by the servicer per the modification agreement reimbursable to the servicer pursuant to the terms of the transaction document. Corporate advances are amounts paid by the servicer which may include foreclosure expenses, attorney fees, bankruptcy fees, insurance, and so forth.

(45) Reimbursable modification escrow and corporate advances (capitalized). Provide the total amount of escrow and corporate advances made by the servicer as of the time of the loan modification. Corporate advances are amounts paid by the servicer which may include foreclosure expenses, attorney fees, bankruptcy fees, insurance, and so forth.

(46) Reimbursable modification servicing fee advances (capitalized). Provide the total amount of servicing fees for delinquent payments that has been advanced by the servicer at the time of the loan modification.

(47) HAMP Indicator. Indicate yes or no whether the loan was modified under the terms of the Home-Affordable Modification Plan (HAMP). If so, provide the following additional information:

(i) HAMP: Loan participation end date. Provide the date upon which the last principal and interest payment is due during the 60-month participation of the U. S. Treasury and FNMA in the loan modification.

(ii) HAMP: Loan modification incentive termination date. Provide the date upon which obligor participation in the program is terminated because the borrower has defaulted or redefaulted.

(iii) HAMP: Obligor pay-for-performance success payments. Provide the amount paid to the servicer from U.S. Treasury/FNMA that reduces the principal balance of the interest bearing portion of the loan as the obligor stays current after modification.

(iv) HAMP: Onetime bonus incentive eligibility. Indicate yes or no whether the loan qualifies for the one-time bonus incentive payment of $1,500.00 payable to the mortgage holder subject to certain de minimis constraints.

(v) HAMP: Onetime bonus incentive amount. Indicate whether mortgage holder has or will receive $1,500 paid to mortgage holders for modifications made while a borrower is still current on mortgage payments.

(vi) HAMP: Monthly payment reduction cost share. Provide the amount of the subsidized payment from Treasury/FNMA during the current period to reimburse the investor for one half of the cost of reducing the monthly payment from 38% to 31% Front-End DTI.

(vii) HAMP: Administrative fees associated with participating in the program. Provide the amount of the fees incurred by the servicer

while administering this program, as allowed by the governing documents with investors.

(viii) HAMP: Current asset balance including deferred amount. Provide the sum amount of the current asset balance plus only the principal portion of the deferred amount.

(ix) HAMP: Scheduled ending balance including deferred amount. Provide the sum amount of the current scheduled asset balance plus only the principal portion of the deferred amount.

(x) HAMP: Home price depreciation payments. Provide the amount payable to mortgage holders to partially offset probable losses from home price declines.

(f) Information related to forbearance or trial modification. If the type of loss mitigation is forbearance, provide the following additional information. A forbearance plan refers to a period during which either no payment or a payment amount less than the contractual obligation is required from the obligor. A trial modification refers to a temporary loan modification during which an obligor's application for a permanent loan modification is under evaluation.

(1) Forbearance plan or trial modification start date. Provide the date on which a forbearance plan or trial modification started.

(2) Forbearance plan or trial modification scheduled end date. Provide the date on which a forbearance plan or trial modification is scheduled to end.

(g) Information related to repayment plan. If the type of loss mitigation is a repayment plan, provide the following additional information. A repayment plan refers to a

period during which an obligor has agreed to make monthly mortgage payments greater than the contractual installment in an effort to bring a delinquent loan current.

(1) Repayment plan start date. Provide the date on which a repayment plan started.

(2) Repayment plan scheduled end date. Provide the date on which a repayment plan is scheduled to end.

(3) Repayment plan violated date. Provide the date on which the obligor ceased complying with the terms of a repayment plan.

(h) Deed-in-lieu date. If the type of loss mitigation is deed-in-lieu, provide the date on which a title was transferred to the servicer pursuant to a deed-in-lieu-of-foreclosure arrangement. Deed-in-lieu refers to the transfer of title from an obligor to the lender to satisfy the mortgage debt and avoid foreclosure.

(i) Short sale accepted offer amount. If the type of loss mitigation is short sale, provide the amount accepted for a short sale. Short Sale refers to the process in which a servicer works with a delinquent obligor to sell the property prior to the foreclosure sale.

(j) Information related to loss mitigation exit. If the loan has exited loss mitigation efforts during the reporting period, provide the following addition information:

(1) Loss mitigation exit date. Provide the date on which the servicer deems a loss mitigation effort to have ended.

(2) Loss mitigation exit code. Indicate the code that describes the reason the loss mitigation effort ended.

(k) Information related to loans in the foreclosure process.

(1) Attorney referral date. Provide the date on which the loan was referred to a foreclosure attorney.

(2) Date of first legal action. Provide the date on which legal foreclosure action was taken.

(3) Expected foreclosure sale date. Provide the expected date if known on which the foreclosure sale will take place.

(4) Foreclosure sale scheduled date. Provide the date on which the sale has been set to occur either by the court or Trustee.

(5) Foreclosure sale date. Provide the date on which a foreclosure sale occurs.

(6) Foreclosure delay reason. Indicate the code that describes the reason for delay within the foreclosure process.

(7) Sale valid date. If state law provides for a period for confirmation, ratification, redemption or upset period, provide the date of the end of the period.

(8) Foreclosure bid amount. Provide the amount bid by the servicer at the foreclosure sale.

(9) Foreclosure exit date. If the loan exited foreclosure during the current period or first available subsequent period, provide the date on which the loan exited foreclosure.

(10) Foreclosure exit reason. If the loan exited foreclosure during the current period or first available subsequent period, indicate the code that describes the reason the foreclosure proceeding ended.

(11) Third-party sale proceeds. If the reason for the end of foreclosure proceeding is third-party sale, provide the amount for which the property was sold.

(12) Judgment date. In a judicial foreclosure state, if a judgment on the foreclosure has occurred, provide the date on which a court granted the judgment in favor of the creditor.

(13) Publication date. Provide the date on which the publication of trustee's sale information is published in the appropriate venue.

(14) NOI date. If a notice of intent (NOI) has been sent, provide the date on which the servicer sent the NOI correspondence to the obligor informing the obligor of the acceleration of the loan and pending initiation of foreclosure action.

(l) Information related to REO. If the loan is REO, provide the following additional information. REO (Real Estate Owned) refers to property owned by a lender after an unsuccessful sale at a foreclosure auction.

(1) Most recent REO list date. Provide the most recent listing date for the REO.

(2) Most recent REO list price. Provide the amount of the current listing price for the REO.

(3) Accepted REO offer amount. If a REO offer has been accepted, provide the amount accepted for the REO sale.

(4) Accepted REO offer date. If a REO offer has been accepted, provide the date on which the REO sale amount was accepted.

(5) REO original list date. Provide the original list date for the REO property.

(6) REO original list price. Provide the amount of the original listing price for the REO.

(7) Actual REO sale closing date. If a REO sale is closed, provide the date of the closing of the REO sale.

(8) Gross liquidation proceeds. If a REO sale has closed, provide the gross amount due to the issuing entity as reported on line 420 of the HUD-1 settlement statement.

(9) Net sales proceeds. If a REO sale has closed, provide the net proceeds received from the escrow closing (before servicer reimbursement).

(10) Current monthly loss amount passed to issuing entity. Provide the cumulative loss amount passed through to the issuing entity during the current period, including subsequent loss adjustments and any forgiven principal as a result of a modification that is passed through to the issuing entity.

(11) Cumulative total loss amount passed to issuing entity. Provide the loss amount passed through to the issuing entity to date, including any forgiven principal as a result of a modification that is passed through to the issuing entity.

(12) Subsequent recovery amount. Provide the current period amount recovered subsequent to the initial gain/loss recognized at the time of liquidation.

(13) Eviction start date. If an eviction process has begun, provide the date on which the servicer initiates eviction of the obligor.

(14) Eviction completed date. If an eviction process has been completed, provide the date on which the court revoked legal possession of the property from the obligor.

(15) REO exit date. If a loan exited REO during the current period or first available subsequent period, provide the date on which the loan exited REO status.

(16) REO exit reason. If a loan exited REO during the current period or first available subsequent period, indicate the code that describes the reason the loan exited REO status.

(m) Information related to losses.

(1) Information related to loss claims.

(i) Interest advanced. Provide the amount of interest advanced that is reimbursed to the servicer.

(ii) UPB at liquidation. Provide the amount of actual unpaid principal balance (UPB) at the time of liquidation.

(iii) Servicing fees claimed. Provide the amount of accrued servicing fees (claimed at time of servicer reimbursement after liquidation).

(iv) Attorney fees claimed. Provide the amount of total attorney fees advanced by the servicer to be recovered (claimed at time of servicer reimbursement after liquidation).

(v) Attorney cost claimed. Provide the amount of total attorney cost advanced by the servicer to be recovered (claimed at time of servicer reimbursement after liquidation).

(vi) Property taxes claimed. Provide the amount of real property taxes advanced by the servicer to be recovered (claimed at time of servicer reimbursement after liquidation).

(vii) Property maintenance. Provide the amount of total property maintenances such as lawn care, trash removal, snow removal, etc., (claimed at time of servicer reimbursement after liquidation).

(viii) Insurance premiums claimed. Provide the amount of advances paid by the servicer for any type of insurance (claimed at time of servicer reimbursement after liquidation).

(ix) Utility expenses claimed. Provide the amount of utilities advanced paid by the servicer (claimed at time of servicer reimbursement after liquidation).

(x) Appraisals or BPO expenses claimed. Provide the amount of cost advanced by the servicer for appraisal and/or broker's professional opinion (BPO) expenses (claimed at time of servicer reimbursement after liquidation).

(xi) Property inspection expenses claimed. Provide the amount of cost advanced by the servicer for property inspection expenses (claimed at time of servicer reimbursement after liquidation).

(xii) Miscellaneous expenses claimed. Provide the amount of miscellaneous expenses advanced by the servicer that do not fit into any other category (claimed at time of servicer reimbursement after liquidation).

(xiii) Pre-securitization servicing advances claimed. Provide the amount of unreimbursed advances by the servicer prior to the securitization of the deal (claimed at time of servicer reimbursement after liquidation).

(xiv) REO management fees. If the loan is in REO, provide the amount of REO management fees (including auction fees).

(xv) Cash for keys/cash for deed. Provide the amount of the payment to the obligor or tenants in exchange for vacating the property, or the payment to the obligor to accelerate a deed-in-lieu process or complete a redemption period.

(xvi) Performance incentive fees. Provide the amount of payment to the servicer in exchange for carrying out a deed-in-lieu or short sale.

(2) Information related to loss recoveries.

(i) Positive escrow balance. Provide the amount of escrow balance at the time of loss claim (report only if positive).

(ii) Suspense balance. Provide the total dollar amount held in suspense at the time of liquidation.

(iii) Hazard claims proceeds. Provide the amount of hazard loss proceeds collected.

(iv) Pool insurance claim proceeds. Provide the amount of pool claim proceeds collected.

(v) Private mortgage insurance claim proceeds. Provide the amount of private mortgage insurance claim proceeds collected.

(vi) Property tax refunds. Provide the amount of property tax refunds collected.

(vii) Insurance refunds. Provide the amount of insurance premium refunds collected.

(3) Bankruptcy loss amount. Provide the amount of any realized loss resulting from a deficient valuation or debt service reduction.

(4) Special hazard loss amount. Provide the amount of any realized loss suffered by a mortgaged property that is classified as a special hazard in the governing documents.

(n) Information related to mortgage insurance claims. If a mortgage insurance claim (MI claim) has been submitted to the primary mortgage insurance company for reimbursement, provide the following additional information:

(1) MI claim filed date. Provide the date on which the servicer filed an MI claim.

(2) MI claim amount. Provide the amount of the MI claim filed by the servicer.

(3) MI paid date. If a MI claim has been paid, provide the date on which the MI company paid the MI claim.

(4) MI claim paid amount. If a MI claim has been decided, provide the amount of the claim paid by the MI company.

(5) MI claim denied/rescinded date. If a MI claim has been denied or rescinded, provide the final MI denial date after all servicer appeals.

(6) Marketable title transferred to MI date. If the deed of a property has been sent to the MI company, provide the date of actual title conveyance to the MI company.

Item 3. Commercial mortgages. If the asset pool contains commercial mortgages, also provide the following data for each asset in the asset pool:

(a) Information related to the loan.

(1) Current remaining term. Provide the number of months until the earlier of the scheduled loan maturity or the current hyper-amortizing date.

(2) Number of properties. Provide the current number of properties which serve as mortgage collateral for the loan.

(3) Current hyper-amortizing date. Provide the current anticipated repayment date, after which principal and interest may amortize at an accelerated rate, and/or interest expense to mortgagor increases substantially as per the loan documents.

(4) Information related to ARMs.

(i) Rate at next reset. Provide the annualized gross interest rate that will be used to determine the next scheduled interest payment.

(ii) Next interest rate change date. Provide the next date that the interest rate is scheduled to change.

(iii) Payment at next reset. Provide the principal and interest payment due after the next scheduled interest rate change.

(iv) Next payment change date. Provide the next date that the amount of scheduled principal and/or interest is scheduled to change.

(2) Negative amortization/deferred interest capitalized amount. Indicate the amount for the current reporting period that represents negative amortization or deferred interest that is added to the principal balance.

(i) Cumulative deferred interest. Indicate the cumulative deferred interest for the current and prior reporting cycles net of any deferred interest collected.

(ii) Deferred interest collected. Indicate the amount of deferred interest collected in the current reporting period.

(b) Workout strategy. Indicate the code that best describes the steps being taken to resolve the loan.

(c) Information related to modifications.

(1) Date of last modification. Provide the date of the most recent modification. A modification includes any material change to the loan documents.

(2) Modification code. Indicate the code that describes the type of loan modification.

(3) Modified note rate. Indicate the new initial interest rate (post-modification).

(4) Modified payment amount. Indicate the new initial principal and interest payment amount (post-modification).

(5) Modified maturity date. Indicate the new maturity date of the loan (post-modification).

(6) Modified amortization period. Indicate the new amortization period in months (post-modification).

(d) Information related to the property. Provide the following information for <u>each</u> of the properties that collateralizes a loan identified above.

(1) Property name. Provide the name of the property which serves as mortgage collateral. If the property has been defeased, then populate with "defeased."

(2) Property geographic location. Provide the zip code of the location of the property.

(3) Property type. Indicate the code that describes how the property is being used.

(4) Net rentable square feet. Provide the net rentable square feet area of a property.

(5) Number of units/beds/rooms. Provide the number of units/beds/rooms of a property.

(6) Year built. Provide the year that the property was built.

(7) Valuation amount. The valuation amount of the property as of the valuation date.

(8) Valuation date. The date the valuation amount was determined.

(9) Physical occupancy. Provide the percentage of rentable space occupied by tenants. Should be derived from a rent roll or other document indicating occupancy.

(10) Property status. Specify the code that describes the status of the property.

(11) Defeasance status. Indicate the code that describes the defeasance status. A defeasance option is when an obligor may substitute other income-producing property for the real property without pre-paying the existing loan.

(12) Financial information related to the property. Provide the following information as of the most recent date available.

(i) Financial reporting begin date. Specify the beginning date of the financial information presented in response to this subparagraph.

(ii) Financial period reporting end date. Specify the ended date of the financial information presented in response to this subparagraph.

(iii) Revenue. Provide the total underwritten revenue from all sources for a property.

(iv) Operating expenses. Provide the total operating expenses. Include real estate taxes, insurance, management fees, utilities, and repairs and maintenance.

(v) Net operating income. Provide the total revenues less total underwritten operating expenses prior to application of mortgage payments and capital items for all properties.

(vi) Net cash flow. Provide the total revenue less the total operating expenses and capital costs.

(vii) NOI/NCF indicator. Indicate the code that best describes how net operating income and net cash flow were calculated.

(viii) DSCR (NOI). Provide the ratio of net operating income to debt service during the reporting period.

(ix) DSCR (NCF). Provide the ratio of net cash flow to debt service during the reporting period.

(x) DSCR indicator. Indicate the code that describes how the debt service coverage ratio was calculated.

(13) Largest tenant. Identify the tenant that leases the largest square feet of the property (based on the most recent annual lease rollover review).

(14) Square feet of largest tenant. Provide total square feet leased by the largest tenant.

(15) Lease expiration of largest tenant. Provide the date of lease expiration for the largest tenant.

(16) Second largest tenant. Identify the tenant that leases the second largest square feet of the property (based on the most recent annual lease rollover review).

(17) Square feet of second largest tenant. Provide total square feet leased by the second largest tenant.

(18) Lease expiration of second largest tenant. Provide the date of lease expiration for the second largest tenant.

(19) Third largest tenant. Identify the tenant that leases the third largest square feet of the property (based on the most recent annual lease rollover review).

(20) Square feet of third largest tenant. Provide total square feet leased by the third largest tenant.

(21) Lease expiration of third largest tenant. Provide the date of lease expiration for the third largest tenant.

Item 4. Automobile loans. If the asset pool contains vehicle loans, provide the following data for each loan in the asset pool:

(a) Subvented. Indicate yes or no as to whether a form of subsidy is received on the loan, such as cash incentives or favorable financing for the obligor.

(b) Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.

(c) Repossessed. Indicate yes or no whether the vehicle has been repossessed. If the vehicle has been repossessed, provide the following additional information:

(1) Repossession proceeds. Provide the total amount of proceeds received on disposition.

(2) Repossession fees. Provide the amount of fees paid in connection with the repossession and disposition of the vehicle.

Item 5. Automobile leases.

If the asset pool contains vehicle leases, provide the following data for each lease in the asset pool:

(a) Subvented. Indicate yes or no as to whether a form of subsidy is received on the loan, such as cash incentives or favorable financing for the obligor.

(b) Updated residual value. If the residual value of the vehicle was updated during the reporting period, provide the updated value.

(c) Source of updated residual value. Specify the code that describes the source of the residual value.

(d) Termination indicator. Specify the code that describes the reason why the lease was terminated.

(e) Excess wear and tear received. Specify the amount of excess wear and tear fees received upon return of the vehicle.

(f) Excess mileage received. Specify the amount of excess mileage fees received upon return of the vehicle.

(g) Sales proceeds. If the vehicle has been sold, specify the amount of proceeds received on sale of the vehicle.

(h) Lease term extension indicator. Indicate whether the lease term has been extended from the original term.

(i) Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.

Item 6. Equipment loans.

If the asset pool contains equipment loans, provide the following data for each loan in the asset pool:

(a) Liquidation proceeds. If the loan has been liquidated, specify the amount of proceeds received.

(b) Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.

Item 7. Equipment leases.

If the asset pool contains equipment leases, provide the following data for each lease in the asset pool:

(a) Updated residual value. If the residual value of the equipment was updated during the reporting period, provide the updated value.

(b) Source of updated residual value. Specify the code that describes the source of the residual value.

(c) Termination indicator. Specify the code that describes the reason why the lease was terminated.

(d) Liquidation proceeds. If the asset has been liquidated, specify the amount of proceeds received.

(e) Amounts recovered. If the asset was previously charged-off, specify any amounts received after charge-off.

Item 8. Student loans.

If the asset pool contains student loans, provide the following data for each loan in the asset pool:

(a) Current obligor payment status. Indicate the code describing whether the obligor payment status is in-school, grace period, deferral, forbearance or repayment.

(b) Capitalized interest. Specify the amount of interest accrued to be capitalized during the reporting period.

(c) If there is activity related to a guarantor, provide the following additional information:

(1) Principal collections from guarantor. Provide the amount of principal received from the guarantor during this reporting period.

(2) Interest claims received from guarantor. Provide the amount of interest claims received from guarantor during this reporting period.

(3) Claim in process. Indicate yes or no whether a claim is in process.

(4) Claim outcome. Indicate yes or no whether a claim has been rejected.

Item 9. Floorplan financings.

If the asset pool contains receivables arising from floorplan financings, provide the following data for each loan in the asset pool:

(a) Liquidation proceeds. If the loan has been liquidated, specify the amount of proceeds received.

(b) Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.

(c) Updated credit score information. Provide updated credit score information, if available.

(1) Credit score type. Specify the type of the standardized credit score used to evaluate the obligor.

(2) Most recent credit score. Provide the most recent credit score of the obligor.

(3) Most recent credit score date. Provide the date of the most recently obtained credit score of the obligor.

Item 10. Resecuritizations.

If the registrant's pool assets include asset-backed securities of another issuer, provide asset-level performance information as specified in this Schedule L-D and Item 1121(d) for the assets backing those securities.

23. Amend §229.1122 by:

a. Revising paragraph (c)(1);

b. Redesignating paragraph (c)(2) as paragraph (c)(3);

c. Adding new paragraph (c)(2);

d. Adding new paragraph (d)(1)(v);

e. Redesignating Instructions 1, 2 and 3 as Instructions 2, 3, and 4; and

f. Adding new Instruction 1 to Item 1122.

The revision and additions read as follows:

§ 229.1122 (Item 1122) Compliance with applicable servicing criteria.

* * * * *

(c) Additional disclosure for the Form 10–K report.

(1) If any party's report on assessment of compliance with servicing criteria required by paragraph (a) of this section, or related registered public accounting firm attestation report required by paragraph (b) of this section, identifies any material instance of noncompliance with the servicing criteria, identify the material instance of noncompliance in the report on Form 10–K. Also disclose whether the identified instance involved the servicing of the assets backing the asset-backed securities covered in this Form 10-K report.

(2) Discuss any steps taken to remedy a material instance of noncompliance previously identified by an asserting party for its activities with respect to asset-backed securities transactions taken as a whole involving such party and that are backed by the same asset type backing the asset-backed securities.

* * * * *

(d) * * *

(1) * * *

(v) Aggregation of information is mathematically accurate and the information conveyed accurately reflects the information.

* * * * *

Instructions to Item 1122

1. The assessment should cover all asset-backed securities transactions involving such party and that are backed by the same asset type backing the class of asset-backed securities which are the subject of the Commission filing. The asserting party may take into account divisions among transactions that are consistent with actual practices. However, if the asserting party includes in its platform less than all of the transactions backed by the same asset type that it services, a description of the scope of the platform should be included in the assessment.

* * * * *

PART 230 -- GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

24. The authority citation for Part 230 continues to read, in part, as follows:

Authority: 15 U.S.C. 77b, 77c, 77d, 77f, 77g, 77h, 77j, 77r, 77s, 77z-3, 77sss, 78c, 78d, 78j, 78l, 78m, 78n, 78o, 78t, 78w, 78ll(d), 78mm, 80a-8, 80a-24, 80a-28, 80a-29, 80a-30, and 80a-37, unless otherwise noted.

* * * * *

25. Amend §230.139a by

a. Replacing the phrase “General Instruction I.B.5 of Form S–3 (§239.13 of this chapter) (“S–3 ABS”)” in the introductory text of the rule with the phrase “Form SF-3 (§239.13 of this chapter)(“SF-3 ABS”); and

b. Replacing the phrase “S-3 ABS” with the phrase “SF-3 ABS” everywhere it appears in the rule.

26. Amend §230.144 by adding a sentence to the end of paragraph (c)(2) to read as follows:

§ 230.144 Persons deemed not to be engaged in a distribution and therefore not underwriters.

* * * * *

(c) * * *

(2) Non-reporting issuers. * * * If the securities to be sold are structured finance products, as defined in Securities Act Rule 144A(a)(8)(§230.144A(a)(8)), then the following two conditions must be satisfied: (1) an underlying transaction agreement grants any purchaser, any security holder and a prospective purchaser designated by a security holder the right to obtain from the issuer promptly, upon request of the purchaser or holder, information as would be required if the offering were registered on Form S-1 or Form SF-1 under the Securities Act and any ongoing information regarding the securities that would be required by Section 15(d) of the Exchange Act if the issuer were required to report under that section; (2) an issuer must represent that it will provide such information to any purchaser, security holder, or prospective purchaser, upon request of the purchaser or holder.

* * * * *

27. Amend §230.144A by

a. Adding paragraph (a)(8);

b. Adding paragraph (d)(4) (iii); and

c. Adding paragraph (f).

The additions read as follows:

§ 230.144A Private resales of securities to institutions.

* * * * *

(a) * * *

(8) For purposes of this section, a "structured finance product" means

(i) a synthetic asset-backed security; or

(ii) a fixed-income or other security collateralized by any pool of self liquidating financial assets, such as loans, leases, mortgages, and secured or unsecured receivables, which entitles the security holders to receive payments that depend on the cash flow from the assets, including --

(A) an asset-backed security as used in Item 1101(c) of Regulation AB (§229.1101(c)),

(B) a collateralized mortgage obligation,

(C) a collateralized debt obligation,

(D) a collateralized bond obligation,

(E) a collateralized debt obligation of asset-backed securities,

(F) a collateralized debt obligation of collateralized debt obligations; or

(G) a security that at the time of the offering is commonly known as an asset-backed security or a structured finance product.

* * * * *

(d) * * *

(4) * * *

(iii) If the securities offered or sold are structured finance products, then the requirements of paragraph (i) shall be satisfied if:

(A) an underlying transaction agreement grants any initial purchaser, any security holder and a prospective purchaser designated by a security holder the right to obtain from the issuer promptly, upon request of the purchaser or holder, information as would be required if the offering were registered on Form S-1 or Form SF-1 under the Securities Act and any ongoing information regarding the securities that would be required by Section 15(d) of the Exchange Act if the issuer were required to report under that section;

(B) the issuer represents that it will provide such information that is required by paragraph (d)(4)(ii)(A) of this section, upon request of the purchaser or holder.

* * * * *

(f)(1) If the securities offered or sold are structured finance products, the issuer shall file with the Commission a notice of the initial placement of securities that are represented as eligible for resale in reliance on this rule containing the information required by Form 144A-SF (17 CFR 239.144A). The notice shall be signed by the issuer and filed no later than 15 calendar days after the first sale of securities in the offering, unless the end of that period falls on a Saturday, Sunday or holiday, in which case the due date shall be the first business day following such period.

(2) If the issuer fails to file Form 144A-SF as required under paragraph (f)(1) of this section, then the exemption under this section will not be available for subsequent resales of newly issued structured finance products of the issuer or any affiliate of the issuer until the notice that was required to be filed has been filed with the Commission.

28. Amend §230.167 by revising the phrase "meeting the requirements of General Instruction I.B.5 of Form S–3 (§239.13 of this chapter) and registered under the Act on Form S–3 pursuant to §230.415" in paragraph (a) to read "registered on Form SF-3 pursuant to §230.415(a)(1)(vii)."

29. Amend §230.190 by:

a. Revising paragraph (b)(1);

b. Replacing the phrase "securities; and" in paragraph (b)(6) with "securities.";

c. Removing paragraph (b)(7);

d. Renumbering paragraph (c) as paragraph (c)(1) and paragraphs (c)(1), (c)(2), (c)(3), and (c)(4) as paragraphs (c)(1)(i), (c)(1)(ii), (c)(1)(iii), and (c)(1)(iv); and

e. Adding new paragraph (c)(2).

The revision to paragraph (b)(1) and new paragraph (c)(2) read as follows:

§ 230.190 Registration of underlying securities in asset-backed securities transactions.

* * * * *

(b) * * *

(1) If the offering of asset-backed securities is registered on Form SF-3 (§239.45) of this chapter), the offering of the underlying securities itself must be eligible to be registered under Form SF-3 (§239.45), Form S-3 (§239.13 of this chapter), or F-3 (§239.33 of this chapter) as a primary offering of such securities;

* * * * *

(c)(1) * * *

(2) Notwithstanding paragraph (c)(1), if the pool assets for the asset-backed securities are collateral certificates or special units of beneficial interests, those collateral certificates or special units of beneficial interests must be registered concurrently with the registration of the asset-backed securities. However, pursuant to Securities Act Rule 457(s) (§230.457(s) of this chapter) no separate registration fee for the certificates or special units of beneficial interest is required to be paid.

30. Add §230.192 to read as follows:

§ 230.192 Information relating to privately-issued structured finance products

(a) If an issuer of structured finance products (as defined in 17 CFR 230.144A(a)) has represented and covenanted to provide information pursuant to Rule 503(b)(3) of Regulation D (§230.503(b)(3) or has represented and covenanted to provide information pursuant to Rule 144A(d)(4)(iii) (§230.144A(d)(4)(iii)) or Rule 144(c)(2) (§230.144(c)(2)), then the issuer must provide such information, upon request of the purchaser or security holder.

(b) A failure to provide the information as required in paragraph (a) would constitute an engagement in a transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser of the securities.

31. Amend §230.401 by:

a. Revising the phrase “and (g)(3)” in paragraph (g)(1) to read “,(g)(3) and (g)(4)”; and

b. Adding paragraph (g)(4).

The addition reads as follows:

§ 230.401 Requirements as to proper form.

* * * * *

(g) * * *

(4) Notwithstanding that the registration statement may have been declared effective previously, requirements as to proper form under this section will have been violated for:

(i) any offering of securities where the requirements of General Instructions I.A.1 and 2 of Form SF-3 have not been met as of the last day of the most recent fiscal quarter prior to the offering; or

(ii) for any offering of securities where the requirement of General Instruction I.A.4 of Form SF-3 has not been met as of ninety days after the end of the depositor's fiscal year end prior to such offering.

32. Amend §230.405 by replacing the phrase "or Rule 431 (§230.431);" in paragraph (1) of the definition of a free writing prospectus with the phrase "Rule 430D (§230.430D), or Rule 431(§230.431);".

33. Amend §230.415 by:

a. Revising paragraph (a)(1)(vii);

b. Revising paragraph (a)(1)(ix); and

c. Adding paragraph (a)(1)(xii).

The revision and addition read as follows:

§ 230.415 Delayed or continuous offering and sale of securities.

(a) * * *

(1) * * *

(vii) Asset-backed securities (as defined in 17 CFR 229.1101) registered (or qualified to be registered) on Form SF-3 (§239.45 of this chapter) which are to be offered and sold on an immediate or delayed basis by or on behalf of the registrant;

Instructions to paragraph (a)(1)(vii): The requirements of General Instruction I.B.1(c) of Form SF-3 (§239.45 of this chapter) must be met for any offerings of an asset-backed security (as defined in 17 CFR 229.1101) registered in reliance on paragraph (a)(1)(vii). In accordance with those instructions, with respect to each offering of securities, the chief executive officer of the depositor shall certify that that to his or her knowledge, the securitized assets backing the issue have characteristics that provide a reasonable basis to believe that they will produce, taking into account internal credit enhancements, cash flows at times and in amounts necessary to service any payments of the securities as described in the prospectus; and that he or she has reviewed the necessary prospectus and documents for this certification.

* * * * *

(ix) Securities, other than asset-backed securities (as defined in 17 CFR 229.1101), the offering of which will be commenced promptly, will be made on a continuous basis and may continue for a period in excess of 30 days from the date of initial effectiveness;

* * * * *

(xii) Asset-backed securities (as defined in 17 CFR 229.1101) which are to be offered and sold on a continuous basis if the offering is commenced promptly and being conducted on the condition that the consideration paid for such securities will be promptly refunded to the purchaser unless (A) all of the securities being offered are sold

at a specified price within a specified time, and (B) the total amount due to the seller is received by him by a specified date.

* * * * *

34. Amend §230.424 by:

a. Adding the phrase "or, in the case of asset-backed securities, Rule 430D (§230.430D)" after the phrase "in reliance on Rule 430B (§230.430B)" in paragraph (b)(2).

b. Revising the phrase "mortgage-related securities on a delayed basis under §230.415(a)(1)(vii) or asset-backed securities on a delayed basis under §230.415(a)(1)(x)" in the instruction after paragraph (b) to read "asset-backed securities on a delayed basis under §230.415(a)(1)(vii)"; and

c. Adding new paragraph (h).

The addition reads as follows:

§ 230.424 Filing of prospectuses, number of copies.

* * * * *

(h) Three copies of a form of prospectus relating to an offering of asset-backed securities on a delayed basis pursuant to §230.415(a)(1)(vii) that contains substantially all the information previously omitted from the prospectus, or substantially all the information except for the omission of information with respect to the offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds or other matters dependent upon the offering price, filed as part of an effective registration statement as required by Rule 430D (§230.430D) shall be filed with

the Commission by a means reasonably calculated to result in filing at least five business days before the date of the first sale in the offering, or if used earlier, the second business day after first use.

Instruction to paragraph (h): The filing requirements of paragraph (h) do not apply if a filing is made solely to add fees pursuant to Securities Act Rule 457 (§230.457) and for no other purpose.

35. Amend §230.430B by replacing the phrase "Rule 415(a)(1)(vii) or (a)(1)(x) (§230.415(a)(1)(vii) or (a)(1)(x))" in paragraph (a) with the phrase "Rule 415(a)(1)(x) (§230.415(a)(1)(x))"; and deleting the next phrase "(a)(1)(vii) or" in paragraph (a).

36. Amend §230.430C by adding the phrase "or Rule 430D (§230.430D) directly after the phrase "in reliance on Rule 430B (§230.430B)".

37. Add §230.430D to read as follows:

§ 230.430D Prospectus in a registration statement after effective date for asset-backed securities offerings.

(a)(1) A form of prospectus filed as part of a registration statement for offerings of asset-backed securities pursuant to Rule 415(a)(1)(vii) (§230.415(a)(1)(vii)) may omit from the information required by the form to be in the prospectus information that is unknown or not reasonably available to the issuer pursuant to Rule 409 (§230.409), provided that with respect to each offering pursuant to such registration statement, the issuer has filed with the Commission substantially all the information previously omitted from the prospectus filed as part of an effective registration statement relating to each offering that is required to be in the prospectus (except for the omission of information with respect to the offering price, underwriting discounts or commissions, discounts or

commissions to dealers, amount of proceeds or other matters dependent upon the offering price) at least five business days in advance of the first sale in the offering in accordance with Rule 424(h) (§230.424(h)).

(2) If a material change occurs in the information provided in accordance with paragraph (a)(1), other than price, five additional days before the first sale in the offering must elapse from the date information reflecting the change and containing substantially all the information required to be in the prospectus (except for the information with respect to offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds or other matters dependent upon the offering price) is filed with the Commission pursuant to Rule 424(h) (§230.424(h)).

Such form of prospectus shall be deemed to have been filed as part of the registration statement for the purpose of section 7 of the Act.

(b) A form of prospectus filed as part of a registration statement that omits information in reliance upon paragraph (a) of this section meets the requirements of section 10 of the Act for the purpose of section 5(b)(1) thereof. This provision shall not limit the information required to be contained in a form of prospectus in order to meet the requirements of section 10(a) of the Act for the purposes of section 5(b)(2) thereof or exception (a) of section 2(a)(10) thereof.

(c) Information omitted from a form of prospectus in reliance on paragraph (a) of this section and is contained in a form of prospectus required to be filed with the Commission pursuant to Rule 424(b)(2) or (b)(5) must contain all of the information that is required to be included in the prospectus pursuant to the requirements of the registration statement.

(d) (1) Except as provided in paragraph (d)(2), information omitted from a form of prospectus that is part of an effective registration statement in reliance on paragraph (a) of this section may be included subsequently in the prospectus that is part of a registration statement by:

(i) A post-effective amendment to the registration statement;

(ii) A form of prospectus filed pursuant to Rule 424(h) (§230.424(h));

(iii) A prospectus filed pursuant to Rule 424(b) (§230.424(b)); or

(iv) If the applicable form permits, including the information in the issuer's periodic or current reports filed pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) that are incorporated or deemed incorporated by reference into the prospectus that is part of the registration statement in accordance with the applicable requirements, subject to the provisions of paragraph (h) of this section.

(2) Information omitted from a form of prospectus that is part of an effective registration statement in reliance on paragraph (a) of this section that adds a new structural feature or credit enhancement must be included subsequently in the prospectus that is part of a registration statement by a post-effective amendment to the registration statement.

(e) (1) Information omitted from a form of prospectus that is part of an effective registration statement in reliance on paragraph (a) of this section and contained in a form of prospectus required to be filed with the Commission pursuant to Rule 424(b), other than as provided in paragraph (f) of this section, shall be deemed part of and included in

the registration statement as of the date such form of filed prospectus is first used after effectiveness.

(2) Information omitted from a form of prospectus that is part of an effective registration statement in reliance on paragraph (a) of this section and contained in a form of prospectus required to be filed with the Commission pursuant to Rule 424(h) shall be deemed part of and included in the registration statement as of the date such form of filed prospectus is filed with the Commission pursuant to Rule 424(h) or, if used earlier than the date of filing, the date it is first used after effectiveness.

(f)(1) Information omitted from a form of prospectus that is part of an effective registration statement in reliance on paragraph (a) of this section, and is contained in a form of prospectus required to be filed with the Commission pursuant to Rule 424(b)(2) or (b)(5), shall be deemed to be part of and included in the registration statement on the earlier of the date such subsequent form of prospectus is first used or the date and time of the first contract of sale of securities in the offering to which such subsequent form of prospectus relates.

(2) The date on which a form of prospectus is deemed to be part of and included in the registration statement pursuant to paragraph (f)(1) of this section shall be deemed, for purposes of liability under section 11 of the Act of the issuer and any underwriter at the time only, to be a new effective date of the part of such registration statement relating to the securities to which such form of prospectus relates, such part of the registration statement consisting of all information included in the registration statement and any prospectus relating to the offering of such securities (including information relating to the offering in a prospectus already included in the registration

statement) as of such date and all information relating to the offering included in reports and materials incorporated by reference into such registration statement and prospectus as of such date, and in each case not modified or superseded pursuant to Rule 412 (§230.412). The offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) If a registration statement is amended to include or is deemed to include, through incorporation by reference or otherwise, except as otherwise provided in Rule 436 (§230.436), a report or opinion of any person made on such person's authority as an expert whose consent would be required under section 7 of the Act because of being named as having prepared or certified part of the registration statement, then for purposes of this section and for liability purposes under section 11 of the Act, the part of the registration statement for which liability against such person is asserted shall be considered as having become effective with respect to such person as of the time the report or opinion is deemed to be part of the registration statement and a consent required pursuant to section 7 of the Act has been provided as contemplated by section 11 of the Act.

(4) Except for an effective date resulting from the filing of a form of prospectus filed for purposes of including information required by section 10(a)(3) of the Act or pursuant to Item 512(a)(1)(ii) of Regulation S–K (§229.512(a)(1)(ii) of this chapter), the date a form of prospectus is deemed part of and included in the registration statement pursuant to this paragraph shall not be an effective date established pursuant to paragraph (f)(2) of this section as to:

(i) Any director (or person acting in such capacity) of the issuer;

(ii) Any person signing any report or document incorporated by reference into the registration statement, except for such a report or document incorporated by reference for purposes of including information required by section 10(a)(3) of the Act or pursuant to Item 512(a)(1)(ii) of Regulation S–K (such person except for such reports being deemed not to be a person who signed the registration statement within the meaning of section 11(a) of the Act).

(5) The date a form of prospectus is deemed part of and included in the registration statement pursuant to paragraph (f)(2) of this section shall not be an effective date established pursuant to paragraph (f)(2) of this section as to:

(i) Any accountant with respect to financial statements or other financial information contained in the registration statement as of a prior effective date and for which the accountant previously provided a consent to be named as required by section 7 of the Act, unless the form of prospectus contains new audited financial statements or other financial information as to which the accountant is an expert and for which a new consent is required pursuant to section 7 of the Act or Rule 436; and

(ii) Any other person whose report or opinion as an expert or counsel has, with their consent, previously been included in the registration statement as of a prior effective date, unless the form of prospectus contains a new report or opinion for which a new consent is required pursuant to section 7 of the Act or Rule 436.

(g) Notwithstanding paragraph (e) or (f) of this section or paragraph (a) of Rule 412, no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration

statement after the effective date of such registration statement or portion thereof in respect of an offering determined pursuant to this section will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(h) Where a form of prospectus filed pursuant to Rule 424(b) relating to an offering does not include disclosure of omitted information regarding the terms of the offering, the securities or the plan of distribution for the securities that are the subject of the form of prospectus, because such omitted information has been included in periodic or current reports filed pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 incorporated or deemed incorporated by reference into the prospectus, the issuer shall file a form of prospectus identifying the periodic or current reports that are incorporated or deemed incorporated by reference into the prospectus that is part of the registration statement that contain such omitted information. Such form of prospectus shall be required to be filed, depending on the nature of the incorporated information, pursuant to Rule 424(b)(2) or (b)(5).

(i) Issuers relying on this section shall furnish the undertakings required by Item 512(a) of Regulation S–K.

38. Amend §230.433 by

a. Revising the phrase “I.B.5, I.C., or I.D. thereof” in paragraph (b)(1)(i) to read “I.C., or I.D. thereof or on Form SF-3 (§239.45 of this chapter)”; and

b. Revising the phrase “Rule 430B or Rule 430C) (§230.430B or §230.430C)” in paragraph (c)(i) to read “Rule 430B, Rule 430C or Rule 430D)(§230.430B, §230.430C, or §230.430D)”.

39. Amend §230.456 by adding paragraph (c) to read as follows:

§ 230.456 Date of filing; timing of fee payment.

* * * * *

(c)(1) Notwithstanding paragraph (a) of this section, an asset-backed issuer that registers asset-backed securities offerings on Form SF-3 (§239.45), may, but is not required to, defer payment of all or any part of the registration fee to the Commission required by section 6(b)(2) of the Act on the following conditions:

(i) If the issuer elects to defer payment of the registration fee, it shall pay the registration fees (pay-as-you-go registration fees) calculated in accordance with Rule 457(s) in advance of or in connection with an offering of securities from the registration statement at the time of filing the prospectus pursuant to Rule 424(h) for the offering; and

(ii) The issuer reflects the amount of the pay-as-you-go registration fee paid or to be paid in accordance with paragraph (c)(1)(i) of this section by updating the “Calculation of Registration Fee” table to indicate the class and aggregate offering price of securities offered and the amount of registration fee paid or to be paid in connection with the offering or offerings on the cover page of a prospectus filed pursuant to Rule 424(h).

40. Amend §230.457 by:

a. Adding paragraph (s); and

b. Adding paragraph (t).

The additions read as follows:

§ 230.457 Computation of fee.

* * * * *

(s) Where securities are asset-backed securities being offered pursuant to a registration statement on Form SF-3 (§239.45), the registration fee is to be calculated in accordance with this section. When the issuer elects to defer payment of the fees pursuant to Rule 456(c), the "Calculation of Registration Fee" table in the registration statement must indicate that the issuer is relying on Rule 456(c) but does not need to include the number of units of securities or the maximum aggregate offering price of any securities until the issuer updates the "Calculation of Registration Fee" table to reflect payment of the registration fee, including a pay-as-you-go registration fee in accordance with Rule 456(c). The registration fee shall be calculated based on the fee payment rate in effect on the date of the fee payment.

(t) Where the securities to be offered are collateral certificates or special unit of beneficial interest underlying asset-backed securities (as defined in §229.1101(c)) which are being registered concurrently, no separate fee for the certificates or special units of beneficial interest shall be payable.

41. Amend §230.501 by adding paragraph (i) to read as follows:

§ 230.501 Definitions and terms used in Regulation D.

* * * * *

(i) A “structured finance product” means

(1) a synthetic asset-backed security; or

(2) a fixed-income or other security collateralized by any pool of self liquidating financial assets, such as loans, leases, mortgages, and secured or unsecured receivables, which entitles the security holders to receive payments that depend on the cash flow from the assets, including --

(i) an asset-backed security as used in Item 1101(c) of Regulation AB (§229.1101(c));

(ii) a collateralized mortgage obligation;

(iii) a collateralized debt obligation;

(iv) a collateralized bond obligation;

(v) a collateralized debt obligation of asset-backed securities;

(vi) a collateralized debt obligation of collateralized debt obligations; or

(vii) a security that at the time of the offering is commonly known to the trade as an asset-backed security or a structured finance product.

42. Amend §230.502 by:

a. Revising paragraph (b)(1); and

b. Adding paragraph (b)(3).

The revision and addition read as follows:

§ 230.502 General conditions to be met.

* * * * *

(b)(1) When information must be furnished. If the issuer sells securities other than structured finance products under §230.505 or §230.506 to any purchaser that is not an accredited investor, the issuer shall furnish the information specified in paragraph (b)(2) of this section to such purchaser a reasonable time prior to sale. The issuer is not

required to furnish the information specified in paragraph (b)(2) of this section to purchasers when it sells securities under §230.504, or to any accredited investor. If the issuer sells structured finance products under §230.506, the issuer shall comply with the information requirements specified in paragraph (b)(3) of this section with respect to each purchaser a reasonable time prior to sale.

Note: When an issuer provides information to investors pursuant to paragraph (b)(1), it should consider providing such information to accredited investors as well, in view of the anti-fraud provisions of the federal securities laws.

* * * * *

(3) If the issuer sells securities that are structured finance products under §230.506, the following conditions apply:

(i) the underlying transaction agreement shall contain a provision that grants any purchaser in the offering the right to obtain from the issuer promptly, upon the purchaser's or security holder's request, information that would be required if the offering were registered on Form S-1 or Form SF-1 under the Securities Act; and

(ii) the issuer shall represent that such information required in paragraph (b)(3)(i) shall be provided to any purchaser in the offering, upon the purchaser's request.

* * * * *

PART 232—REGULATION S–T—GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS

43. The authority citation for Part 232 is revised to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s(a), 77sss(a), 78c(b), 78l, 78m, 78n, 78o(d), 78w(a), 78ll(d), 79t(a), 80a–8, 80a–29, 80a–30, 80a–37, and 7201 et seq.; and 18 U.S.C. 1350.

* * * * *

44. Amend §232.11 by adding a definition for “Asset Data File” in alphabetical order to read as follows:

§ 232.11 Definition of terms used in part 232.

* * * * *

Asset Data File. The term Asset Data File means the machine-readable computer code that presents information in eXtensible Markup Language (XML) electronic format pursuant to, with respect to any registration statement on Form SF-1 (§239.44) or Form SF-3 (§239.45), Items 1111(h) and 1111(i) (§ 229.1111(h) and 229.1111(i) of this chapter) or, with respect to any distribution report on Form 10-D, Items 1121(d) and 1121(e) (§229.1121(d) and §229.1121(e) of this chapter).

* * * * *

45. Amend §232.101 by:

a. Adding paragraphs (a)(1)(xiv) and (a)(1)(v); and

b. Replacing the phrase “F–2 and F–3 (see §§239.12, 239.13, 239.16b, 239.32 and 239.33 of this chapter” in the note below paragraph (a) with the phrase “SF-3, F-2 and F-3 (see §§239.12, 239.13, 239.16b, 239.32, 239.33, and 239.45 of this chapter”.

The addition reads as follows:

§ 232.101 Mandated electronic submissions and exceptions.

(a) * * *

(1) * * *

(xiv) Asset Data File (as defined in §232.11 of this chapter).

(xv) Waterfall Computer Program (as defined in §229.1113(h)(1) of this chapter).

* * * * *

46. Amend §232.201 by:

a. Revising introductory text to paragraph (a); and

b. Replacing the phrase “and F–3 (see §§239.12, 239.13, 239.16b, 239.32 and 239.33” in the Note 1 to paragraph (b) with the phrase “F-3, and SF-3 (see §§239.12, 239.13, 239.16b, 239.32, 239.33, and 239.45”.

c. Adding paragraph (d).

The revision and addition read as follows:

§ 232.201 Temporary hardship exemption.

(a) If an electronic filer experiences unanticipated technical difficulties preventing the timely preparation and submission of an electronic filing, other than a Form 3 (§ 249.103 of this chapter), a Form 4 (§ 249.104 of this chapter), a Form 5 (§ 249.105 of this chapter), a Form ID (§§ 239.63, 249.446, 269.7 and 274.402 of this chapter), a Form TA-1 (§ 249.100 of this chapter), a Form TA-2 (§ 249.102 of this chapter), a Form TA-W (§ 249.101 of this chapter), a Form D (§ 239.500 of this chapter), an Interactive Data File (§232.11 of this chapter), a Form 144A-SF (§ 239.144A of this chapter) an Asset Data File (as defined in §232.11 of this chapter), or a Waterfall Computer Program (as defined in §229.1113(h) of this chapter), the electronic filer may file the subject filing, under cover of Form TH (§§ 239.65, 249.447, 269.10 and 274.404

of this chapter), in paper format no later than one business day after the date on which the filing was to be made.

* * * * *

(d) If an electronic filer experiences unanticipated technical difficulties preventing the timely preparation and submission of an Asset Data File (as defined in §232.11 of this chapter) or a Waterfall Computer Program (as defined in §229.1113(h) of this chapter), required pursuant to, with respect to any registration statement on Form SF-1 (§239.44 of this chapter) or Form SF-3 (§239.45 of this chapter), Items 1111(h) and 1111(i) (§ 229.1111(h) and 229.1111(i) of this chapter) or, with respect to any distribution report on Form 10-D, Item 1121(d) and Item 1121(e) (§ 229.1121(d) and 229.1121(e) of this chapter), the electronic filer still can timely satisfy the requirement to submit the Asset Data File or the Waterfall Computer Program in the following manner by:

(1) Posting on a website the Asset Data File or the Waterfall Computer Program unrestricted as to access and free of charge;

(2) Specifying the website address in the required exhibit for the Asset Data File or the Waterfall Computer Program;

(3) Providing the following legend in the required exhibit for the Asset Data File or the Waterfall Computer Program; and

IN ACCORDANCE WITH THE TEMPORARY HARDSHIP EXEMPTION PROVIDED BY RULE 201 OF REGULATION S-T, THE DATE BY WHICH THE ASSET DATA FILE OR THE COMPUTER

WATERFALL PROGRAM IS REQUIRED TO BE SUBMITTED HAS BEEN EXTENDED BY SIX BUSINESS DAYS.

(4) Submitting the required Asset Data File or the Waterfall Computer Program no later than six business days after the Asset Data File or the Waterfall Computer Program originally was required to be submitted.

47. Amend §232.202 by revising the phrase "or a Form D (§ 239.500 of this chapter)" in the introductory text to paragraph (a) to read "a Form D (§ 239.500 of this chapter), a Form 144A-SF (§ 239.144A of this chapter), or an Asset Data File (§232.11 of this chapter) or a Waterfall Computer Program (as defined in §229.1113(h) of this chapter),".

48. Amend §232.305 by revising paragraph (b) to read as follows:

§ 232.305 Number of characters per line; tabular and columnar information.

* * * * *

(b) Paragraph (a) of this section does not apply to HTML documents, Interactive Data Files (§232.11), XBRL-Related Documents (§232.11) or a Waterfall Computer Program (§229.1113(h)(1)).

49. Amend §232.312 by revising to read as follows:

§ 232.312 Accommodation for certain information in filings with respect to asset-backed securities.

For filings with respect to asset-backed securities, the information provided in response to Item 1105 of Regulation AB (§ 229.1105 of this chapter) may be filed on EDGAR as a Portable Document Format (PDF) document in the format required by the EDGAR Filer Manual. Notwithstanding Rule 104 of Regulation S-T (§ 232.104 of this chapter), the PDF document filed pursuant to this paragraph shall be an official filing.

50. Add §232.314 to read as follows:

§ 232.314 Waterfall Computer Program.

With respect to any registration statement on Form SF-1 (Section 239.44) or Form SF-3 (Section 239.45) relating to an offering of an asset-backed security that is required to comply with Item 1113(h) of Regulation AB, the Waterfall Computer Program (as defined in Item 1113(h)(1) of Regulation AB) must be written in the Python programming language and able to be downloaded and run on a local computer properly configured with a Python interpreter. The Waterfall Computer Program should be filed in the manner specified in the EDGAR Filer Manual.

PART 239 – FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

51. The authority citation for Part 239 continues to read in part as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77z-2, 77z-3, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78u-5, 78w(a), 78ll, 78mm, 80a-2(a), 80a-3, 80a-8, 80a-9, 80a-10, 80a-13, 80a-24, 80a-26, 80a-29, 80a-30, and 80a-37, unless otherwise noted.

* * * * *

52. Amend §239.11 to read as follows:

§ 239.11 Form S–1, registration statement under the Securities Act of 1933.

This Form shall be used for the registration under the Securities Act of 1933 ("Securities Act") of securities of all registrants for which no other form is authorized or prescribed, except that this Form shall not be used for securities of foreign governments or political subdivisions thereof or asset-backed securities, as defined in 17 CFR 230.1101.

53. Amend Form S-1 (referenced in §239.11) by revising General Instruction I. to read as follows:

Note: The text of Form S-1 does not, and this amendment will not, appear in the Code of Federal Regulations.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1

* * * * *

GENERAL INSTRUCTIONS

I. Eligibility Requirements for Use of Form S-1

This Form shall be used for the registration under the Securities Act of 1933 ("Securities Act") of securities of all registrants for which no other form is authorized or prescribed, except that this Form shall not be used for securities of foreign governments or political subdivisions thereof or asset-backed securities, as defined in 17 CFR 230.1101.

* * * * *

54. Amend §239.13 by:

a. Deleting paragraph (a)(4);

b. Redesignating paragraphs (a)(5), (a)(6), (a)(7) and (a)(8) as paragraphs (a)(4), (a)(5), (a)(6), and (a)(7);

c. Revising paragraph (b)(5); and

d. Revising the phrase "(a)(2), (a)(3) and (a)(4)" in paragraph (e) to say "(a)(2) and (a)(3)".

The revision to paragraph (b)(5) reads as follows:

§ 239.13 Form S–3, for registration under the Securities Act of 1933 of securities of certain issuers offered pursuant to certain types of transactions.

* * * * *

(b) * * *

(5) This form shall not be used to register offerings of asset-backed securities, as defined in 17 CFR 230.1101.

* * * * *

55. Amend Form S-3 (referenced in §239.13) by:

a. Deleting General Instruction I.A.4;

b. Redesignating General Instructions I.A.5, I.A.6, I.A.7, and I.A.8 as General Instructions I.A.4, I.A.5, I.A.6, and I.A.7;

c. Revising General Instruction I.B.5;

d. Deleting the phrase "I.B.5," in General Instruction II.F; and

e. Deleting General Instruction V.

The revision reads as follows:

Note: The text of Form S-3 does not, and this amendment will not, appear in the Code of Federal Regulations.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3

* * * * *

GENERAL INSTRUCTIONS

I. * * *

B. * * *

5. This form shall not be used to register offerings of asset-backed securities, as defined in 17 CFR 230.1101.

* * * * *

56. Add §239.44 to read as follows:

§ 239.44 Form SF–1, registration statement under the Securities Act of 1933 for offerings of asset-backed securities.

This form shall be used for registration under the Securities Act of 1933 of all offerings of asset-backed securities, as defined in 17 CFR 229.1101(c).

57. Add Form SF-1 (referenced in §239.44) to read as follows:

Note: The text of Form SF-1 does not, and this amendment will not, appear in the Code of Federal Regulations.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM SF-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

(Exact name of registrant as specified in its charter)

Commission File Number of depositor: _____
Central Index Key Number of depositor: _____

_____

(Exact name of depositor as specified in its charter)

Central Index Key Number of sponsor (if available): _____

(Exact name of sponsor as specified in its charter)

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

(Approximate date of commencement of proposed sale to the public)

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee

Note: Specific details relating to the fee calculation shall be furnished in notes to the table, including references to provisions of Rule 457 (§230.457 of this chapter) relied upon, if the basis of the calculation is not otherwise evident from the information presented in the table. If the filing fee is calculated pursuant to Rule 457(o) under the Securities Act, only the title of the class of securities to be registered, the proposed maximum aggregate offering price for that class of securities and the amount of registration fee need to appear in the Calculation of Registration Fee table. Any difference between the dollar amount of securities registered for such offerings and the dollar amount of securities sold may be carried forward on a future registration statement pursuant to Rule 429 under the Securities Act.

GENERAL INSTRUCTIONS

I. Eligibility Requirements for Use of Form SF-1

This Form shall be used for the registration under the Securities Act of 1933 ("Securities Act") of asset-backed securities of all registrants for which no other form is authorized or prescribed, except that this Form shall not be used for securities of foreign governments or political subdivisions thereof.

II. Application of General Rules and Regulations

A. Attention is directed to the General Rules and Regulations under the Securities Act, particularly those comprising Regulation C (17 CFR 230.400 to 230.494) thereunder. That Regulation contains general requirements regarding the preparation and filing of the registration statement.

B. Attention is directed to Regulation S-K and Regulation AB (17 CFR Part 229) for the requirements applicable to the content of registration statements under the Securities Act.

C. Terms used in this form have the same meaning as in Item 1101 of Regulation AB.

III. Registration of Additional Securities

With respect to the registration of additional securities for an offering pursuant to Rule 462(b) under the Securities Act, the registrant may file a registration statement consisting only of the following: the facing page; a statement that the contents of the earlier registration statement, identified by file number and CIK number of the issuer, are incorporated by reference; required opinions and consents; the signature page; and any price-related information omitted from the earlier registration statement in reliance on Rule 430A that the registrant chooses to include in the new registration statement. The information contained in such a Rule 462(b) registration statement shall be deemed to be a part of the earlier registration statement as of the date of effectiveness of the Rule 462(b) registration statement. Any opinion or consent required in the Rule 462(b) registration statement may be incorporated by reference from the earlier registration statement with respect to the offering, if: (i) such opinion or consent expressly provides for such incorporation; and (ii) such opinion relates to the securities registered pursuant to Rule 462(b). See Rule 411(c) and Rule 439(b) under the Securities Act.

IV. Incorporation of Certain Information by Reference

A. All registrants that are required to file the information required by Item 1111A of Regulation AB (17 CFR 229.1111A) Asset-level information; Item 1111B

of Regulation AB (17 CFR 229.1111B), Grouped account data for credit card pools; and Item 1113(h) of Regulation AB (17 CFR 229.1113(h)), Waterfall Computer Program; as exhibits to Form 8-K (17 CFR 249.308) that are filed with the Commission pursuant to Item 6.06 and Item 6.07, respectively, of that form. Incorporation by reference must comply with Item 10 of this Form.

B. Registrants may elect to file the information required by Item 1105 of Regulation AB (17 CFR 229.1105), Static Pool, as an exhibit to Form 8-K (17 CFR 249.308) that is filed with the Commission pursuant to Item 6.08 of that form. Incorporation by reference must comply with Item 10 of this Form.

C. If a registrant is structured as a revolving asset master trust, and is required to provide the information required by Item 9(d) of Schedule L (17 CFR 229.1111A), Floorplan Financings, it may elect to provide it in accordance with Item 10 of this Form.

PART I
INFORMATION REQUIRED IN PROSPECTUS

Item 1. Forepart of the Registration Statement and Outside Front Cover Pages of Prospectus.

Set forth in the forepart of the registration statement and on the outside front cover page of the prospectus the information required by Item 501 of Regulation S-K (17 CFR 229.501) and Item 1102 of Regulation AB (17 CFR 229.1102).

Item 2. Inside Front and Outside Back Cover Pages of Prospectus.

Set forth on the inside front cover page of the prospectus or, where permitted, on the outside back cover page, the information required by Item 502 of Regulation S-K (17 CFR 229.502).

Item 3. Transaction Summary and Risk Factors

Furnish the information required by Item 503 of Regulation S-K (17 CFR 229.503) and Item 1103 of Regulation AB (17 CFR 229.1103).

Item 4. Use of Proceeds.

Furnish the information required by Item 504 of Regulation S-K (17 CFR 229.504).

Item 5. Plan of Distribution.

Furnish the information required by Item 508 of Regulation S-K (17 CFR 229.508).

Item 6. Information with Respect to the Transaction Parties.

Furnish the following information:

(a) Information required by Item 1104 of Regulation AB (17 CFR 229.1104), Sponsors;

(b) Information required by Item 1106 of Regulation AB (17 CFR 229.1106), Depositors;

(c) Information required by Item 1107 of Regulation AB (17 CFR 229.1107), Issuing entities;

(d) Information required by Item 1108 of Regulation AB (17 CFR 229.1108), Servicers;

(e) Information required by Item 1109 of Regulation AB (17 CFR 229.1109), Trustees;

(f) Information required by Item 1110 of Regulation AB (17 CFR 229.1110), Originators;

(g) Information required by Item 1112 of Regulation AB (17 CFR 229.1112), Significant Obligors;

(h) Information required by Item 1117 of Regulation AB (17 CFR 229.1117), Legal Proceedings; and

(i) Information required by Item 1119 of Regulation AB (17 CFR 229.1119), Affiliations and certain relationships and related transactions.

Item 7. Information with Respect to the Transaction.

Furnish the following information:

(a) Information required by Item 1111 of Regulation AB (17 CFR 229.1111), Pool Assets; Item 1111A of Regulation AB (17 CFR 229.1111A), Asset-level information; and Item 1111B of Regulation AB (17 CFR 229.1111B), Grouped account data for credit card pools;

(b) Information required by Item 202 of Regulation S-K (17 CFR 229.202), Description of Securities Registered and Item 1113 of Regulation AB (17 CFR 229.1113), Structure of the Transaction;

(c) Information required by Item 1114 of Regulation AB (17 CFR 229.1114), Credit Enhancement and Other Support;

(d) Information required by Item 1115 of Regulation AB (17 CFR 229.1115), Certain Derivatives Instruments;

(e) Information required by Item 1116 of Regulation AB (17 CFR 229.1116), Tax Matters;

(f) Information required by Item 1118 of Regulation AB (17 CFR 229.1118), Reports and additional information; and

(g) Information required by Item 1120 of Regulation AB (17 CFR 229.1120), Ratings.

Item 8. Static Pool.

Furnish the information required by Item 1105 of Regulation AB (17 CFR 229.1105).

Item 9. Interests of Named Experts and Counsel.

Furnish the information required by Item 509 of Regulation S-K (17 CFR 229.509).

Item 10. Incorporation of Certain Information by Reference.

(a)The prospectus shall provide a statement that all current reports filed pursuant to Items 6.06, 6.07 and if applicable, 6.08 of Form 8-K pursuant to Section Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the time of effectiveness shall be deemed to be incorporated by reference into the prospectus.

Instruction. Attention is directed to Rule 439 (17 CFR 230.439) regarding consent to use of material incorporated by reference.

(b)(1) You must state

(i) that you will provide to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus;

(ii) that you will provide this information upon written or oral request;

(iii) that you will provide this information at no cost to the requester;

(iv) the name, address, and telephone number to which the request for this information must be made; and

(v) the registrant's Web site address, including the uniform resource locator (URL) where the incorporated reports and other documents may be accessed.

Note to Item 10(b)(1). If you send any of the information that is incorporated by reference in the prospectus to security holders, you also must send any exhibits that are specifically incorporated by reference in that information.

(2) You must:

(i) identify the reports and other information that you file with the SEC; and

(ii) state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, between the hours of 10:00 a.m. and 3:00 p.m.. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, state that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (http://www.sec.gov). You are encouraged to give your Internet address, if available.

Item 11. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.

Furnish the information required by Item 510 of Regulation S-K (17 CFR 229.510).

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 12. Other Expenses of Issuance and Distribution.

Furnish the information required by Item 511 of Regulation S-K (17 CFR 229.511).

Item 13. Indemnification of Directors and Officers.

Furnish the information required by Item 702 of Regulation S-K (17 CFR 229.702).

Item 14. Exhibits.

Subject to the rules regarding incorporation by reference, file the exhibits required by Item 601 of Regulation S-K (17 CFR 229.601).

Item 15. Undertakings.

Furnish the undertakings required by Item 512 of Regulation S-K (17 CFR 229.512).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SF-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of

_____, State of

_____, on _____, 20____ .

_____
(Registrant)

By

_____
(Signature and Title)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

_____
(Signature)

_____
(Title)

_____
(Date)

Instructions.

l. The registration statement shall be signed by the depositor, the depositor's principal executive officer or officers, its principal financial officer, its senior officer in charge of securitization and by at least a majority of its board of directors or persons performing similar functions. If the registrant is a foreign person, the registration statement shall also be signed by its authorized representative in the United States. Where the registrant is a limited partnership, the registration statement shall be signed by a majority of the board of directors of any corporate general partner signing the registration statement.

2. The name of each person who signs the registration statement shall be typed or printed beneath his signature. Any person who occupies more than one of the specified positions shall indicate each capacity in which he signs the registration statement. Attention is directed to Rule 402 concerning manual signatures and to Item 601 of Regulation S-K concerning signatures pursuant to powers of attorney.

58. Add §239.45 to read as follows:

§239.45 Form SF–3, for registration under the Securities Act of 1933 for offerings of asset-backed issuers offered pursuant to certain types of transactions.

This form shall be used for registration under the Securities Act of 1933 of offerings of asset-backed securities, as defined in 17 CFR 229.1101(c). Any registrant which meets the requirements of paragraph (a) may use this Form for the registration of asset-backed securities (as defined in 17 CFR 229.1101(c)) under the Securities Act of 1933 ("Securities Act") which are offered in any transaction specified in paragraph (b) provided that the requirement applicable to the specified transaction are met. Terms used have the same meaning as in Item 1101 of Regulation AB.

(a) Registrant Requirements. Registrants must meet the following conditions in order to use Form SF-3 for registration under the Securities Act of securities offered in transactions paragraph (b) below:

(1) To the extent the sponsor, with respect to the depositor or an issuing entity previously established by the depositor or affiliate of the depositor, was required to retain risk with respect to a previous ABS offering involving the same asset class, pursuant to paragraph (b)(1)(i) below, at the time of filing this registration statement, such sponsor was holding the required risk.

(2) To the extent the depositor or any issuing entity previously established, directly or indirectly, by the depositor or any affiliate of the depositor (as defined in Item 1101 of Regulation AB (17 CFR 229.1101)) are or were at any time during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form required to comply with the transaction requirements in paragraphs (b)(1)(ii), (b)(1)(iii), and (b)(1)(iv) with respect to a previous offering of securities involving the same asset class, the following requirements shall apply:

(i) Such depositor and each such issuing entity must have filed on a timely basis all transaction agreements containing the provision that is required by paragraph (b)(1)(ii) below;

(ii) Such depositor and each such issuing entity must have filed on a timely basis all certifications required by paragraph (b)(1)(iii) below;

(iii) Such depositor and each such issuing entity must have filed all reports they had undertaken to file for the previous twelve months (or such shorter period that each such entity had undertaken to file reports) regarding such asset-backed securities as would be required under section 15(d) of the Exchange Act (15 U.S.C. 78m, 78n or 78o(d)) if they were subject to the reporting requirements of that section.

(3) The registrant has provided disclosure in the registration statement that it has met the registrant requirements of paragraphs (a)(1) and (a)(2) above.

(4) To the extent the depositor or any issuing entity previously established, directly or indirectly, by the depositor or any affiliate of the depositor (as defined in Item 1101 of Regulation AB (17 CFR 229.1101)) are or were at any time during the twelve calendar months and any portion of a month immediately preceding the filing of the

registration statement on this Form subject to the requirements of section 12 or 15(d) of the Exchange Act (15 U.S.C. 78l or 78o(d)) with respect to a class of asset-backed securities involving the same asset class, such depositor and each such issuing entity must have filed all material required to be filed regarding such asset-backed securities pursuant to section 13, 14 or 15(d) of the Exchange Act (15 U.S.C. 78m, 78n or 78o(d)) for such period (or such shorter period that each such entity was required to file such materials). In addition, such material must have been filed in a timely manner, other than a report that is required solely pursuant to Item 1.01, 1.02, 2.03, 2.04, 2.05, 2.06, 4.02(a), 6.01, or 6.03 of Form 8-K (17 CFR 249.308). If Rule 12b-25(b) (17 CFR 240.12b-25(b)) under the Exchange Act was used during such period with respect to a report or a portion of a report, that report or portion thereof has actually been filed within the time period prescribed by that rule. Regarding an affiliated depositor that became an affiliate as a result of a business combination transaction during such period, the filing of any material prior to the business combination transaction relating to asset-backed securities of an issuing entity previously established, directly or indirectly, by such affiliated depositor is excluded from this section, provided such business combination transaction was not part of a plan or scheme to evade the requirements of the Securities Act or the Exchange Act. See the definition of "affiliate" in Securities Act Rule 405 (17 CFR 230.405).

(b) If the registrant meets the registrant requirements specified in paragraph (a) above, an offering meeting the following conditions may be registered on Form SF-3:

(1) Offerings for cash where the following have been satisfied:

(i) Risk Retention. With respect to each offering of securities that is registered on this form:

(A) The sponsor or an affiliate of the sponsor retains a net economic interest in the securities offered in one of two the allowed methods described in paragraph (B) and provides disclosure in the prospectus that is filed as part of this registration statement relating to the interest that is retained.

(B) The sponsor or affiliate of the sponsor shall retain the economic interest described in paragraph (A) above in one of the following methods:

(1) Retention of a minimum of five percent of nominal amount of each of the tranches sold or transferred to investors, net of hedge positions directly related to the securities or exposures taken by such sponsor or affiliate; or

(2) in the case of revolving asset master trusts, retention of the originator's interest of a minimum of five percent of the nominal amount of the securitized exposures, net of hedge positions directly related to the securities or exposures taken by such sponsor or affiliate, provided that payments by the originator's interest are not less than five percent of payments by, collectively, the securities held by investors, at all times and in all cases.

Instruction to paragraph (b)(1)(i)(A): Net economic interest is measured at issuance of the securities with respect to (A) and at origination of the assets backing the securities with respect to (B) and shall be maintained as long as non-affiliates of the depositor hold any of the issuer's securities that were sold in the offering.

(ii) Third Party Opinion Provision in Transaction Agreement. With respect to each offering of securities that is registered on this form, the pooling and servicing agreement or other transaction agreement, which shall be filed, contains a provision

requiring any party that has provided representations and warranties relating to the pool assets and that is obligated to repurchase any noncompliant pool asset or substitute any noncompliant pool asset to furnish an opinion or certificate, furnished to the trustee at least each quarter, from a non-affiliated third party relating to any asset for which the trustee has asserted a breach of a representation or warranty and for which the asset was not repurchased or replaced by the obligated party on the basis of an assertion that the asset did not violate a representation or warranty contained in the pooling and servicing agreement or other transaction agreement.

(iii) Certification. The registrant files a certification in accordance with Item 601(b)(36) of Regulation S-K (§229.601(b)(36)) signed by the chief executive officer of the depositor with respect to each offering of securities that is registered on this form.

(iv) Undertaking to file Exchange Act Reports. With respect to each offering of securities that is registered on this form, the registrant undertakes to file reports as would be required by Section 15(d) of the Exchange Act and the rules thereunder, if the registrant were subject to the reporting requirements of that section, in accordance with Item 512(a)(7)(ii) of Regulation S-K (§229.512(a)(7)(ii)) as long as non-affiliates of the depositor hold any of the issuer's securities that were sold in registered transactions. This registration statement shall also provide disclosure in the prospectus that is filed as part of the registration statement that the registrant has undertaken to, and will, file with the Commission reports as would be required by Section 15(d) of the Exchange Act and the rules thereunder if the registrant were subject to the reporting requirements of that section.

(v) Delinquent Assets. Delinquent assets do not constitute 20% or more, as measured by dollar volume, of the asset pool as of the measurement date.

(vi) Residual Value for Certain Securities. With respect to securities that are backed by leases other than motor vehicle leases, the portion of the securitized pool balance attributable to the residual value of the physical property underlying the leases, as determined in accordance with the transaction agreements for the securities, does not constitute 20% or more, as measured by dollar volume, of the securitized pool balance as of the measurement date.

(2) Securities relating to an offering of asset-backed securities registered in accordance with paragraph (b)(1) where those securities represent an interest in or the right to the payments of cash flows of another asset pool and meet the requirements of Securities Act Rule 190(c)(1) through (4) (17 CFR 240.190(c)(1) through (4)).

59. Add Form SF-3 (referenced in §239.45) to read as follows:

Note: The text of Form SF-3 does not, and this amendment will not, appear in the Code of Federal Regulations.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM SF-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

Commission File Number of depositor: _____

Central Index Key Number of depositor: _____

_____

(Exact name of depositor as specified in its charter)

Central Index Key Number of sponsor (if available): _____

_____

(Exact name of sponsor as specified in its charter)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee

Notes to the "Calculation of Registration Fee" Table ("Fee Table"):

1. Specific details relating to the fee calculation shall be furnished in notes to the Fee Table, including references to provisions of Rule 457 (§230.457 of this chapter) relied upon, if the basis of the calculation is not otherwise evident from the information presented in the Fee Table.

2. If the filing fee is calculated pursuant to Rule 457(r) under the Securities Act, the Fee Table must state that it registers an unspecified amount of securities of each identified class of securities and must provide that the issuer is relying on Rule 456(b) and Rule 457(r). If the Fee Table is amended in a post-effective amendment to the registration statement or in a prospectus filed in accordance with Rule 456(b)(1)(ii) (§230.456(b)(1)(ii) of this chapter) , the Fee Table must specify the aggregate offering price for all classes of securities in the referenced offering or offerings and the applicable registration fee.

4. Any difference between the dollar amount of securities registered for such offerings and the dollar amount of securities sold may be carried forward on a future registration statement pursuant to Rule 457 under the Securities Act.

GENERAL INSTRUCTIONS

I. Eligibility Requirements for Use of Form SF-3

This instruction sets forth registrant requirements and transaction requirements for the use of Form SF-3. Any registrant which meets the requirements of I.A. below ("Registrant Requirements") may use this Form for the registration of asset-backed securities (as defined in 17 CFR 229.1101(c)) under the Securities Act of 1933 ("Securities Act") which are offered in any transaction specified in I.B. below ("Transaction Requirement") provided that the requirement applicable to the specified transaction are met. Terms used in this form have the same meaning as in Item 1101 of Regulation AB.

A. Registrant Requirements. Registrants must meet the following conditions in order to use this Form SF-3 for registration under the Securities Act of securities offered in transactions specified in I.B. below:

1. To the extent the sponsor, with respect to the depositor or an issuing entity previously established by the depositor or affiliate of the depositor, was required to retain risk with respect to a previous ABS offering involving the same asset class, pursuant to General Instruction I.B.1(a) of this form, at the time of filing this registration statement, such sponsor was holding the required risk.
2. To the extent the depositor or any issuing entity previously established, directly or indirectly, by the depositor or any affiliate of the depositor (as defined in Item 1101 of Regulation AB (17 CFR 229.1101)) are or were at any time during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form required to comply with the transaction requirements in General Instructions

I.B.1(b), I.B.1(c), and I.B.1(d) of this form with respect to a previous offering of securities involving the same asset class, the following requirements shall apply:

(a) Such depositor and each such issuing entity must have filed on a timely basis all transaction agreements containing the provision that is required by General Instruction I. B.1(b);

(b) Such depositor and each such issuing entity must have filed on a timely basis all certifications required by General Instruction I. B.1(c);

(c) Such depositor and each such issuing entity must have filed all reports they had undertaken to file for the previous twelve months (or such shorter period that each such entity had undertaken to file reports) regarding such asset-backed securities as would be required under section 15(d) of the Exchange Act (15 U.S.C. 78m, 78n or 78o(d)) if they were subject to the reporting requirements of that section.

3. The registrant has provided disclosure in the registration statement that it has met the registrant requirements of General Instruction I.A.1 and I.A.2 of Form SF-3.

4. To the extent the depositor or any issuing entity previously established, directly or indirectly, by the depositor or any affiliate of the depositor (as defined in Item 1101 of Regulation AB (17 CFR 229.1101)) are or were at any time during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form subject to the requirements of section 12 or 15(d) of the Exchange Act (15

U.S.C. 78l or 78o(d)) with respect to a class of asset-backed securities involving the same asset class, such depositor and each such issuing entity must have filed all material required to be filed regarding such asset-backed securities pursuant to section 13, 14 or 15(d) of the Exchange Act (15 U.S.C. 78m, 78n or 78o(d)) for such period (or such shorter period that each such entity was required to file such materials or each such entity had undertaken to file such materials, as applicable). In addition, such material must have been filed in a timely manner, other than a report that is required solely pursuant to Item 1.01, 1.02, 2.03, 2.04, 2.05, 2.06, 4.02(a), 6.01, or 6.03 of Form 8-K (17 CFR 249.308). If Rule 12b-25(b) (17 CFR 240.12b-25(b)) under the Exchange Act was used during such period with respect to a report or a portion of a report, that report or portion thereof has actually been filed within the time period prescribed by that rule. Regarding an affiliated depositor that became an affiliate as a result of a business combination transaction during such period, the filing of any material prior to the business combination transaction relating to asset-backed securities of an issuing entity previously established, directly or indirectly, by such affiliated depositor is excluded from this section, provided such business combination transaction was not part of a plan or scheme to evade the requirements of the Securities Act or the Exchange Act. See the definition of “affiliate” in Securities Act Rule 405 (17 CFR 230.405).

B. **Transaction Requirements.** If the registrant meets the Registrant Requirements specified in I.A. above, an offering meeting the following conditions may be registered on this Form:

1. Offerings for cash where the following have been satisfied:

(a) **Risk Retention.** With respect to each offering of securities that is registered on this form:

- The sponsor or an affiliate of the sponsor retains a net economic interest in the securities offered in one of two the allowed methods described in paragraph (B) and provides disclosure in the prospectus that is filed as part of this registration statement relating to the interest that is retained.
- The sponsor or affiliate of the sponsor shall retain the economic interest described in paragraph (A) above in one of the following methods:

(A) Retention of a minimum of five percent of nominal amount of each of the tranches sold or transferred to the investors, net of hedge positions directly related to the securities or exposures taken by such sponsor or affiliate; or

(B) in the case of revolving asset master trusts, retention of the originator's interest of a minimum of five percent of the nominal amount of the securitized exposures, net of hedge positions directly related to the securities or exposures taken by such sponsor or affiliate, provided that the

originator's interest and securities held by investors are collectively backed by the same pool of receivables, and payments of the originator's interest are not less than five percent of payments of the securities held by investors collectively.

Instruction to General Instruction I.B.1(a)(i): Net economic interest is measured at issuance of the securities with respect to (A) and at origination of the assets backing the securities with respect to (B) and shall be maintained as long as non-affiliates of the depositor hold any of the issuer's securities that were sold in the offering.

(b) **Third Party Opinion Provision in Transaction Agreement.** With respect to each offering of securities that is registered on this form, the pooling and servicing agreement or other transaction agreement, which shall be filed, contains a provision requiring any party that has provided representations and warranties relating to the pool assets and that is obligated to repurchase any noncompliant pool asset or substitute any noncompliant pool asset to furnish an opinion or certificate, furnished to the trustee at least each quarter, from a non-affiliated third party relating to any asset for which the trustee has asserted a breach of a representation or warranty and for which the asset was not repurchased or replaced by the obligated party on the basis of an assertion that the asset did

not violate a representation or warranty contained in the pooling and servicing agreement or other transaction agreement.

(c) **Certification.** The registrant files a certification in accordance with Item 601(b)(36) of Regulation S-K (§229.601(b)(36)) signed by the chief executive officer of the depositor with respect to each offering of securities that is registered on this form.

(d) **Undertaking to file Exchange Act Reports.** With respect to each offering of securities that is registered on this form, the registrant undertakes to file reports as would be required by Sections 13(a) or 15(d) of the Exchange Act and the rules thereunder if the registrant were subject to the reporting requirements of that section, in accordance with Item 512(a)(7)(ii) of Regulation S-K (§229.512(a)(7)(ii)) as long as non-affiliates of the depositor hold any of the issuer's securities that were sold in registered transactions. This registration statement shall also provide disclosure in the prospectus that is filed as part of the registration statement that the registrant has undertaken to, and will, file with the Commission reports as would be required by Sections 13(a) or 15(d) of the Exchange Act and the rules thereunder if the registrant were subject to the reporting requirements of that section.

(e) **Delinquent Assets.** Delinquent assets do not constitute 20% or more, as measured by dollar volume, of the asset pool as of the measurement date

(f) **Residual Value for Certain Securities.** With respect to securities that are backed by leases other than motor vehicle leases, the portion of the securitized pool balance attributable to the residual value of the physical property underlying the leases, as determined in accordance with the transaction agreements for the securities, does not constitute 20% or more, as measured by dollar volume, of the securitized pool balance as of the measurement date.

2. Securities relating to an offering of asset-backed securities registered in accordance with General Instruction I.B.1. where those securities represent an interest in or the right to the payments of cash flows of another asset pool and meet the requirements of Securities Act Rule 190(c)(1) through (4) (17 CFR 240.190(c)(1) through (4)).

II. Application of General Rules and Regulations

A. Attention is directed to the General Rules and Regulations under the Securities Act, particularly Regulation C thereunder (l7 CFR 230.400 to 230.494). That Regulation contains general requirements regarding the preparation and filing of registration statements.

B. Attention is directed to Regulation S-K (17 CFR Part 229) for the requirements applicable to the content of the non-financial statement portions of registration statements under the Securities Act. Where this Form directs the registrant to furnish information required by Regulation S-K and the item of Regulation S-K so provides, information need only be furnished to the extent appropriate. Notwithstanding Items 501 and 502 of Regulation S-K, no

table of contents is required to be included in the prospectus or registration statement prepared on this Form. In addition to the information expressly required to be included in a registration statement on this Form SF-3, registrants also may provide such other information as they deem appropriate.

C. Where securities are being registered on this Form, Rule 456(c) permits, but does not require, the registrant to pay the registration fee on a pay-as-you-go basis and Rule 457(s) permits, but does not require, the registration fee to be calculated on the basis of the aggregate offering price of the securities to be offered in an offering or offerings off the registration statement. If a registrant elects to pay all or a portion of the registration fee on a deferred basis, the Fee Table in the initial filing must identify the classes of securities being registered and provide that the registrant elects to rely on Rule 456(c) and Rule 457(s), but the Fee Table does not need to specify any other information. When the registrant amends the Fee Table in accordance with Rule 456(c)(1)(ii), the amended Fee Table must include either the dollar amount of securities being registered if paid in advance of or in connection with an offering or offerings or the aggregate offering price for all classes of securities referenced in the offerings and the applicable registration fee.

D. Information is only required to be furnished as of the date of initial effectiveness of the registration statement to the extent required by Rule 430D. Required information about a specific transaction must be included in the prospectus in the registration statement by means of a prospectus that is deemed to be part of and included in the registration statement pursuant to

Rule 430D, a post-effective amendment to the registration statement, or a periodic or current report under the Exchange Act incorporated by reference into the registration statement and the prospectus and identified in a prospectus filed, as required by Rule 430D, pursuant to Rule 424(h) or Rule 424(b) (§230.424(h) or §230.424(b) of this chapter)

III. Registration of Additional Securities Pursuant to Rule 462(b). With respect to the registration of additional securities for an offering pursuant to Rule 462(b) under the Securities Act, the registrant may file a registration statement consisting only of the following: the facing page; a statement that the contents of the earlier registration statement, identified by file number, are incorporated by reference; required opinions and consents; the signature page; and any price-related information omitted from the earlier registration statement in reliance on Rule 430A that the registrant chooses to include in the new registration statement. The information contained in such a Rule 462(b) registration statement shall be deemed to be a part of the earlier registration statement as of the date of effectiveness of the Rule 462(b) registration statement. Any opinion or consent required in the Rule 462(b) registration statement may be incorporated by reference from the earlier registration statement with respect to the offering, if: (i) such opinion or consent expressly provides for such incorporation; and (ii) such opinion relates to the securities registered pursuant to Rule 462(b). *See* Rule 411(c) and Rule 439(b) under the Securities Act.

IV. Registration Statement Requirements. Include only one form of prospectus for the asset class that may be securitized in a takedown of asset-backed securities under the registration statement. A separate form of prospectus and registration statement must be presented for each country of origin or country of property securing pool assets that may be securitized in a discrete pool in a takedown of asset-backed securities. For both separate asset classes and jurisdictions of origin or property, a separate form of prospectus is not required for transactions that principally consist of a particular asset class or jurisdiction which also describe one or more potential additional asset classes or jurisdictions, so long as the pool assets for the additional classes or jurisdictions in the aggregate are below 10% of the pool, as measured by dollar volume, for any particular takedown.

PART I
INFORMATION REQUIRED IN PROSPECTUS

Item 1. Forepart of the Registration Statement and Outside Front Cover Pages of Prospectus.

Set forth in the forepart of the registration statement and on the outside front cover page of the prospectus the information required by Item 501 of Regulation S-K (17 CFR 229.501) and Item 1102 of Regulation AB (17 CFR 229.1102).

Item 2. Inside Front and Outside Back Cover Pages of Prospectus.

Set forth on the inside front cover page of the prospectus or, where permitted, on the outside back cover page, the information required by Item 502 of Regulation S-K (17 CFR 229.502).

Item 3. Transaction Summary and Risk Factors

Furnish the information required by Item 503 of Regulation S-K (17 CFR 229.503) and Item 1103 of Regulation AB (17 CFR 229.1103).

Item 4. Use of Proceeds.

Furnish the information required by Item 504 of Regulation S-K (17 CFR 229.504).

Item 5. Plan of Distribution

Furnish the information required by Item 508 of Regulation S-K (17 CFR 229.508).

Item 6. Information with Respect to the Transaction Parties

Furnish the following information:

(a) Information required by Item 1104 of Regulation AB (17 CFR 229.1104), Sponsors;

(b) Information required by Item 1106 of Regulation AB (17 CFR 229.1106), Depositors;

(c) Information required by Item 1107 of Regulation AB (17 CFR 229.1107), Issuing entities;

(d) Information required by Item 1108 of Regulation AB (17 CFR 229.1108), Servicers;

(e) Information required by Item 1109 of Regulation AB (17 CFR 229.1109), Trustees;

(f) Information required by Item 1110 of Regulation AB (17 CFR 229.1110), Originators;

(g) Information required by Item 1112 of Regulation AB (17 CFR 229.1112), Significant Obligors;

(h) Information required by Item 1117 of Regulation AB (17 CFR 229.1117), Legal Proceedings; and

(i) Information required by Item 1119 of Regulation AB (17 CFR 229.1119), Affiliations and certain relationships and related transactions.

Item 8. Information with Respect to the Transaction

Furnish the following information:

(a) Information required by Item 1111 of Regulation AB (17 CFR 229.1111), Pool Assets and Item 1111A of Regulation AB (17 CFR 229.1111A), Asset-level information, and Item 1111B of Regulation AB (17 CFR 229.1111B), Grouped account data for credit card pools;

(b) Information required by Item 202 of Regulation S-K (17 CFR 229.202), Description of Securities Registered and Item 1113 of Regulation AB (17 CFR 229.1113), Structure of the Transaction;

(c) Information required by Item 1114 of Regulation AB (17 CFR 229.1114), Credit Enhancement and Other Support;

(d) Information required by Item 1115 of Regulation AB (17 CFR 229.1115), Certain Derivatives Instruments;

(e) Information required by Item 1116 of Regulation AB (17 CFR 229.1116), Tax Matters;

(f) Information required by Item 1118 of Regulation AB (17 CFR 229.1118), Reports and additional information; and

(g) Information required by Item 1120 of Regulation AB (17 CFR 229.1120), Ratings.

Instruction: All registrants are required to file the information required by Item 1111A of Regulation AB (17 CFR 229.1111A), Asset-level information; Item 1111B of Regulation AB (17 CFR 229.1111B), Grouped account data for credit card pools; and Item 1113(h) of Regulation AB (17 CFR 229.1113(h)), Waterfall Computer Program; as exhibits to Form 8-K (17 CFR 249.308) that are filed with the Commission pursuant to Item 6.06 and Item 6.07, respectively, of that form. Incorporation by reference must comply with Item 11 of this Form.

Item 9. Static Pool

Furnish the information required by Item 1105 of Regulation AB (17 CFR 229.1105).

Instruction: Registrants may elect to file the information required by this item as an exhibit to Form 8-K (17 CFR 249.308) that is filed with the Commission pursuant to Item 6.08 of that form. Incorporation by reference must comply with Item 11 of this Form.

Item 10. Interests of Named Experts and Counsel.

Furnish the information required by Item 509 of Regulation S-K (17 CFR 229.509).

Item 11. Incorporation of Certain Information by Reference.

(a) The prospectus shall provide a statement that all current reports filed pursuant to Items 6.06, 6.07 and if applicable, 6.08 of Form 8-K pursuant to Section Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to

the termination of the offering shall be deemed to be incorporated by reference into the prospectus.

(b) If the registrant is structured as a revolving asset master trust, the documents listed in (1) and (2) below shall be specifically incorporated by reference into the prospectus by means of a statement to that effect in the prospectus listing all such documents:

(1) the registrant's latest annual report on Form 10-K (17 CFR 249.310) filed pursuant to Section 13(a) or 15(d) of the Exchange Act that contains financial statements for the registrant's latest fiscal year for which a Form 10-K was required to be filed; and

(2) all other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the annual report referred to in (1) above.

(c) The prospectus shall also provide a statement regarding the incorporation of reference of Exchange Act reports prior to the termination of the offering pursuant to one of the following two ways:

(1) a statement that all subsequently filed by the registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the termination of the offering shall be deemed to be incorporated by reference into the prospectus; or

(2) a statement that all current reports on Form 8-K filed by the registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the

Exchange Act, prior to the termination of the offering shall be deemed to be incorporated by reference into the prospectus.

Instruction. Attention is directed to Rule 439 (17 CFR 230.439) regarding consent to use of material incorporated by reference.

(d)(1) You must state

(i) that you will provide to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus;

(ii) that you will provide this information upon written or oral request;

(iii) that you will provide this information at no cost to the requester; and

(iv) the name, address, and telephone number to which the request for this information must be made.

Note to Item 11(c)(1). If you send any of the information that is incorporated by reference in the prospectus to security holders, you also must send any exhibits that are specifically incorporated by reference in that information.

(2) You must:

(i) identify the reports and other information that you file with the SEC; and

(ii) state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street,

N.E., Washington, D.C. 20549, between the hours of 10:00 a.m. and 3:00 p.m. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, state that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (http://www.sec.gov). You are encouraged to give your Internet address, if available.

Item 12. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.

Furnish the information required by Item 510 of Regulation S-K (17 CFR 229.510).

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

Furnish the information required by Item 511 of Regulation S-K (17 CFR 229.511).

Item 14. Indemnification of Directors and Officers.

Furnish the information required by Item 702 of Regulation S-K (17 CFR 229.702).

Item 15. Exhibits.

Subject to the rules regarding incorporation by reference, file the exhibits required by Item 601 of Regulation S-K (17 CFR 229.601).

Item 16. Undertakings.

Furnish the undertakings required by Item 512 of Regulation S-K (17 CFR 229.512).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SF-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of _____, State of _____, on _____, 20____ .

_____
(Registrant)

By

_____
(Signature and Title)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

_____
(Signature)

_____
(Title)

_____
(Date)

Instructions.

l. The registration statement shall be signed by the depositor, the depositor's principal executive officer or officers, its principal financial officer, its senior officer in charge of securitization and by at least a majority of its board of directors or persons

performing similar functions. If the registrant is a foreign person, the registration statement shall also be signed by its authorized representative in the United States. Where the registrant is a limited partnership, the registration statement shall be signed by a majority of the board of directors of any corporate general partner signing the registration statement.

2. The name of each person who signs the registration statement shall be typed or printed beneath his signature. Any person who occupies more than one of the specified positions shall indicate each capacity in which he signs the registration statement. Attention is directed to Rule 402 concerning manual signatures and to Item 601 of Regulation S-K concerning signatures pursuant to powers of attorney.

60. Add §239.46 to read as follows:

§239.144A Form 144A-SF, for notice of the initial placement of securities pursuant to §230.144A, paragraph (d)(5) of this chapter.

The notice shall be signed by the issuer of the securities and filed with the Commission no later than 15 calendar days after the first sale of securities in the initial placement of securities to be re-sold in reliance on Rule 144A (§230.144A), unless the end of that period falls on a Saturday, Sunday or holiday, in which case the due date shall be the first business day following such period.

61. Add Form 144A-SF (referenced in §239.144A) to read as follows:

Note: The text of Form 144A-SF does not, and this amendment will not, appear in the Code of Federal Regulations.

U.S. Securities and Exchange Commission
Washington, DC 20549

FORM 144A-SF

NOTICE OF THE INITIAL PLACEMENT OF STRUCTURED FINANCE PRODUCTS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT OF 1933

Note: Intentional misstatements or omissions of fact constitute federal criminal violations. See 18 U.S.C. 1001.

General Instructions

In accordance with Rule 144A(d)(5), a notice of offering shall be filed for the initial placement of structured finance products, as defined in Rule 144A, to be sold in reliance on Rule 144A (17 CFR 230.144A). The notice shall be filed for the initial placement of the securities and not for subsequent resales of those securities. The notice shall be signed by the issuer of the securities and filed no later than 15 calendar days after the first sale of securities in the offering, unless the end of that period falls on a Saturday, Sunday or holiday, in which case the due date shall be the first business day following such period.

Item 1. Identity of principal parties.

(a) Identify the issuer and provide the principal place of business and contact information for the issuer.

(b) Identify the sponsor for the offering and principal originators for the assets in the underlying pool, and servicer or collateral manager.

(c) Provide the CUSIP number for the issuance, if reasonably available.

Item 2. Information on type of security.

(a) Describe the type of securities being offered or sold.

(b) Provide a brief description of the structure of the securities, including the number of tranches in the securitization and whether any portion of the tranches are being retained by the sponsor or originator.

(c) Provide a brief description of the asset pool, including the types of assets included, and if the assets are securities, provide the issuer of the underlying securities.

Item 3. Information on offering.

(a) Provide the principal amount of the securities offered or sold in the initial placement.

(b) Disclose the date of the initial placement and the date of the initial resale of securities to be made in reliance on Securities Act Rule 144A (17 CFR 230.144A).

Signature and Submission

Terms of Submission: In submitting this notice, the undersigned undertakes to provide to the SEC upon written request the offering documents used in connection with the initial placement of securities.

_____
Issuer

_____
Name of Signer

_____
Signature

_____
Title

_____
Date

62. Amend §239.500 by:

a. Renumbering existing Item 9 as Item 4 and renumbering existing Items 4, 5, 6, 7, and 8, as Items 5, 6, 7, 8, and 9.

b. Revising Items 4 and 6;

c. Revising the instruction to Item 4;

d. Revising the instruction to Item 6; and

e. Replacing the reference to "Item 6" in the instruction to Item 13 to read "Item 7".

The revisions read as follows:

Note – The text of Form D (referenced in § 239.500) does not and this amendment will not appear in the Code of Federal Regulations.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM D
NOTICE OF EXEMPT OFFERING OF SECURITIES

* * * * *

1. Issuer's Identity

Name of Issuer _____

Previous Name(s) _____

Jurisdiction of Incorporation/Organization (dropdown or other list selection feature)

Entity Type (dropdown or other list selection feature)

Year of Incorporation/Organization (dropdown or other list selection feature to select year or "Yet to Be Formed")

* * * * *

4. Securities Offered

Type(s) of Security (select all that apply)
[ ] Equity
[ ] Debt
[ ] Option, Warrant or Other Right to Acquire Another Security
[ ] Security to be Acquired Upon Exercise of Option, Warrant or Other

Right to Acquire Security
[ ] Pooled Investment Fund Interests
[ ] Structured Finance Product
Check all that apply:
- ⊙ Interest-weighted
- ⊙ Principal-weighted
- ⊙ Interest Only
- ⊙ Principal Only
- ⊙ Planned Amortization
- ⊙ Companion Classes
- ⊙ Residual Interests
- ⊙ Subordinated Interests
- ⊙ Other [Specify: _____]

For issuers that specify "Structured Finance Products" in Item 4, also provide the following information:

Name of Sponsor_____
Name of Principal Originator(s)_____
Name of Servicer or Collateral Manager _____
CUSIP Number _____

[ ] Tenant-in-Common Securities
[ ] Mineral Property Securities
[ ] Other (Describe: _____)

6. Issuer Size or Other Characteristics

Revenue Range (for issuers that do not specify "Structured Finance Product" in response to Item 4 or "Hedge Fund" or "Other Investment Fund" in response to Item 5)

- ⊙ No Revenues
- ⊙ $1 - $1,000,000
- ⊙ $1,000,001 - $5,000,000
- ⊙ $5,000,001 - $25,000,000
- ⊙ $25,000,001 - $100,000,000
- ⊙ Over $100,000,000
- ⊙ Decline to Disclose
- ⊙ Not Applicable

Description of Transaction Structure and Asset Pool (for issuers that specify "Structured Finance Product" in response to Item 4)

Description of Transaction Structure: _____
Description of Asset Pool: _____

Aggregate Net Asset Value Range (for issuers that specify "Hedge Fund" or "Other Investment Fund" in response to Item 5)

- ⊙ No Aggregate Net Asset Value
- ⊙ $1 - $5,000,000
- ⊙ $5,000,001 - $25,000,000
- ⊙ $25,000,001 - $50,000,000
- ⊙ $50,000,001 - $100,000,000
- ⊙ Over $100,000,000
- ⊙ Decline to Disclose
- ⊙ Not Applicable

Instructions for Submitting Notice

* * * * *

Item-by-Item Instructions

* * * * *

4. Securities Offered. Select the appropriate type or types of securities offered as to which this notice is filed. If the securities are debt convertible into other securities, however, select "Debt" and any other appropriate types of securities except for "Equity." For purposes of this filing, use the ordinary dictionary and commonly understood meanings of these categories, except for the term "structured finance product," which is defined in Rule 501(a) of the Securities Act of 1933, 17 CFR 230.501(a). For instance, equity securities would be securities that represent proportional ownership in an issuer, such as ordinary common and preferred stock of corporations and partnership and limited liability company interests; debt securities would be securities representing money loaned to an issuer that must be repaid to the investor at a later date; pooled investment fund interests would be securities that represent ownership interests in a pooled or collective investment vehicle; tenant-in-common securities would be securities that include an undivided fractional interest in real property other than a mineral property; and mineral property securities would be securities that include an

undivided interest in an oil, gas or other mineral property. For issuers of structured finance products, identify the sponsor for the securities, the principal originators for the assets in the underlying pool, and the servicer or collateral manager and provide the CUSIP number for the securities.

* * * * *

6. Issuer Size or Other Characteristics.

- Revenue Range (for issuers that do not specify "Structured Finance Product" in response to Item 4 or "Hedge Fund" or "Other Investment Fund" in response to Item 5): Enter the revenue range of the issuer or of all the issuers together for the most recently completed fiscal year available, or, if not in existence for a fiscal year, revenue range to date. Domestic SEC reporting companies should state revenues in accordance with Regulation S-X under the Securities Exchange Act of 1934. Domestic non-reporting companies should state revenues in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Foreign issuers should calculate revenues in U.S. dollars and state them in accordance with U.S. GAAP, home country GAAP or International Financial Reporting Standards. If the issuer(s) declines to disclose its revenue range, enter "Decline to Disclose." If the issuer's(s') business is intended to produce revenue but did not, enter "No Revenues." If the business is not intended to produce revenue (for example, the business seeks asset appreciation only), enter "Not Applicable."
- Description of Transaction Structure and Asset Pool (for issuers that specify "Structured Finance Product" in response to Item 4): Provide a brief

description of the structure of the securities offered, including the number of tranches in the securitization and whether any portion of the tranches are being retained by the sponsor or the originator. Provide a brief description of the asset pool, including the types of assets included, and if the assets are securities, provide the issuer of the underlying securities.

- Aggregate Net Asset Value (for issuers that specify "Hedge Fund" or "Other Investment Fund" in response to Item 5): Enter the aggregate net asset value range of the issuer or of all the issuers together as of the most recent practicable date. If the issuer(s) declines to disclose its aggregate net asset value range, enter "Decline to Disclose."

* * * * *

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

63. The authority citation for part 240 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78e, 78f, 78g, 78i, 78j, 78j-1, 78k, 78k-1, 78l, 78m, 78n, 78o, 78p, 78q, 78s, 78u-5, 78w, 78x, 78ll, 78mm, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, 80b-11, and 7201 et seq.; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

64. Amend §240.15c2-8 by:

a. Revising the last sentence of paragraph (b); and

b. Deleting paragraph (j).

The revision reads as follows:

§ 240.15c2-8 Delivery of prospectus.

* * * * *

(b) * * * Provided, however, this paragraph (b) shall apply to all issuances of asset-backed securities (as defined in §229.1101 of this chapter) regardless of whether the issuer has previously been required to file reports pursuant to sections 13(a) or 15(d) of the Securities Exchange Act of 1934, or exempted from the requirement to file reports thereunder pursuant to section 12(h) of the Act.

65. Amend §240.15d-22 by revising the references to "415(a)(1)(x)" each time those references appear in the rule to read "415(a)(1)(vii)".

* * * * *

PART 243 -- REGULATION FD

66. The authority citation for part 243 continues to read as follows:

Authority: 15 U.S.C. 78c, 78i, 78j, 78m, 78o, 78w, 78mm, and 80a-29, unless otherwise noted.

* * * * *

67. Amend §243.103 by revising the phrase "and S-8 (17 CFR 239.16b)" to read ", S-8 (17 CFR 239.16b) and SF-3 (17 CFR 239.45)".

* * * * *

PART 249 – FORMS, SECURITIES EXCHANGE ACT OF 1934

68. The authority citation for part 249 continues to read in part as follows:

Authority: 15 U.S.C. 78a et seq., 7202, 7233, 7241, 7262, 7264, and 265; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

69. Amend Form 8-K (referenced in § 249.308) by:

a. Adding a checkbox to the end of the cover page;

b. Revising General Instruction G.2.;

c. Revising Item 6.05 of the Form; and

d. Adding Items 6.06, 6.07, 6.08 and 6.09.

The revisions and additions read as follows:

Note: The text of Form 8-K does not, and this amendment will not, appear in the Code of Federal Regulations.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

* * * * *

Indicate by check mark if the registrant is an asset-backed issuer that has undertaken to file this report pursuant to Item 512(a)(7)(ii) [ ]

GENERAL INSTRUCTIONS

* * * * *

G. Use of this Form by Asset-Backed Issuers.

2. Additional Disclosure for the Form 8-K Cover Page. Immediately after the name of the issuing entity on the cover page of the Form 8-K, as separate line items, identify the exact name of the depositor as specified in its charter and the exact name of the sponsor as specified in its charter. Include a Central Index Key number for the depositor and the issuing entity, and if available, the sponsor.

* * * * *

INFORMATION TO BE INCLUDED IN THE REPORT

* * * * *

Item 6.05 Securities Act Updating Disclosure.

Regarding an offering of asset-backed securities registered on Form SF-3 (17 CFR 239.45), if any material pool characteristic of the actual asset pool at the time of issuance of the asset-backed securities (other than as a result of the pool assets converting into cash in accordance with their terms) differs by 1% or more from the description of the asset pool in the prospectus filed for the offering pursuant to Securities Act Rule 424 (17 CFR 230.424), disclose the information required by Items 1111 and 1112 of Regulation AB (17 CFR 229.1111 and 17 CFR 229.1112) regarding the characteristics of the actual asset pool. If applicable, also provide information required by Items 1108 and 1110 of Regulation AB (17 CFR 229.1108 and 17 CFR 229.1110) regarding any new servicers or originators that would be required to be disclosed under those items regarding the pool assets. Describe the changes that were made to the asset pool, including the number of assets substituted or added to the asset pool.

Instruction.

No report is required under this Item if substantially the same information is provided in a post-effective amendment to the Securities Act registration statement or in a subsequent prospectus filed pursuant to Securities Act Rule 424 (17 CFR 230.424).

Item 6.06 Asset-Level Data File and Related Documents

(a) Regarding an offering of asset-backed securities registered on Form SF-1 (17 CFR 239.44) or Form SF-3 (17 CFR 239.45), disclose the information required by Item 1111(h) (17 CFR 229.1111(h)) and Schedule L (17 CFR 229.1111A) of Regulation AB or Item 1111(i) (17 CFR 229.1111(i)) and Schedule CC (17 CFR 229.1111B) of Regulation AB. The disclosure must be filed as an Asset Data File (as defined in 17 CFR

232.11) as an exhibit with this report by the time of effectiveness of a registration statement on Form SF-1, on the same date of the filing of a form of prospectus filed in accordance with Rule 424(h) (17 CFR 230.424(h)), a final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (17 CFR 230.424(b)), and a report filed in accordance with Item 6.05 of this Form.

(b) With respect to a credit card master trust, if a Waterfall Computer Program is filed pursuant to Item 6.07(b) of this Form as an exhibit with this report, also provide the information required by Schedule CC (17 CFR 229.1111B) of Regulation AB. The disclosure must be filed as an Asset Data File (as defined in 17 CFR 232.11) as an exhibit with this report.

(c) Asset Related Documents.

(1) If a registrant includes other data points in the Asset Data File provided in paragraph (a) of this Item, in addition to those required by Schedule L of Regulation AB (17 CFR 229.1111A), disclose in reasonable detail the definitions and formulas for each of those additional data points. The document must be filed as an exhibit with this report on the same date of the filing of a prospectus filed in accordance with Rule 424(h) (17 CFR 230.424(h)), a final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (17 CFR 230.424(b)) and a report filed in accordance with Item 6.05 of this Form.

(2) If a registrant provides other explanatory disclosure regarding the Asset Data File filed pursuant to (a) of this paragraph, disclose in reasonable detail the additional information. The document must be filed as an exhibit with this report on the

same date of the filing of a prospectus filed in accordance with Rule 424(h) (17 CFR 230.424(h)), a final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (17 CFR 230.424(b)) and a report filed in accordance with Item 6.05 of this Form.

Instructions.

1. Refer to Item 601(b)(102) and (103) of Regulation S-K (17 CFR 229.601(b)(102) and (103)) regarding the filing of exhibits to this Item 6.06.

2. Refer to Item 10 of Form SF-1 (17 CFR 239.44) or Item 11 of Form SF-3 (17 CFR 239.45) regarding incorporation by reference.

Item 6.07 Waterfall Computer Program and Related Documents

(a) Regarding an offering of asset-backed securities registered on Form SF-1 (17 CFR 239.44) or Form SF-3 (17 CFR 239.45), disclose the information required by Item 1113(h) (17 CFR 229.1113(h)) of Regulation AB. The disclosure must be filed as a Waterfall Computer Program (as defined in 17 CFR 232.11) as an exhibit with this report by the time of effectiveness of a registration statement on Form SF-1, and on the filing date of any (i) form of prospectus filed in accordance with Rule 424(h) (17 CFR 230.424(h)) or (ii) final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (17 CFR 230.424(b)).

(b) With respect to a credit card master trust, if there is a change to the flow of funds that results in a change to the waterfall, disclose the information required by Item 1113(h) of Regulation AB. The disclosure must be filed as a Waterfall Computer

Program as an exhibit with this report. Also provide the Asset Data File required by Item 6.06(b) of this Form.

(c) Waterfall Computer Program Related Documents. If a registrant includes additional program functionality in the Waterfall Computer Program filed pursuant to (a) of this paragraph, identify and disclose in reasonable detail the additional program functionality. The document must be filed as an exhibit with this report on the same date of the filing of a prospectus filed in accordance with Rule 424(h) (17 CFR 230.424(h)) or a final prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (17 CFR 230.424(b)).

Instructions.

1. Refer to Item 601(b)(104) and (105) of Regulation S-K (17 CFR 229.601(b)(102) and (103)) regarding the filing of exhibits to this Item 6.07.

2. Refer to Item 10 of Form SF-1 (17 CFR 239.44) or Item 11 of Form SF-3 (17 CFR 239.45) regarding incorporation by reference.

Item 6.08 Static Pool

Regarding an offering of asset-backed securities registered on Form SF-1 (17 CFR 239.44) or Form SF-3 (17 CFR 239.45), in lieu of providing the static pool information as required by Item 1105 of Regulation AB (17 CFR 229.1105) in a form of prospectus or prospectus, an issuer may file the required information as an exhibit to this report. The static pool disclosure must be filed as an exhibit with this report by the time of effectiveness of a registration statement on Form SF-1, on the same date of the filing of a form of prospectus, as required by Rule 424(h) (17 CFR 230.424(h)) and a final

prospectus meeting the requirements of section 10(a) of the Securities Act (15 U.S.C. 77j(a)(a)) filed in accordance with Rule 424(b) (17 CFR 230.424(b)).

Instructions.

1. Refer to Item 601(b)(106) of Regulation S-K (17 CFR 229.601(b)(104)) regarding the filing of exhibits to this Item 6.08.

2. Refer to Item 10 of Form SF-1 (17 CFR 239.44) or Item 11 of Form SF-3 (17 CFR 239.45) regarding incorporation by reference.

Item 6.09 Change in Sponsor Interest in the Securities

If there is a material change in the sponsor's interest in the securities, explain the change, including the amount of change, and describe the sponsor's resulting interest in the transaction after the change.

* * * * *

70. Amend Form 10-K (referenced in § 249.310) by:

a. Adding a checkbox on the cover page before the paragraph that starts "Indicate by check mark whether the registrant (1) has filed all reports * * *"; and

b. Revising General Instruction J(2)(a).

The addition and revision read as follows:

Note: The text of Form 10-K does not, and this amendment will not, appear in the Code of Federal Regulations.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

* * * * *

GENERAL INSTRUCTIONS

* * * * *

J. Use of this Form by Asset-Backed Issuers.

(2) * * *

(a) Immediately after the name of the issuing entity on the cover page of the Form 10-K, as separate line items, the exact name of the depositor as specified in its charter and the exact name of the sponsor as specified in its charter. Include a Central Index Key number for the depositor and the issuing entity, and if available, the sponsor.

* * * * *

FORM 10-K

* * * * *

Indicate by check mark if the registrant is an asset-backed issuer that has undertaken to file this report pursuant to Item 512(a)(7)(ii) [ ]

* * * * *

71. Amend Form 10-D (referenced in § 249.312) by:

a. Revising General Instruction C(3);

b. Revising the beginning of the cover page above the line that reads "(State or other jurisdiction of incorporation or organization of the issuing entity)";

c. Adding a checkbox to the cover page before the paragraph that starts "Indicate by check mark whether the registrant (1) has filed * * *";

d. Revising Item 1 in Part I; and

e. Adding Item 1A in Part II

The revisions and additions read as follows:

Note: The text of Form 10-D does not, and this amendment will not, appear in the Code of Federal Regulations.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-D

* * * * *

GENERAL INSTRUCTIONS

* * * * *

C. Preparation of Report. * * *

(3) Any item which is inapplicable or to which the answer is negative may be omitted and no reference need be made in the report. If substantially the same information has been previously reported by the asset-backed issuer, an additional report of the information on this Form need not be made. Identify the Form or report on which the previously reported information was filed. Identifying information should include a Central Index Key number, file number and date of the previously reported information. The term "previously reported" is defined in Rule 12b-2 (17 CFR 240.12b-2).

* * * * *

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-D

ASSET-BACKED ISSUER
DISTRIBUTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the [identify distribution frequency (e.g., monthly/quarterly)] distribution period from _____, 20__ to _____, 20__

Commission File Number of issuing entity: _____
Central Index Key Number of issuing entity: _____

_____
(Exact name of issuing entity as specified in its charter)

Commission File Number of depositor: _____
Central Index Key Number of depositor: _____

_____
(Exact name of depositor as specified in its charter)

Central Index Key Number of sponsor (if available): _____

_____
(Exact name of sponsor as specified in its charter)

_____
Name and telephone number, including area code, of the person to contact in connection with this filing

* * * * *

Indicate by check mark if the registrant is an asset-backed issuer that has undertaken to file this report pursuant to Item 512(a)(7)(ii) [ ]

* * * * *

PART I – DISTRIBUTION INFORMATION

Item 1. Distribution and Pool Performance Information.

Provide the information required by Item 1121(a) and (b) of Regulation AB (17 CFR 229.1121(a) and (b)), and attach as an exhibit to this report the distribution report delivered to the trustee or security holders, as the case may be, pursuant to the transaction agreements for the distribution period covered by this report. Any information required by Item 1121(a) and (b) of Regulation AB that is provided in the attached distribution report need not be repeated in this report. However, taken together, the attached

distribution report and the information provided under this Item must contain the information required by Item 1121(a) and (b) of Regulation AB.

Item 1A. Asset Performance Information.

Provide the information required by Items 1121(d) and (e) of Regulation AB (17 CFR 229.1121(d) and (e)) as an exhibit.

* * * * *

By the Commission.

Elizabeth M. Murphy
Secretary

April 7, 2010

Note: Appendix A to the Preamble will not appear in the Code of Federal Regulations.

Appendix

Table 1. Schedule L Item 1. General item requirements

Proposed Item Number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(a)(1)	Asset number type. Identify the source of the asset number used to specifically identify each asset in the pool.	Text	General information about the asset
Item 1(a)(2)	Asset number. Provide the unique ID number of the asset.	Number	General information about the asset
Item 1(a)(3)	Asset group number. For structures with multiple collateral groups, indicate the collateral group number in which the asset falls.	Number	General information about the asset
Item 1(a)(4)	Originator. Identify the name or MERS organization number of the originator entity. If the asset is a security, identify the name of the issuer.	Text or Number	General information about the asset
Item 1(a)(5)	Origination date. Provide the date of asset origination. For revolving asset master trusts, provide the origination date of the receivable that will be added to the asset pool.	Month/Year	General information about the asset
Item 1(a)(6)	Original asset amount. Indicate the dollar amount of the asset at the time of origination.	Number	General information about the asset
Item 1(a)(7)	Original asset term. Indicate the initial number of months between asset origination and the asset maturity date.	Number	General information about the asset
Item 1(a)(8)	Asset maturity date. Indicate the month and year in which the final payment on the asset is scheduled to be made.	Month/Year	General information about the asset
Item 1(a)(9)	Original amortization term. Indicate the number of months in which the asset would be retired if the amortizing principal and interest payment were to be paid each month.	Number	General information about the asset
Item 1(a)(10)	Original interest rate. Provide the rate of interest at the time of origination of the asset.	%	General information about the asset
Item 1(a)(11)	Interest type. Indicate whether the interest rate calculation method is simple or actuarial.	1=Simple 2=Actuarial	General information about the asset
Item 1(a)(12)	Amortization type. Indicate whether the interest rate on the asset is fixed or adjustable.	1=Fixed 2=Adjustable	General information about the asset

Proposed Item Number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(a)(13)	Original interest only term. Indicate the number of months in which the obligor is permitted to pay only interest on the asset.	Number	General information about the asset
Item 1(a)(14)	First payment date. Provide the date of the first scheduled payment.	Date	General information about the asset
Item 1(a)(15)	Primary servicer. Identify the name or MERS organization number of the entity that services or will have the right to service the asset.	Text or Number	General information about the asset
Item 1(a)(16)	Servicing fee—percentage. If the servicing fee is based on a percentage, indicate the percentage of monthly servicing fee paid to all servicers as a percentage of the Original Contract Amount.	%	General information about the asset
Item 1(a)(17)	Servicing fee—flat-dollar. If the servicing fee is based on a flat-dollar amount, indicate the monthly servicing fee paid to all servicers as a dollar amount.	Number	General information about the asset
Item 1(a)(18)	Servicing advance methodology. Indicate the code that describes the manner in which principal and/or interest are to be advanced by the servicer.	1=Scheduled interest, scheduled principal; 2=Actual interest, actual principal; 3=Scheduled interest, actual principal; 98=other 99=unknown	General information about the asset
Item 1(a)(19)	Defined underwriting indicator. Indicate yes or no whether the loan or asset made was an exception to a defined and/or standardized set of underwriting criteria.	1=Yes 2=No	General information about the asset
Item 1(a)(20)	Measurement date. The date the loan or asset-level data is provided in accordance with Item 1111(h)(1) of Regulation AB (§229.1111(h)(1)).	Date	General information about the asset
Item 1(b)(1)	Cut-off date. Indicate the date on and after which collections on the pool assets accrue for the benefit of the asset-backed security holders.	Date	General information about the asset
Item 1(b)(2)	Current asset balance. Indicate the outstanding principal balance of the asset as of the cut-off date.	Number	Updating information about the asset as of the cut-off date
Item 1(b)(3)	Current interest rate. Indicate the interest rate in effect on the asset as of the cut-off date.	%	Updating information about the asset as of the cut-off date

Proposed Item Number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(b)(4)	Current payment amount due. Indicate the next total payment due to be collected.	Number	Updating information about the asset as of the cut-off date
Item 1(b)(5)	Current delinquency status. Indicate the number of days the obligor is delinquent as determined by the governing transaction agreement.	Number	Updating information about the asset as of the cut-off date
Item 1(b)(6)	Number of days payment is past due. If an obligor has not made the full scheduled payment, indicate the number of days between the scheduled payment date and the cut-off date.	Number	Updating information about the asset as of the cut-off date
Item 1(b)(7)	Current payment status. Indicate the number of payments the obligor is past due as of the cut-off date.	Number	Updating information about the asset as of the cut-off date
Item 1(b)(8)	Remaining term to maturity. Indicate the number of months between the cut-off date and the asset maturity date.	Number	Updating information about the asset as of the cut-off date

Table 2. Schedule L Item 2. Residential mortgages item requirements

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(1)	Loan purpose. Specify the code which describes the purpose of the loan.	1=Cash out: Debt consolidation— Proceeds used to pay off existing loans other than loans secured by real estate. 2=Cash out: Home improvement/renovation 3=Cash out: Other/multi-purpose/unknown purpose 4=Limited cash-out (GSE definition) 5= Facilitate REO (repo financing for manufactured housing) 6= First time home purchase, as defined by American Recovery and Reinvestment Act of 2009 (Purchaser has not owned a principal residence in the past three years.) 7=Other-than-first-time home purchase 8=Rate/term refinance - lender initiated 9=Rate/term refinance - borrower initiated 10=Construction to permanent: A mortgage loan on completed construction under one mortgage or trust deed in which the completion certificate and the certificate of occupancy have been obtained. 11=assumption 98=other 99=unknown	General information about the residential mortgage
Item 2(a)(2)	Lien position. Indicate the code that describes the lien position for the loan.	1=First 2=Second 3=Third 98=other 99=unknown	General information about the residential mortgage
Item 2(a)(3)	Prepayment penalty indicator. Indicate yes or no as to whether the obligor is subject to prepayment penalties.	1 = Yes 2 = No	General information about the residential mortgage

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(4)	Negative amortization indicator. Indicate yes or no as to whether the loan allows negative amortization.	1 = Yes 2 = No	General information about the residential mortgage
Item 2(a)(5)	Mortgage modification indicator. Indicate yes or no as to whether the loan has been modified.	1 = Yes 2 = No	General information about the residential mortgage
Item 2(a)(6)	Mortgage insurance requirement indicator. Indicate yes or no as to whether mortgage insurance is or was required as a condition for originating the loan.	1 = Yes 2 = No	General information about the residential mortgage
Item 2(a)(7)	Balloon indicator. Indicate yes or no as to whether the loan documents require a lump-sum payment of principal at maturity.	1 = Yes 2 = No	General information about the residential mortgage
Item 2(a)(8)	Cash out amount. Provide the amount of cash the obligor will receive at the closing of the loan on a refinance transaction.	Number	General information about the residential mortgage
Item 2(a)(9)	Broker. Indicate yes or no as to whether a broker originated or was involved in the origination of the loan.	1 = Yes 2 = No	General information about the residential mortgage

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(10)	Channel. Specify the code that describes the source from which the issuer obtained the loan.	1=Retail 2=Broker 3=Correspondent bulk 4=Correspondent flow with delegated underwriting 5=Correspondent flow without delegated underwriting 98=other 99=unknown	General information about the residential mortgage
Item 2(a)(11)	NMLS loan originator number. Specify the National Mortgage License System registration number of the loan originator.	Number	General information about the residential mortgage
Item 2(a)(12)	NMLS company number. Specify the National Mortgage License System registration number of the company that originated the loan.	Number	General information about the residential mortgage
Item 2(a)(13)	Buy down period. Indicate the total number of months during which any buy down is in effect, representing the accumulation of all buy down periods.	Number	General information about the residential mortgage
Item 2(a)(14)	Interest paid through date. Provide the date through which interest is paid with the current payment, which is the effective date from which interest will be calculated for the application of the next payment.	Date	General information about the residential mortgage
Item 2(a)(15)	Loan delinquency advance days count. Indicate the number of days after which a servicer can stop advancing funds on a delinquent loan.	Number	General information about the residential mortgage

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(16)	Junior mortgage balance. For first mortgages with subordinate liens at the time of origination, provide the amount of the combined balance of the subordinate liens.	Number	General information about the residential mortgage
Item 2(a)(17)(i)	Senior loan amount(s). For non-first mortgages, provide the total amount of the balances of all associated senior mortgages at the time of origination of the subordinate lien.	Number	Information about junior liens
Item 2(a)(17)(ii)	Loan type of most senior lien. For non-first mortgages, indicate the code that describes the loan type of the first mortgage.	Number	Information about junior liens
Item 2(a)(17)(iii)	Hybrid period of most senior lien. For non-first mortgages where the associated first mortgage is a hybrid ARM, provide the number of months remaining in the initial fixed interest rate period for the first mortgage.	Number	Information about junior liens
Item 2(a)(17)(iv)	Negative amortization limit of most senior lien. For non-first mortgages where the associated first mortgage features negative amortization, indicate the negative amortization limit of the mortgage as a percentage of the original unpaid principal balance.	%	Information about junior liens
Item 2(a)(17)(v)	Origination date of most senior lien. For non-first mortgages, provide the origination date of the associated first mortgage.	Month/Year	Information about junior liens

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(18)(i)	ARM Index. Specify the code that describes the index on which an adjustable interest rate is based.	1=1 MONTH TREASURY (WEEKLY) 2=1 Year CMT Moving 12 Month Avg (MTA) 3=1 YEAR TREASURY (WEEKLY) 4=1 YR TREASURY (MONTHLY) 5=10 YEAR TREASURY (MONTHLY) 6=10 YEAR TREASURY (WEEKLY) 7=11TH DISTRICT COFI (MONTHLY) 8=11TH DISTRICT COFI (SEMI-ANNUAL) 9=2 YR TREASURY (MONTHLY) 10=2 YR TREASURY (WEEKLY) 11=3 MONTH TREASURY (MONTHLY) 12=3 MONTH TREASURY (WEEKLY) 13=3 MTH T-BILL AUCTION AVGDISCOUNT RATE (WEEKLY) 14=3 MTH TREASURY AUCTION AVG – INVESTMENT (WEEKLY) 15=3 YEAR TREASURY (WEEKLY) 16=3 YR TREASURY (MONTHLY) 17=5 YR TREASURY (MONTHLY) 18=5 YR TREASURY (WEEKLY) 19=6 MONTH US TREASURY (MONTHLY) 20=6 MONTH US TREASURY (WEEKLY) 21=6 MTH T-BILL AUCTION AVGDISCOUNT RATE (WEEKLY) 22=6 MTH TREASURY AUCTION AVG – INVESTMENT (WEEKLY) 23=7 YEAR TREASURY (WEEKLY) 24=CDs (secondary market) 6-month (weekly) 25=FEDERAL RESERVE “PRIME RATE” (MONTHLY) 26=FHLB Contract Mortgage Rate Prev.Occupied	27=FHLBB CONTRACT (MONTHLY) 28=FHLBB EFFECTIVE RATE (MONTHLY) 29=FHLBB MONTHLY NATIONAL AVG MEDIAN COFI (MONTHLY) 30=FHLBB NATIONAL COFI QUARTERLY AVG 31=FNMA 6 MONTH TREASURY (WEEKLY) 32=FSLIC MONTHLY NATIONAL AVG MEDIAN COFI (MONTHLY) 33=WSJ “PRIME RATE” (DAILY) 34=WSJ “PRIME RATE” (First Bus. Day) 35=WSJ 1 MONTH LIBOR (DAILY) 36=WSJ 1 MONTH LIBOR (First Business Day) 37=WSJ 1 MONTH LIBOR FIRST DAY OF THE MONTH 38=WSJ 1 MONTH LIBOR(on or after 25th) 39=WSJ 1 YEAR LIBOR (DAILY) 40=WSJ 1 YEAR LIBOR (First Business Day) 41=WSJ 3 MONTH LIBOR (DAILY) 42=WSJ 3 MONTH LIBOR(First Business Day) 43=WSJ 6 MONTH LIBOR (DAILY) 44=WSJ 6 MONTH LIBOR/30 L-B-DAYS (Monthly) 45=WSJ 6 month Libor WSJ-15th day 46=WSJ 6 MONTH LIBOR/Pub on 25th (Monthly) 47=WSJ 6-MONTH LIBOR (First Business Day) 48=3-Year CMT 49=5-Year CMT 50=7-Year CMT 98=Other 99=Unavailable	ARM Loans

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(18)(ii)	ARM Margin. Indicate the number of percentage points that is added to the current index value to establish the new note rate at each interest rate adjustment date.	%	ARM Loans
Item 2(a)(18)(iii)	Fully indexed interest rate. Indicate the fully indexed interest rate	%	ARM Loans
Item 2(a)(18)(iv)	Initial fixed rate period for hybrid ARM. If the interest rate is initially fixed for a period of time, indicate the number of months between the first payment date of the mortgage and the first interest rate adjustment date.	Number	ARM Loans
Item 2(a)(18)(v)	Initial interest rate decrease. Indicate the maximum percentage by which the mortgage note rate may decrease at the first interest rate adjustment date.	%	ARM Loans
Item 2(a)(18)(vi)	Initial interest rate increase. Indicate the maximum percentage by which the mortgage note rate may increase at the first interest rate adjustment date.	%	ARM Loans
Item 2(a)(18)(vii)	Index lookback. Provide the number of days prior to an interest rate effective date used to determine the appropriate index rate.	Number	ARM Loans
Item 2(a)(18)(viii)	Subsequent interest rate reset period. Indicate the number of months between subsequent rate adjustments.	Number	ARM Loans

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(18)(ix)	Lifetime rate ceiling. Indicate the percentage of the maximum interest rate that can be in effect during the life of the loan.	%	ARM Loans
Item 2(a)(18)(x)	Lifetime rate floor. Indicate the percentage of the minimum interest rate that can be in effect during the life of the loan.	%	ARM Loans
Item 2(a)(18)(xi)	Next adjustment date. Provide the next scheduled date on which the mortgage note rate adjusts.	Date	ARM Loans
Item 2(a)(18)(xii)	Subsequent interest rate decrease. Provide the maximum percentage by which the interest rate may decrease at each rate adjustment date after initial adjustment.	%	ARM Loans
Item 2(a)(18)(xiii)	Subsequent interest rate increase. Provide the maximum percentage by which the interest rate may increase at each rate adjustment date after the initial adjustment.	%	ARM Loans
Item 2(a)(18)(xiv)	Subsequent payment reset period. Indicate the number of months between payment adjustments after the first interest rate adjustment date.	Number	ARM Loans
Item 2(a)(18)(xv)	ARM round indicator. Indicate the code that describes whether an adjusted interest rate is rounded to the next higher adjustable rate mortgage round factor, to the next lower round factor, or to the nearest round factor.	0=No Rounding 1=Up 2=Down 3=Nearest 99=unknown	ARM Loans

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(18)(xvi)	ARM round percentage. Indicate the percentage to which an adjusted interest rate is to be rounded.	%	ARM Loans
Item 2(a)(18)(xvii)	Option ARM indicator. Indicate yes or no as to whether the loan is an option ARM.	1 = Yes 2 = No	ARM Loans
Item 2(a)(18)(xviii)	Payment method after recast. Specify the code that describes the means of computing the lowest monthly payment available to the obligor after recast.	1=Fully amortizing 30 year 2=Fully amortizing 15 year 3=Fully amortizing 40 year 4=Interest-Only 5=Minimum Payment 6=unknown	ARM Loans
Item 2(a)(18)(xix)	Initial minimum payment. Provide the amount of the initial minimum payment the obligor is permitted to make.	Number	ARM Loans
Item 2(a)(18)(xx)	Convertible indicator. Indicate yes or no as to whether the obligor of the loan has an option to convert an adjustable interest rate to a fixed interest rate during a specified conversion window.	1 = Yes 2 = No	ARM Loans
Item 2(a)(18)(xxi)	HELOC indicator. Indicate yes or no as to whether the loan is a home equity line of credit (HELOC).	1 = Yes 2 = No	ARM Loans
Item 2(a)(18)(xxii)	HELOC draw period. Indicate the original maximum number of months during which the obligor may draw funds against the HELOC account.	Number	ARM Loans

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(19)(i)	Prepayment penalty calculation. Specify the code that describes the method for calculating the prepayment penalty for the loan.	1=Lesser of 2% or 60 days interest 2=Lesser of 1% or 2 months interest 3 =Lesser of 1% or 3 months interest or remaining bal of 1st yr interest 4=Lesser of 1% or remaining bal of 1st yr Interest 5=Lesser of 3 mo interest or remaining bal of 1st yr interest 6=Lesser of 1% or 6 months interest 7=Lesser of 2% or 6 months interest 8=Lesser of 3% or 6 months interest 9=Greater of 1% or $100 10=60 days interest 11=1 months interest 12=2 months interest 13=3 months interest 14=5 months interest 15=6 months interest 16=12 months interest 17=24 months interest 18=36 months interest 19 60 months interest 20=1% 21=2% 22=3% 23=4% 24=5% 25=6% 26=1%, 1% 27=2%, 1% 28=2%, 2%	29=3%, 1% 30=3%, 2% 31=3%, 3% 32=4%, 3% 33=5%, 1% 34=5%, 2% 35=5%, 4% 36=5%, 5% 37=6%, 1% 38=1%, 1%, 1% 39=1%, 2%, 3% 40=2%, 2%, 2% 41=3%, 2%, 1% 42=3%, 3%, 1% 43=3%, 3%, 3% 44=5%, 3%, 1% 45=5%, 4%, 1% 46=5%, 4%, 3% 47=5%, 5%, 5% 48=4%, 3%, 2%, 1% 49=5%, 4%, 3%, 2% 50=5%, 4%, 3%, 2%, 1% 51=5%, 5%, 5%, 5%, 5% 52=10%, 7%, 3.5% 53=1%, 1%, 1%, 1%, 1% 54=2%, 2%, 2%, 2%, 2% 55=3%, 3%, 3%, 3%, 3% 56=3%, 2%, 1% or 6 months interest 98=Other 99=Unavailable	Prepayment Penalties

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(19)(ii)	Prepayment penalty type. Specify the code that describes the type of prepayment penalty.	1=Hard: The prepayment penalty is incurred regardless of the reason the loan is prepaid in full. 2=Soft: The prepayment penalty is incurred only if the loan is prepaid in full due to a refinancing. 3=Hybrid: The prepayment penalty can be characterized as hard for a certain amount of time and as soft during another period. 99=unknown	Prepayment Penalties
Item 2(a)(19)(iii)	Prepayment penalty total term. Provide the total number of months that the prepayment penalty may be in effect.	Number	Prepayment Penalties
Item 2(a)(20)(i)	Negative amortization limit. Specify the maximum dollar amount of negative amortization that is allowed before it is required to recalculate the fully amortizing payment based on the new loan balance.	Number	Negative Amortization
Item 2(a)(20)(ii)	Initial negative amortization recast Period. Indicate the number of months in which negative amortization is allowed	Number	Negative Amortization
Item 2(a)(20)(iii)	Subsequent negative amortization recast period. Indicate the number of months after which the payment is required to recast after the first recast period.	Number	Negative Amortization
Item 2(a)(20)(iv)	Current negative amortization balance amount. Provide the amount of the current negative amortization balance accumulated.	Number	Negative Amortization
Item 2(a)(20)(v)	Initial fixed payment period. Indicate the number of months after the origination of the loan during which the payment is fixed.	Number	Negative Amortization

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(20)(vi)	Initial periodic payment cap. Indicate the maximum percentage by which a payment can change (increase or decrease) in the first period.	%	Negative Amortization
Item 2(a)(20)(vii)	Subsequent periodic payment cap. Indicate the maximum percentage by which a payment can change (increase or decrease) in one period after the initial cap.	%	Negative Amortization
Item 2(a)(20)(viii)	Initial minimum payment reset period. Provide the maximum number of months an obligor can initially pay the minimum payment before a new minimum payment is determined.	Number	Negative Amortization
Item 2(a)(20)(ix)	Subsequent minimum payment reset Period. Provide the maximum number of months an obligor can pay the minimum payment before a new minimum payment is determined after the initial period.	Number	Negative Amortization
Item 2(a)(20)(x)	Current minimum payment. Provide the amount of current minimum payment.	Number	Negative Amortization
Item 2(a)(21)(i)	Number of modifications. Provide the number of times that the loan has been modified.	Number	Modification
Item 2(a)(21)(ii)	Loan modification event type. Specify the code that describes the type of action that has modified the loan terms	1= Capitalization-Fees or interest have been capitalized into the unpaid principal balance. 2=Change of Payment Frequency 3=Construction to permanent 4=Other	Modification
Item 2(a)(21)(iii)	Loan modification effective date. Provide the date on which the modification of the loan has gone into effect.	Month/Year	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(a)(21)(iv)	Updated DTI (front-end). Provide the updated front-end DTI ratio, calculated by dividing the total monthly housing expense by total monthly income.	%	Modification
Item 2(a)(20)(v)	Updated DTI (back-end). Provide the updated back-end DTI ratio, calculated by dividing the total monthly debt expense by the total monthly income.	%	Modification
Item 2(a)(20)(vi)	Modification effective payment date. Indicate the date of the first payment due after the loan modification.	Date	Modification
Item 2(a)(20)(vii)	Total capitalized amount. Provide the amount added to the principal balance of a loan due to the modification.	Number	Modification
Item 2(a)(20)(viii)	Total deferred amount. Provide the deferred amount that is non-interest bearing.	Number	Modification
Item 2(a)(20)(ix)	Pre-Modification Interest Rate. Provide the most recent scheduled interest rate preceding the Modification Effective Payment Date.	%	Modification
Item 2(a)(20)(x)	Pre-modification principal and interest payment. Provide the most recent scheduled total principal and interest payment amount preceding the modification effective payment date.	Number	Modification
Item 2(a)(20)(xi)	Forgiven Principal Amount. Provide the total amount of all principal balance reductions as a result of loan modification over the life of the loan.	Number	Modification
Item 2(a)(20)(xii)	Forgiven interest amount. Provide the total amount of all interest forgiven as a result of loan modification over the life of the loan.	Number	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(1)	Geographic Location. Specify the location of the property by providing the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.	Number Note: The U.S. Office of Management and Budget (OMB) establishes and maintains definitions of Metropolitan Statistical Areas, Micropolitan Statistical Areas, or Metropolitan Divisions. The most recent list of definitions are available in OMB Bulletin No. 09-01, "Update of Statistical Area Definitions and Guidance on Their Uses", November 2008.	General information about the property
Item 2(b)(2)	Occupancy status. Specify the code that describes the property occupancy status.	1=owner-occupied 2=second home 3=investment property 98=other 99=unavailable	General information about the property
Item 2(b)(3)	Sales price. Provide the negotiated price of a given property between the buyer and seller.	Number	General information about the property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(4)	Property type. Specify the code that describes the type of property that secures the loan.	1=Single family detached (non-PUD) 2=Co-op 3=Condo, low rise (4 or fewer stories) 4=Condo, high rise (5+ stories) 5=Condotel (as defined in Issuer's Underwriting Guidelines) 6=dPUD (PUD with "de minimus" monthly HOA dues 7=PUD (Only for use with Single-Family Detached Homes with PUD riders) 8=Townhouse (Do not report as "PUD") 9=Single-wide manufactured housing 10=Double-wide manufactured housing 11=Multi-wide manufactured housing 12=1 family attached 13=2 family 14=3 family 15=4 family 98=other 99=unavailable	General information about the property
Item 2(b)(5)	Original appraised property value. Provide the appraised value amount of the property used to approve the loan.	Number	General information about the property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(6)	Original property valuation type. Specify the code that describes the method by which the property value was reported at the time of underwriting.	1=Tax Assessment 2=Drive-By Form 704 3=URAR Form 1004, Form 70, Form 72, Form 1025, Form 1073, Form 465, Form 2090, Form 1004C, and Form, 70B (Form 1075 retired 11/1/2005) 4=Form 2070 and Form 2075 (Form 2065 retired 11/1/2005) 5=Form 2055, Form 1075, Form 466, and Form 2095 (Exterior Only) 6=Form 2055 (with Interior Inspection) 7=Automated Valuation Model (also indicate system code in field 127) 8=No Appraisal/Stated Value 9=Desk Review 10=BPO as-is 11=BPO quick sale 12=NADA/Yellow Book Value (for MH) 13=Land only (for Lot and MH) 14=Hold for other types of MH valuations 15=Case-Shiller/other index application 16=Form 1004MC 98=other 99=unavailable	General information about the property
Item 2(b)(7)	Original property valuation date. Specify the date on which the original property value was reported.	Date	General information about the property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(8)	Original automated valuation model (AVM) model name. Provide the code that indicates the name of the AVM model if an AVM was used to determine the original property valuation.	0=No AVM Used 1=HPA (FACL) 2=VP4 (FACL) 3=PASS (FACL) 4=PowerBase 6.0 (FACL) 5=HVE (Freddie Mac) 6=CASA (Fiserv) 7=APS (Fannie Mae) 8=iAVM (IntelliReal) 9=ValueFinder (LandSafe) 10=ValueSure (LPS) 11=SiteX Value (LPS) 12=CMV (MDAS) 13=ValueSmart (MDAS) 14=Real Assessment (Real Info) 15=i-Val (Real Info) 16=GeoCompVal (Real Info) 17=AVMax (RJ Peters) 18=VeroValue Preferred (Veros) 19=VeroValue (Veros) 20=VeroValue Advantage (Veros) 21=Other	General information about the property
Item 2(b)(9)	Original AVM confidence score. Provide the confidence score presented on the AVM report of the original property value	Number	General information about the property
Item 2(b)(10)	Most recent property value. If an additional property valuation was obtained after the original appraised property value, provide the most recent property value.	Number	General information about the property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(11)	Most recent property valuation type. Specify the code that describes the method by which the most recent property value was reported.	1=Tax Assessment 2=Drive-By Form 704 3=URAR Form 1004, Form 70, Form 72, Form 1025, Form 1073, Form 465, Form 2090, Form 1004C, and Form, 70B (Form 1075 retired 11/1/2005) 4=Form 2070 and Form 2075 (Form 2065 retired 11/1/2005) 5=Form 2055, Form 1075, Form 466, and Form 2095 (Exterior Only) 6=Form 2055 (with Interior Inspection) 7=Automated Valuation Model (also indicate system code in field 127) 8=No Appraisal/Stated Value 9=Desk Review 10=BPO as-is 11=BPO quick sale 12=NADA/Yellow Book Value (for MH) 13=Land Only (for Lot and MH) 14=Hold for other types of MH valuations 15=Case-Shiller/other index application 16=Form 1004MC 98=other 99=unavailable	General information about the property
Item 2(b)(12)	Most recent property valuation date. Specify the date on which the Most Recent Property Value was reported	Date	General information about the property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(13)	Most recent AVM model name. Provide the code indicating the name of the AVM model if an AVM was used to determine the most recent property value.	0=No AVM Used 1=HPA (FACL) 2=VP4 (FACL) 3=PASS (FACL) 4=PowerBase 6.0 (FACL) 5=HVE (Freddie Mac) 6=CASA (Fiserv) 7=APS (Fannie Mae) 8=iAVM (IntelliReal) 9=ValueFinder (LandSafe) 10=ValueSure (LPS) 11=SiteX Value (LPS) 12=CMV (MDAS) 13=ValueSmart (MDAS) 14=Real Assessment (Real Info) 15=i-Val (Real Info) 16=GeoCompVal (Real Info) 17=AVMax (RJ Peters) 18=VeroValue Preferred (Veros) 19=VeroValue (Veros) 20=VeroValue Advantage (Veros) 21=Other	General information about the property
Item 2(b)(14)	Most recent AVM confidence score. Provide the confidence score presented on the AVM report of the most recent property value.	Number	General information about the property
Item 2(b)(15)	Original combined loan-to-value (CLTV). Provide the ratio obtained by dividing the amount of all known outstanding mortgage liens on a property at origination by the lesser of the original appraised property value or the sales price.	%	General information about the property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(16)	Original loan-to-value (LTV). Provide the ratio obtained by dividing the amount of the original mortgage loan at origination by the lesser of the original appraised property value or the sales price.	%	General information about the property
Item 2(b)(17)	LTV calculation date. Provide the date on which the LTV was calculated.	Date	General information about the property
Item 2(b)(18)	Original Pledged Assets. If the obligor pledged financial assets to the lender instead of making a down payment, provide the total value of assets pledged as collateral for the loan at the time of origination.	Number	General information about the property
Item 2(b)(19)(i)	Real estate interest. Indicate the code that describes the real estate interest of the property on which the manufactured home is situated	1=Owned 2=Short-term lease 3=Long-term lease 99=unavailable	Manufactured Homes
Item 2(b)(19)(ii)	Community ownership structure. If the manufactured home is situated in a community, specify the code that describes the ownership of the community.	1=Public institutional 2= Public non-institutional 3=Private institutional 4=Private non-institutional 5=HOA-owned 6=Non-community 99=unavailable	Manufactured Homes
Item 2(b)(19)(iii)	Year of manufacture. Indicate the year in which the home was manufactured.	Year	Manufactured Homes
Item 2(b)(19)(iv)	HUD code compliance indicator. Indicate yes or no as to whether the home was constructed in accordance with the 1976 HUD code.	1=Yes 2=No 99=unavailable	Manufactured Homes

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(19)(v)	Gross manufacturer's invoice price. Provide the total amount that appears on the manufacturer's invoice of the home.	Number	Manufactured Homes
Item 2(b)(19)(vi)	LTI (loan-to-invoice) gross. Provide the ratio of the loan amount divided by the gross manufacturer's invoice price.	%	Manufactured Homes
Item 2(b)(19)(vii)	Net manufacturer's invoice price. Provide the amount of the gross manufacturer's invoice price minus intangible costs, including: transportation, association, on-site setup, service, and warranty costs, taxes, dealer incentives, and other fees.	Number	Manufactured Homes
Item 2(b)(19)(viii)	LTI (Net). Provide the ratio of the loan amount divided by the net manufacturer's invoice price.	%	Manufactured Homes
Item 2(b)(19)(ix)	Manufacturer name. Provide the name of the manufacturer of the subject property.	Text	Manufactured Homes
Item 2(b)(19)(x)	Model name. Provide the model name of the subject property.	Text	Manufactured Homes
Item 2(b)(19)(xi)	Down payment source. Indicate the code that describes the source of the down payment.	1=Cash 2=Proceeds from trade in 3=Land in lieu 98=Other 99=unavailable	Manufactured Homes
Item 2(b)(19)(xii)	Community/related party lender indicator. Indicate the code describing whether the loan was made by the community owner, an affiliate of the community owner or the owner of the real estate upon which the collateral is located	1=Yes 2=No 99=unknown	Manufactured Homes

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(19)(xiii)	Chattel indicator. Specify the code indicating whether the secured property is classified as chattel or real estate.	1=real estate 2=chattel	Manufactured Homes
Item 2(c)(1)	Obligor credit score type. Specify the type of the standardized credit score used to evaluate the obligor.	Text	General information about the obligor
Item 2(c)(2)	Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 2(c)(3).	Text or Number	General information about the obligor
Item 2(c)(3)	Obligor FICO score. If the obligor credit score type is FICO, provide the standardized FICO credit score of the obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	General information about the obligor
Item 2(c)(4)	Co-obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.	Text	General information about the obligor
Item 2(c)(5)	Co-obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 2(c)(6).	Text or Number	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(c)(6)	Co-obligor FICO Score. Provide the standardized FICO credit score of the co-obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	General information about the obligor
Item 2(c)(7)	Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.	1=Not Stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(c)(8)	Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	General information about the obligor
Item 2(c)(9)	Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, level 3 verified Level 3 verified = Direct independent verification with a third party of the obligor's current employment.	General information about the obligor
Item 2(c)(10)	Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, level 3 verified Level 3 verified = Direct independent verification with a third party of the obligor's current employment.	General information about the obligor
Item 2(c)(11)	Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(c)(12)	Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).		General information about the obligor
Item 2(c)(13)	Liquid/cash reserves. Provide the dollar amount of remaining verified liquid assets after the close of the mortgage.	Number		General information about the obligor
Item 2(c)(14)	Number of mortgaged properties. Provide the number of properties owned by the obligor that currently secure mortgage loans.	Number		General information about the obligor
Item 2(c)(15)	Monthly debt. Provide the dollar amount of the aggregate monthly payment due on other debt of the obligor.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 2(c)(16)	Originator DTI. Provide the total debt to income ratio used by the originator to qualify the loan.	%		General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(c)(17)	Qualification method. Specify the code that describes type of mortgage payment used to qualify the obligor for the loan.	1=start rate 2=first year cap rate 3=interest only amount 4=fully indexed 5=minimum payment 98=other 99=unknown	General information about the obligor
Item 2(c)(18)	Percentage of down payment from obligor own funds. Provide the percentage of down payment from obligor own funds other than any gift or borrowed funds.	%	General information about the obligor
Item 2(c)(19)	Number of obligors. Indicate the number of obligors who are obligated to repay the mortgage note.	Number	General information about the obligor
Item 2(c)(20)	Self-employment flag. Indicate whether the obligor is self-employed.	1 = Yes 2 = No	General information about the obligor
Item 2(c)(21)	Current other monthly payment. Provide the total amount per month of all payments pertaining to the subject property other than principal and interest.	Number	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(c)(22)	Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months	General information about the obligor
Item 2(c)(23)	Length of employment: co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months	General information about the obligor
Item 2(c)(24)	Months bankruptcy. Provide the number of months since any obligor was discharged from bankruptcy.	Number	General information about the obligor
Item 2(c)(25)	Months foreclosure. If the obligor has directly or indirectly been obligated on any loan that resulted in foreclosure, provide the number of months since the foreclosure date.	Number	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(c)(26)	Obligor wage income. Provide the code that base describes the dollar amount per month of income associated with the obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 2(c)(27)	Co-obligor wage income. Provide the code that base describes the dollar amount per month of income associated with the co-obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(c)(28)	Obligor other income. Provide the dollar amount of the obligor's monthly income other than obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 2(c)(29)	Co-obligor other income. Provide the dollar amount of the co-obligor's monthly income other than co-obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(c)(30)	All obligor wage income. Provide the monthly income of all obligors derived from employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 2(c)(31)	All obligor total income. Provide the monthly income of all obligors.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 2(d)(1)	Mortgage insurance company name. Provide the name of the entity providing mortgage insurance for the loan.	Text		Mortgage Insurance
Item 2(d)(2)	Mortgage insurance coverage. Indicate the percentage of mortgage insurance coverage obtained.	%		Mortgage Insurance

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(d)(3)	Mortgage insurance obtainer. Specify the code that describes the party that paid for the mortgage insurance: the obligor, the lender, or others.	1=Borrower paid 2=Lender paid 99=unknown	Mortgage Insurance
Item 2(d)(4)	Pool insurance company. Provide the name of the pool insurance provider.	Text	Mortgage Insurance
Item 2(d)(5)	Pool insurance stop loss percent. Provide the aggregate amount that the pool insurance company will pay, calculated as a percentage of the pool balance.	Number	Mortgage Insurance
Item 2(d)(6)	Mortgage insurance certificate number. Provide the number assigned to the individual loan by the mortgage insurance company.	Number	Mortgage Insurance
Item 2(d)(7)	Mortgage insurance coverage plan type. Specify the code that describes coverage category of mortgage insurance applicable to the loan.	1=Loss limit cap 2=Pool 3=Risk sharing 4=Second layer 5=Standard primary	Mortgage Insurance

Table 1. Schedule L Item 3. Commercial mortgages item requirements

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(1)	Lien position. Indicate the code that describes the lien position for the loan.	1 = 1 2 = 2 3 = 3 98 = other 99 = unknown	General information about the commercial mortgage
Item 3(a)(2)	Loan structure. Indicate the code that describes the type of loan structure including the seniority of participated mortgage loan components. The code relates to loan within securitization.	1 = Whole loan structure 2 = Participated mortgage loan with pari passu debt outside trust 3 = A Note; A/B Participation Structure 4 = B Note; A/B Participation Structure 5 = A Note; A/B/C Participation Structure 6 = B Note; A/B/C Participation Structure 7 = C Note; A/B/C Participation Structure 8 = Mezzanine Financing	General information about the commercial mortgage
Item 3(a)(3)	Current remaining term. Provide the number of months until the earlier of the scheduled loan maturity or the current hyperamortizing date.	Number	General information about the commercial mortgage
Item 3(a)(4)	Payment type. Indicate the code that describes the type or method of payment for a loan.	1 = fully amortizing 2 = amortizing balloon 3 = interest only/balloon 4 = interest only/amortizing 5 = interest only/amortizing/balloon 6 = principal only 7 = hyper – amortization 98 = other	General information about the commercial mortgage
Item 3(a)(5)	Periodic principal and interest payment. Provide the total amount of principal and interest due on the loan in effect as of the closing date of transaction.	%	General information about the commercial mortgage

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(6)	Payment frequency. Indicate the code that describes the frequency mortgage loan payments are required to be made.	1 = monthly 2 = quarterly 3 = semi-annually 4 = annually 5 = daily	General information about the commercial mortgage
Item 3(a)(7)	Number of properties. Provide the current number of properties which serve as mortgage collateral for the loan.	Number	General information about the commercial mortgage
Item 3(a)(8)	Grace days allowed. Provide the number of days after a mortgage payment is due in which the lender will not require a late payment charge in accordance with the loan documents. Does not include penalties associated with default interest.	Number	General information about the commercial mortgage
Item 3(a)(9)	Current hyper-amortizing date. Provide the current anticipated repayment date, after which principal and interest may amortize at an accelerated rate, and/or interest expense to mortgagor increases substantially as per the loan documents.	Date	General information about the commercial mortgage
Item 3(a)(10)	Interest only indicator. Indicate yes or no as to whether or not this is a loan for which scheduled interest only is payable, whether for a temporary basis or until the full loan balance is due.	1=Yes 2=No	General information about the commercial mortgage
Item 3(a)(11)	Balloon indicator. Indicate yes or no as to whether the loan documents require a lump-sum payment of principal at maturity.	1=Yes 2=No	General information about the commercial mortgage
Item 3(a)(12)	Prepayment penalty indicator. Indicate yes or no as to whether the obligor is subject to prepayment penalties.	1=Yes 2=No	General information about the commercial mortgage

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(13)	Negative amortization indicator. Indicate yes or no whether negative amortization (interest shortage) amounts are permitted to be added back to the unpaid principal balance of the loan if monthly payments should fall below the true amortized amount.	1=Yes 2=No	General information about the commercial mortgage
Item 3(a)(14)	Mortgage modification indicator. Indicate yes or no whether the loan has been modified.	1=Yes 2=No	General information about the commercial mortgage
Item 3(a)(15)(i)	ARM index. Specify the code that describes the index on which an adjustable interest rate is based	1 = 11 FHLB COFI (1 Month) 2 = 11 FHLB COFI (6 Month) 3 = 1 Year CMT Weekly Average Treasury 4 = 3 Year CMT Weekly Average Treasury 5 = 5 Year CMT Weekly Average Treasury 6 = Wall Street Journal Prime Rate 7 = 1 Month LIBOR 8 = 3 Month LIBOR 9 = 6 Month LIBOR 10 = National Mortgage Index Rate 98 = Other	ARM
Item 3(a)(15)(ii)	First rate adjustment date. Provide the date on which the first interest rate adjustment becomes effective.	Date	ARM
Item 3(a)(15)(iii)	First payment adjustment date. Provide the date on which the first adjustment to the regular payment amount becomes effective (after the contribution/cut-off date).	Date	ARM
Item 3(a)(15)(iv)	ARM margin. Indicate the number of percentage points that is added to the current index value to establish the new note rate at each interest rate adjustment date.	Number	ARM

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(15)(v)	Liftetime rate ceiling. Indicate the percentage of the maximum interest rate that can be in effect during the life of the loan.	%	ARM
Item 3(a)(15)(vi)	Lifetime rate floor. Indicate the percentage of the minimum interest rate that can be in effect during the life of the loan.	%	ARM
Item 3(a)(15)(vii)	Periodic rate increase. Provide the maximum percentage the interest rate can increase from any period to the next.	%	ARM
Item 3(a)(15)(viii)	Periodic rate decrease. Provide the maximum percentage the interest rate can decrease from any period to the next.	%	ARM
Item 3(a)(15)(ix)	Periodic pay adjustment. Provide the maximum dollar amount the principal and interest constant can increase or decrease on any adjustment date.	%	ARM
Item 3(a)(15)(x)	Periodic pay adjustment. Provide the maximum percentage amount the principal and interest constant can increase or decrease from any period to the next.	%	ARM
Item 3(a)(15)(xi)	Rate reset frequency. Indicate the code describing the frequency which the periodic mortgage rate is reset due to an adjustment in the ARM index.	1 = Monthly 2 = Quarterly 3 = Semi-Annually 4 = Annually 5 = Daily	ARM

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(15)(xii)	Pay reset frequency. Indicate the code describing the frequency which the periodic mortgage payment will be adjusted.	1 = Monthly 2 = Quarterly 3 = Semi-Annually 4 = Annually 5 = Daily	ARM
Item 3(a)(15)(xiii)	Index look back. Provide the number of days prior to an interest rate adjustment effective date used to determine the appropriate index rate.	Number	ARM
Item 3(a)(16)	Servicing fee – percentage. If the servicing fee is based on a percentage, indicate the percentage of monthly servicing fee paid to all servicers as a percentage of the original contract amount.	%	General information about the commercial mortgage
Item 3(a)(16)(i)	Prepayment lock-out end date. Provide the effective date after which the lender allows prepayment of a loan.	Date	Prepayment Premium
Item 3(a)(16)(ii)	Yield maintenance end date. Provide the date after which yield maintenance prepayment penalties are no longer effective.	Date	Prepayment Premium
Item 3(a)(16)(iii)	Prepayment premium end date. Provide the effective date after which prepayment premiums are no longer effective.	Date	Prepayment Premium
Item 3(a)(17)(i)	Maximum negative amortization allowed (% of original balance). Provide the maximum percentage of the original loan balance that can be added to the original loan balance as the result of negative amortization.	%	Negative Amortization

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(17)(ii)	Maximum negative amortization allowed ($). Provide the maximum dollar amount of the original loan balance that can be added to the original loan balance as the result of negative amortization.	Amount	Negative Amortization
Item 3(b)(1)	Property name. Provide the name of the property which serves as mortgage collateral. If the property has been defeased, then populate with "defeased."	Text	General information about the commercial property
Item 3(b)(2)	Geographic location. Specify the location of the property by providing the zip code.	Number .	General information about the commercial property
Item 3(b)(3)	Property type. Indicate the code that describes how the property is being used.	1 = Multifamily 2 = Retail 3 = HealthCare 4 = Industrial 5 = Warehouse 6 = Mobile home park 7 = Office 8 = Mixed use 9 = Lodging 10 = Self storage 11 = Securities 12 = Cooperative housing 98 = Other	General information about the commercial property
Item 3(b)(4)	Net rentable square feet. Provide the net rentable square feet area of a property.	Number	General information about the commercial property
Item 3(b)(5)	Number of units/beds/rooms. Provide the number of units/beds/rooms of a property.	Number	General information about the commercial property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(b)(6)	Year built. Provide the year that the property was built.	Number	General information about the commercial property
Item 3(b)(7)	Valuation amount. The valuation amount of the property as of the valuation date.	Amount	General information about the commercial property
Item 3(b)(8)	Valuation source. Specify the code that identifies the source of the most recent property valuation.	1 = Broker's price option 2 = Certified MAI appraisal 3 = Non-certified MAI appraisal 4 = Master servicer estimate 5 = SS estimate 98 = Other	General information about the commercial property
Item 3(b)(9)	Valuation date. The date the valuation amount was determined.	Date	General information about the commercial property
Item 3(b)(10)	Physical occupancy. Provide the percentage of rentable space occupied by tenants. Should be derived from a rent roll or other document indication occupancy.	%	General information about the commercial property
Item 3(b)(11)	Revenue. Provide the total underwritten revenue amount from all sources for a property.	Amount	General information about the commercial property
Item 3(b)(12)	Operating expenses. Provide the total underwritten operation expenses. Include real estate taxes, insurance, management fees, utilities, and repairs and maintenance.	Amount	General information about the commercial property
Item 3(b)(13)	Defeasance option start date. Provide the date when the defeasance option becomes available. A defeasance option is when an obligor may substitute other income-producing property for the real property without pre-paying the existing loan.	Date	General information about the commercial property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(b)(14)	Net operating income. Provide the total underwritten revenues less total underwritten operating expenses prior to application of mortgage payments and capital items for all properties.	Amount	General information about the commercial property
Item 3(b)(15)	Net cash flow. Provide the total underwritten operating expenses and capital costs.	Amount	General information about the commercial property
Item 3(b)(16)	NOI/NCF indicator. Indicate the code that describes how net operating income and net cash flow were calculated.	1 = Calculated using CMSA standard 2 = Calculated using a definition given in the PSA 3 = Calculated using the underwriting method 98 = Other	General information about the commercial property
Item 3(b)(17)	DSCR (NOI). Provide the ratio of underwritten net operating income to debt service.	%	General information about the commercial property
Item 3(b)(18)	DSCR (NCF). Provide the ratio of underwritten net cash flow to debt service.	Number	General information about the commercial property
Item 3(b)(19)	DSCR indicator. Indicate the code that describes how the debt service coverage ratio was calculated.	1 = Average - Not all properties received financial statements, servicer allocates debt service only to properties where financial statements are received. 2 = Consolidated - All properties reported on one "rolled up" financial statement from the borrower 3 = Full - All financial statements collected for all properties 4 = None Collected - No financial statements were received 5 = Partial - Not all properties received financial statements, servicer to leave empty 6 = “Worst Case” - Not all properties received financial statements, servicer allocates 100% of debt service to all properties where financial statements are received.	General information about the commercial property

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(b)(20)	Largest tenant. Identify the tenant that leases the largest square feet of the property (based on the most recent annual lease rollover review).	Name	General information about the commercial property
Item 3(b)(21)	Square feet of largest tenant. Provide total square feet leased by the large tenant	Number	General information about the commercial property
Item 3(b)(22)	Lease expiration of largest tenant. Provide the date of lease expiration for the largest tenant.	Date	General information about the commercial property
Item 3(b)(23)	Second largest tenant. Identify the tenant that leases the second largest square fee of the property (based on the most recent annual lease rollover review).	Name	General information about the commercial property
Item 3(b)(24)	Square fee of second largest tenant. Provide total square feet leased by the second largest tenant.	Number	General information about the commercial property
Item 3(b)(25)	Lease expiration of second largest tenant. Provide the date of lease expiration for the second largest tenant.	Date	General information about the commercial property
Item 3(b)(26)	Third largest tenant. Identify the tenant that leases the third largest square feet of the property (based on the most recent annual lease rollover review).	Text	General information about the commercial property
Item 3(b)(27)	Square feet of third largest tenant. Provide total square feet leased by the third largest tenant.	Number	General information about the commercial property
Item 3(b)(28)	Lease expiration of third largest tenant. Provide the date of lease expiration for the third largest tenant.	Date	General information about the commercial property

Table 4. Schedule L Item 4. Automobile loan item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 4(a)(1)	Payment type. Specify the code indicating whether payments are required monthly or if a balloon payment is due.	1 = Monthly 2 = Balloon 98 = Other	General information about the automobile loan
Item 4(a)(2)	Subvented. Indicate yes or no as to whether a form of subsidy is received on the loan, such as cash incentives or favorable financing for the buyer.	1=Yes 2 =No	General information about the automobile loan
Item 4(b)(1)	Geographic location of dealer. Provide the zip code of the originating dealer.	Number .	General information about the automobile
Item 4(b)(2)	Vehicle manufacturer. Provide the name of the manufacturer of the vehicle.	Text	General information about the automobile
Item 4(b)(3)	Vehicle model. Provide the name of the model of the vehicle.	Text	General information about the automobile
Item 4(b)(4)	New or used. Indicate whether the vehicle financed is new or used.	1=New 2=Used	General information about the automobile
Item 4(b)(5)	Model year. Indicate the model year of the vehicle.	Year	General information about the automobile

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 4(b)(6)	Vehicle type. Indicate the code describing the vehicle type.	1=Full-size car 2=Full size van/truck 3=Full-size SUV 4=Mid-size SUV 5=Compact van/truck 6=Economy/compact car 7=Mid-size car 8=Sports car 9=Motorcycle 98=Other 99=Unknown	General information about the automobile
Item 4(b)(7)	Vehicle value. Indicate the value of the vehicle at the time of origination.	Number	General information about the automobile
Item 4(b)(8)	Source of vehicle value. Specify the code that describes the source of the vehicle value.	1 = Invoice price 2 = Sales price 3 = Kelly Blue Book 98 = Other	General information about the automobile
Item 4(c)(1)	Obligor credit score type. Specify the type of the standardized credit score used to evaluate the obligor	Text	General information about the obligor
Item 4(c)(2)	Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 4(c)(3).	Text or Number	General information about the obligor
Item 4(c)(3)	Obligor FICO score. If the obligor credit score type is FICO, provide the standardized FICO credit score of the obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 4(c)(4)	Co-obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.	Name	General information about the obligor
Item 4(c)(5)	Co-obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 4(c)(6).	Text or Number	General information about the obligor
Item 4(c)(6)	Co-obligor FICO score. Provide the standardized FICO credit score of the co-obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	General information about the obligor
Item 4(c)(7)	Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 4(c)(8)	Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	General information about the obligor
Item 4(c)(9)	Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, Level 3 verified Level 3 verified = Direct independent verification with a third party of the obligor's current employment.	General information about the obligor
Item 4(c)(10)	Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, Level 3 verified Level 3 verified = Direct independent verification with a third party of the obligor's current employment.	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 4(c)(11)	Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).	General information about the obligor
Item 4(c)(12)	Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).	General information about the obligor
Item 4(c)(13)	Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 4(c)(14)	Length of employment: co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months		General information about the obligor
Item 4(c)(15)	Obligor wage income. Provide the dollar amount per month of income associated with the obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 4(c)(16)	Co-obligor wage income. Provide the dollar amount per month of income associated with the co-obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 4(c)(17)	Obligor other income. Provide the dollar amount of the obligor's monthly income other than obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 4(c)(18)	Co-obligor other income. Provide the dollar amount of the co-obligor's monthly income other than co-obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 4(c)(19)	All obligor wage income. Provide the monthly income of all obligors derived from employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 4(c)(20)	All obligor total income. Provide the monthly income of all obligors.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 4(c)(21)	Geographic location of obligor. Specify the location of the obligor by providing the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.	Number Note: The U.S. Office of Management and Budget (OMB) establishes and maintains definitions of Metropolitan Statistical Areas, Micropolitan Statistical Areas, or Metropolitan Divisions. The most recent list of definitions are available in OMB Bulletin No. 09-01, "Update of Statistical Area Definitions and Guidance on Their Uses", November 2008.		General information about the obligor

Table 5. Schedule L Item 5. Automobile leases item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 5(a)(1)	Payment type. Specify the code indicating whether payments are required monthly or if a balloon payment is due.	1 = Monthly 2 = Balloon 98 = Other	General information about the automobile lease
Item 5(a)(2)	Subvented. Indicate yes or no as to whether a form of subsidy is received on the loan, such as cash incentives or favorable financing for the obligor.	1=Yes 2 =No	General information about the automobile lease
Item 5(b)(1)	Geographic location of dealer. Provide the zip code of the originating dealer.	Number .	General information about the automobile
Item 5(b)(2)	Vehicle manufacturer. Provide the name of the manufacturer of the vehicle	Text	General information about the automobile
Item 5(b)(3)	Vehicle model. Provide the name of the model of the vehicle.	Text	General information about the automobile
Item 5(b)(4)	New or used. Indicate whether the vehicle financed is new or used.	1=New 2=Used	General information about the automobile
Item 5(b)(5)	Model year. Indicate the model year of the vehicle.	Date	General information about the automobile

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 5(b)(6)	Vehicle type. Indicate the code describing the vehicle type.	1=Full-size car 2=Full size van/truck 3=Full-size SUV 4=Mid-size SUV 5=Compact van/truck 6=Economy/compact car 7=Mid-size car 8=Sports car 9=Motorcycle 98=Other 99=Unknown	General information about the automobile
Item 5(b)(7)	Vehicle value. Indicate the value of the vehicle at the time of origination.	Number	General information about the automobile
Item 5(b)(8)	Source of vehicle value. Specify the code that describes the source of the vehicle value.	1 = Invoice price 2 = Sales price 3 = Kelly Blue Book 98 = Other	General information about the automobile
Item 5(b)(9)	Base residual value. Provide the residual value of the vehicle at the time of origination.	Number	General information about the automobile
Item 5(b)(10)	Source of base residual value. Specify the code that describes the source of the residual value	1 = Black Book 2 = Automotive lease guide 98 = Other	General information about the automobile
Item 5(c)(1)	Obligor credit score type. Specify the type of the standardized credit score used to evaluate the obligor.	Text	General information about the obligor
Item 5(c)(2)	Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 5(c)(3).	Text or Number	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 5(c)(3)	Obligor FICO Score. If the obligor credit score type is FICO, provide the standardized FICO credit score of the obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	General information about the obligor
Item 5(c)(4)	Co-obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.	Name	General information about the obligor
Item 5(c)(5)	Co-obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 5(c)(6).	Text or Number	General information about the obligor
Item 5(c)(6)	Co-obligor FICO score. Provide the standardized FICO credit score of the co-obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 5(c)(7)	Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	General information about the obligor
Item 5(c)(8)	Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 5(c)(9)	Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, level 3 verified Level 3 verified = Direct independent verification with a third party of the obligor's current employment.	General information about the obligor
Item 5(c)(10)	Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, Level 3 verified Level 3 verified = Direct independent verification with a third party of the obligor's current employment.	General information about the obligor
Item 5(c)(11)	Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).	General information about the obligor
Item 5(c)(12)	Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 5(c)(13)	Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months		General information about the obligor
Item 5(c)(14)	Length of employment: co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months		General information about the obligor
Item 5(c)(15)	Obligor wage income. Provide the dollar amount per month of income associated with the obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 5(c)(16)	Co-obligor wage income. Provide the dollar amount per month of income associated with the co-obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 5(c)(17)	Obligor other income. Provide the dollar amount of the obligor's monthly income other than obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 5(c)(18)	Co-obligor other income. Provide the dollar amount of the co-obligors monthly income other than co-obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 5(c)(19)	All obligor wage income. Provide the monthly income of all obligors derived from employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 5(c)(20)	All obligor total income. Provide the monthly income of all obligors.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	General information about the obligor
Item 5(c)(21)	Geographic location of obligor. Specify the location of the obligor by providing the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.	Number Note: The U.S. Office of Management and Budget (OMB) establishes and maintains definitions of Metropolitan Statistical Areas, Micropolitan Statistical Areas, or Metropolitan Divisions. The most recent list of definitions are available in OMB Bulletin No. 09-01, "Update of Statistical Area Definitions and Guidance on Their Uses", November 2008.		General information about the obligor

Table 6. Schedule L Item 6. Equipment loans item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 6(a)(1)	Payment frequency. Specify the code that describes the payment frequency on the loan.	1 = Monthly 2 = Quarterly 3 = Semi-Annually 4 = Annually 5 = Daily 6 = Irregular	General information about the equipment loan
Item 6(b)(1)	Equipment type. Indicate the code that describes the equipment type.	1 = Construction 2 = Furniture and fixtures 3 = General Office Equipment/Copiers 4 = Industrial 5 = Maritime 6 = Printing presses 7 = Technology 8 = Telecommunications 9 = Transportation 98 = Other	General information about the equipment
Item 6(b)(2)	New or used. Indicate whether the equipment financed is new or used.	1 = New 2 = Used	General information about the equipment

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 6(c)(1)	Obligor industry. Indicate the code that describes the industry category of the obligor.	1 = Agriculture and Resources 2 = Communication and Utilities 3 = Construction 4 = Distribution/wholesale 5 = Electronics 6 = Financial Services 7 = Forestry & Fishing 8 = Healthcare 9 = Manufacturing 10 = Mining 11 = Printing & Publishing 12 = Public Administration 13 = Retail 14 = Services 15 = Transportation 98 = Other	General information about the obligor
Item 6(c)(2)	Geographic location of obligor. Provide the zip code of the obligor.	Number	General information about the obligor

Table 7. Schedule L Item 7. Equipment leases item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 7(a)(1)	Lease type. Indicate whether the lease is a true lease or finance lease.	1 = True lease 2 = Finance lease	General information about the equipment lease
Item 7(a)(2)	Payment frequency. Indicate the code that describes the payment frequency on the lease.	1 = Monthly 2 = Quarterly 3 = Semi-annually 4 = Annually 5 = Daily 6 = Irregular	General information about the equipment lease
Item 7(b)(1)	Equipment type. Indicate the code that describes the equipment type.	1 = Construction 2 = Furniture and fixtures 3 = General office equipment/copiers 4 = Industrial 5 = Maritime 6 = Printing presses 7 = Technology 8 = Telecommunications 9 = Transportation 98 = Other	General information about the equipment
Item 7(b)(2)	New or used. Indicate whether the equipment financed is new or used.	1=New 2=Used	General information about the equipment
Item 7(b)(3)	Residual value. Provide the residual value of the equipment at the time of origination. For operating leases, provide the value of the asset at the end of its useful economic life (i.e., "salvage" or "scrap value").	Number	General information about the equipment

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 7(b)(4)	Source of residual value. Specify the code that describes the source of the residual value.	1 = Internal 2 = External 3 = Consultant 98 = Other	General information about the equipment
Item 7(c)(1)	Obligor industry. Indicate the code that describes the industry category of the obligor.	1 = Agriculture and resources 2 = Communication and utilities 3 = Construction 4 = Distribution/wholesale 5 = Electronics 6 = Financial services 7 = Forestry & fishing 8 = Healthcare 9 = Manufacturing 10 = Mining 11 = Printing & publishing 12 = Public administration 13 = Retail 14 = Services 15 = Transportation 98 = Other	General information about the obligor
Item 7(c)(2)	Geographic location of obligor. Provide the zip code of the obligor.	Number	General information about the obligor

Table 8. Schedule L Item 8. Student loans item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 8(a)(1)	Subsidized. Indicate whether the loan is subsidized or unsubsidized.	1 = Subsidized 2 = Unsubsidized	General information about the student loan
Item 8(a)(2)	Repayment type. Indicate the code that describes the type of loan repayment terms.	1 = Level 2 = Graduated repayment 3 = Income-sensitive 4 = Interest-only period	General information about the student loan
Item 8(a)(3)	Year in repayment. If the loan is in repayment, indicate the number of years the loan has been in repayment.	Number	General information about the student loan
Item 8(a)(4)	Guarantee agency. Specify the name of the agency guaranteeing the loan.	Text	General information about the student loan
Item 8(a)(5)	Disbursement date. Indicate the date the loan was disbursed to the obligor.	Month/Year	General information about the student loan
Item 8(b)(1)	Current obligor payment status. Indicate the code describing whether the obligor payment status is in-school, grace period, deferral, forbearance or repayment.	1 = In-school 2 = Grace period 3 = Deferral 4 = Forbearance 5 = Repayment	General information about the obligor
Item 8(b)(2)	Geographic location of obligor. Specify the location of the obligor by providing the Metropolitan Statistical Area, Micropolitan Statistical Area, or Metropolitan Division, as applicable.	Number Note: The U.S. Office of Management and Budget (OMB) establishes and maintains definitions of Metropolitan Statistical Areas, Micropolitan Statistical Areas, or Metropolitan Divisions. The most recent list of definitions are available in OMB Bulletin No. 09-01, "Update of Statistical Area Definitions and Guidance on Their Uses", November 2008.	General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 8(b)(3)	School type. Indicate code describing the type of school or program.	1 = Continuing Education 2 = Graduate 3 = K-12 4 = Medical 5 = Undergraduate 98 = Other	General information about the obligor
Item 8(c)(1)	Obligor credit score type. Specify the Type of the standardized credit score used to evaluate the obligor.	Text	Private Student Loans – General information about the obligor
Item 8(c)(2)	Obligor credit score. Provide the standardized credit score of the obligor. If the credit score type is FICO, skip to Item 8(c)(3).	Text or Number	Private Student Loans – General information about the obligor
Item 8(c)(3)	Obligor FICO score. Provide the standardized FICO credit score of the obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	Private Student Loans - General information about the obligor
Item 8(c)(4)	Co-obligor credit score type. Specify the type of the standardized credit score used to evaluate the co-obligor.	Text	Private Student Loans - General information about the obligor
Item 8(c)(5)	Co-obligor credit score. Provide the standardized credit score of the co-obligor. If the credit score type is FICO, skip to Item 8(c)(6).	Text or Number	Private Student Loans - General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 8(c)(6)	Co-obligor FICO score. Provide the standardized credit score of the co-obligor.	1=up to 499 2=500-549 3=550-599 4=600-649 5=650-699 6=700-749 7=750-799 8=800+	Private Student Loans - General information about the obligor
Item 8(c)(7)	Obligor income verification level. Indicate the code describing the extent to which the obligor's income has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	Private Student Loans - General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 8(c)(8)	Co-obligor income verification. Indicate the code describing the extent to which the co-obligor's income has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified 5=Stated, "level 5" verified Level 4 income verification = Previous year W-2 or tax returns, and year-to-date pay stubs, if salaried. If self-employed, then obligor provided 2 years of tax returns. Level 5 income verification = 24 months income verification (W-2s, pay stubs, bank statements and/or tax returns). If self-employed, then obligor provided 2 years tax returns plus a CPA certification of the tax returns.	Private Student Loans - General information about the obligor
Item 8(c)(9)	Obligor employment verification. Indicate the code describing the extent to which the obligor's employment has been verified..	1=Not stated, not verified 2=Stated, not verified 3=Stated, level 3 verified Level 3 verified = direct independent verification with a third party of the obligor's current employment.	Private Student Loans - General information about the obligor
Item 8(c)(10)	Co-obligor employment verification. Indicate the code describing the extent to which the co-obligor's employment has been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, level 3 verified Level 3 verified = direct independent verification with a third party of the obligor's current employment.	Private Student Loans - General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 8(c)(11)	Obligor asset verification. Indicate the code describing the extent to which the obligor's assets used to qualify the loan have been verified.	1=Not stated, not verified 2=Stated, not verified 3=Stated, "partially" verified 4=Stated, "level 4" verified Level 4 verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).	Private Student Loans - General information about the obligor
Item 8(c)(12)	Co-obligor asset verification. Indicate the code describing the extent to which the co-obligor's assets used to qualify the loan have been verified.	1=Not Stated, Not Verified 2=Stated, Not Verified 3=Stated, "Partially" Verified 4=Stated, "Level 4" Verified Level 4 Verified = 2 months of bank statements/balance documentation (written or electronic) for liquid assets (or gift letter).	Private Student Loans - General information about the obligor
Item 8(c)(13)	Length of employment: obligor. Provide the number of complete months of service with the obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months	Private Student Loans - General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 8(c)(14)	Length of employment: co-obligor. Provide the number of complete months of service with the co-obligor's current employer as of the origination date.	1=0-6 months 2=7-12 months 3=13-18 months 4=19-24 months 5=25-36 months 6=37-60 months 7=61-120 months 8=121-240 months 9=greater than 240 months		Private Student Loans - General information about the obligor
Item 8(c)(15)	Obligor wage income. Provide the dollar amount per month of income associated with the obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	Private Student Loans - General information about the obligor
Item 8(c)(16)	Co-obligor wage income. Provide the dollar amount per month of income associate with the co-obligor's employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	Private Student Loans - General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 8(c)(17)	Obligor other income. Provide the dollar amount of the obligor's monthly income other than obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	Private Student Loans - General information about the obligor
Item 8(c)(18)	Co-obligor other income. Provide the dollar amount of the co-obligor's monthly income other than co-obligor wage income.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	Private Student Loans - General information about the obligor

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 8(c)(19)	All obligor wage income. Provide the monthly income of all obligors derived from employment.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	Private Student Loans - General information about the obligor
Item 8(c)(20)	All obligor total income. Provide the monthly income of all obligors.	1= less than $500 2= $500-$999 3= $1,000-$1,499 4= $1,500-$1,999 5= $2,000-$2,499 6= $2,500-$2,999 7= $3,000-$3,499 8= $3,500-$3,999 9= $4,000-$4,499 10= $4,500-$4,999 11= $5,000-$5,999 12= $6,000-$6,999	13= $7,000-$7,999 14= $8,000-$9,999 15= $10,000-$14,999 16= $15,000-$19,999 17= $20,000-$24,999 18 = $25,000-$29,999 19 = $30,000-$39,999 20 = $40,000-$49,999 21 = greater than $50,000	Private Student Loans - General information about the obligor

Table 9. Schedule L Item 9. Floorplan financing item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 9(a)(1)	Account origination date. Provide the date of account origination.	Date	General information about the account
Item 9(b)(1)	Product line. Indicate the code describing the type of inventory product line.	1 = Accounts receivable 2 = Consumer electronics & appliances 3 = Industrial 4 = Lawn & garden 5 = Manufactured housing 6 = Marine 7 = Motorcycles 8 = Musical Instruments 9 = Power sports 10 = Recreational vehicles 11 = Technology 12 = Transportation 98 = Other	General information about the collateral
Item 9(b)(2)	New or used. Indicate whether the collateral securing the loan is new or used.	1=New 2=Used	General information about the collateral
Item 9(c)(1)	Credit score type. Specify the type of the standardized credit score used to evaluate the obligor.	Text	General information about the obligor
Item 9(c)(2)	Credit score. Provide the standardized credit score of the obligor.	Text or Number	General information about the obligor
Item 9(c)(3)	Geographic location of obligor. Provide the zip code of the obligor.	Number	General information about the obligor

Table 10. Schedule L Item 10. Corporate debt item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 10(a)	Title of underlying security. Specify the title of the underlying security.	Text	General information about the underlying security
Item 10(b)	Denomination. Give the minimum denomination of the underlying security.	Number	General information about the underlying security
Item 10(c)	Currency. Specify the currency of the underlying security.	Text	General information about the underlying security
Item 10(d)	Trustee. Specify the name of the trustee.	Text	General information about the underlying security
Item 10(e)	Underlying SEC file number. Specify the registration statement file number of the registration of the offer and sale of the underlying security.	Number	General information about the underlying security
Item 10(f)	Underlying CIK number. Specify the CIK number of the issuer of the underlying security.	Number	General information about the underlying security
Item 10(g)	Callable. Indicate whether the security is callable.	1=Callable 2= Not Callable	General information about the underlying security
Item 10(h)	Payment frequency. Indicate the code describing the frequency of payments that will be made on the underlying security.	1 = Monthly 2 = Quarterly 3 = Semi-Annually 4 = Annually 5 = Daily 6 = Irregular	General information about the underlying security
Item 10(i)	Zero coupon indicator. Indicate yes or no as to whether an underlying security or agreement is interest bearing.	1 = Yes 2 = No	General information about the underlying security

Table 11. Schedule L-D Item 1. General

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(a)	Asset number type. Identify the source of the asset number used to specifically identify each asset in the pool.	Number	General Information
Item 1(b)	Asset number. Provide the unique ID number of the asset. Instruction to Item 1(b). The asset number should be the same number that was previously used to identify the asset in Schedule L (§229.1111A).	Number	General Information
Item 1(c)	Asset group number. For Structures with multiple collateral groups, indicate the collateral group number in which the asset falls.	Number	General Information
Item 1(d)	Reporting period begin date. Specify the beginning date of the reporting period.	Date	General Information
Item 1(e)	Reporting period end date. Specify the servicer cut-off date for the reporting period.	Date	General Information
Item 1(f)(1)	Total actual amount paid. Indicate the total payment (including all escrows) paid to the servicer during the reporting period.	Number	General Information
Item 1(f)(2)	Actual onterest paid. Indicate the amount of interest collected during the reporting period.	Number	General Information
Item 1(f)(3)	Actual principal paid. Indicate the amount of principle collected during the reporting period.	Number	General Information
Item 1(f)(4)	Actual other amounts paid. Indicate the total of any other amounts collected during the reporting period.	Number	General Information
Item 1(f)(5)	Other principal adjustments. Indicate any other amounts that would cause the principal balance of the loan to be decreased or increased during the reporting period.	Number	General Information

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(f)(6)	Other interest adjustments. Indicate any unscheduled interest adjustments during the reporting period	Number	General Information
Item 1(f)(7)	Current asset balance. Indicate the outstanding principal balance of the asset as of the servicer cut-off date.	Number	General Information
Item 1(f)(8)	Current scheduled asset balance. Indicate the scheduled principal balance of the asset as of the servicer cut-off date.	Number	General Information
Item 1(f)(9)	Current scheduled payment amount. Indicate the total payment amount that was scheduled to be collected for this reporting period (including all fees and escrows).	Number	General Information
Item 1(f)(10)	Current scheduled principal amount. Indicate the principal payment amount that was scheduled to be collected for this reporting period.	Number	General Information
Item 1(f)(11)	Current scheduled interest amount. Indicate the interest payment amount that was scheduled to be collected for this reporting period.	Number	General Information733
Item 1(f)(12)	Current delinquency status. Indicate the number of days the obligor is delinquent as determined by the governing transaction agreement.	Number	General Information
Item 1(f)(13)	Number of days payment is past due. If an obligor has not made the full scheduled payment, indicate the number of days between the scheduled payment date and the Reporting Period End Date.	Number	General Information
Item 1(f)(14)	Current payment status. Indicate the number of payments the obligor is past due as of the cut-off date.	Number	General Information

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(f)(15)	Pay history. Provide the coded string of values that describes the payment performance of the asset over the most recent 12 months.	0 = Current 1 = 30-59 Days 2 = 60-89 Days 3 = 90-119 Days 4 = 120 Days + 7 = Loan did not exist in period X = Unknown. The most recent month is located to the right. A sample entry could be "777723100000."	General Information
Item 1(f)(16)	Next due date. For loans that have not been paid off, indicate the date on which the next payment is due on the asset	Date	General Information
Item 1(f)(17)	Next interest rate. For loans that have not been paid-off, indicate the interest rate that is in effect as of the next scheduled remittance due to the investor.	%	General Information
Item 1(f)(18)	Remaining term to maturity. For loans that have not been paid-off, indicate the number of months between the cut-off date and the asset maturity date.	Number	General Information
Item 1(g)(1)	Current servicing fee-amount. Indicate the dollar amount of the fee earned by the current servicer for administering the loan for this reporting period.	Number	General Information
Item 1(g)(2)	Current servicer. Indicate the name or MERS organization number of the entity that currently services the asset.	Text or Number	General Information
Item 1(g)(3)	Servicing transfer received date. If a loan's servicing has been transferred, provide the effective date of the servicing transfer.	Date	General Information
Item 1(g)(4)	Servicer advanced amount. If amounts were advanced by the servicer during the reporting period, specify the amount.	Number	General Information

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(g)(5)	Cumulative outstanding advance amount. Specify the outstanding cumulative amount advanced by the servicer.	Number	General Information
Item 1(g)(6)	Servicing advance methodology. Indicate the code that describes the manner in which principal and/or interest are to be advanced by the servicer.	1=scheduled interest, scheduled principal; 2=actual interest, actual principal; 3=scheduled interest, actual principal; 98=other 99=unknown	General Information
Item 1(g)(7)	Stop principal and interest advance date. Provide the first payment due date for which the servicer ceased advancing principal or interest.	Date	General Information
Item 1(g)(8)	Other loan-level servicing fee(s) retained by servicer. Provide the amount of all other fees earned by loan administrators that reduce the amount of funds remitted to the issuing entity (including subservicing, master servicing, trustee fees, etc).	Number	General Information
Item 1(g)(9)	Other assessed but uncollected servicer fees. Provide the cumulative amount of late charges and other fees that have been assessed by the servicer, but not paid by the obligor.	Number	General Information
Item 1(h)	Modification indicator. Indicates yes or no whether the asset was modified from its original terms during the reporting period.	1=Yes 2=No	General Information
Item 1(i)	Repurchase indicator. Indicate yes or no whether the asset has been repurchased from the pool. If the asset has been repurchased, provide the following additional information.	1=Yes 2=No	General Information
Item 1(i)(1)	Repurchase notice. Indicate yes or no whether a notice of repurchase has been received.	1=Yes 2=No	General Information

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(i)(2)	Repurchase date. Indicate the date the asset was repurchased.	Date	General Information
Item 1(i)(3)	Repurchaser. Specify the name of the repurchaser.	Text	General Information
Item 1(i)(4)	Repurchase reason. Indicate the code that describes the reason for the repurchase.	Text	General Information
Item 1(j)	Liquidated indicator. Indicate yes or no as to whether the asset has been liquidated. An asset is considered liquidated if the related collateral has been sold or disposed, or if the asset has been charged-off in its entirety without realizing upon the collateral	1=Yes 2=No	General Information
Item 1(k)	Charge-off indicator. Indicate yes or no as to whether the asset has been charged-off. The asset is charged-off when it will be treated as a loss or expense because payment is unlikely.	1=Yes 2=No	General Information
Item 1(k)(1)	Charged-off principal amount. Specify the amount of uncollected principal charged-off.	Number	General Information
Item 1(k)(2)	Charged-off interest amount. Specify the amount of uncollected interest charged-off	Number	General Information
Item 1(l)(1)	Paid-in-full indicator. Indicate yes or no whether the asset is paid in full.	1=Yes 2=No	General Information
Item 1(l)(2)(i)	Pledged prepayment penalty paid. Provide the total amount of the prepayment penalty that was collected from the obligor.	Number	Prepayment Penalties
Item 1 (l)(2)(ii)	Pledged prepayment penalty waived. Provide the total amount of the prepayment penalty that was incurred by the obligor, but not collected by the servicer.	Number	Prepayment Penalties

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 1(l)(2)(iii)	Reason for not collecting pledge prepayment penalty. Indicate the code that describes the reason that a prepayment penalty due from a borrower was not collect by the servicer.	1 = Hardship 2 = State Parameters 3 = Facilitate Loss Mitigation 4 = Proof of Sale 5 = Payoff after Breach 98 = Other 99 = Unknown	Prepayment Penalties

Table 12. Schedule L-D Item 2. Residential Mortgages item requirements

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(1)	Non-pay reason. Indicate the code that describes the reason for loan delinquency.	1 = Death of principal borrower 2 = Illness of principal borrower - delinquency is attributable to a prolonged illness that keeps the principal borrower from working and generating income. 3 = Illness of borrower's family member - delinquency is attributable to the principal borrower's having incurred extraordinary expenses as the result of the illness of a family member (or having taken on the sole responsibility for repayment of the mortgage debt as the result of the co-borrower's illness). 4 = Death of borrower's family member - delinquency is attributable to the principal borrower's having incurred extraordinary expenses as the result of the death of a family member (or having taken on the sole responsibility for repayment of the mortgage debt as the result of the co-borrower's death).the mortgage debt, etc. 5 = Marital difficulties - delinquency is attributable to problems associated with a separation or divorce, such as a dispute over ownership of the property, a decision not to make payments until the divorce settlement is finalized, a reduction in the income available to repay.	6 = Curtailment of income - delinquency is attributable to a reduction in the borrower's income, such as a garnishment of wages, a change to a lower paying job, reduced commissions or overtime pay, loss of a part-time job, etc. 7 = Excessive obligations - delinquency is attributable to the borrower's having incurred excessive debts (either in a single instance or as a matter of habit) that prevent him or her from making payments on both those debts and the mortgage debt. 8 = Abandonment of property - delinquency is attributable to the borrower's having abandoned the property for reason(s) that are not known by the servicer (because the servicer has not been able to locate the borrower). 9 = Distant employment transfer - delinquency is attributable to the principal borrower's being transferred or relocated to a distant job location and incurring additional expenses for moving and housing in the new location, which affects his or her ability to pay both those expenses and the mortgage debt.	Delinquent loans

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(1) (continued)	Non-pay reason. Indicate the code that describes the reason for loan delinquency.. (continued)	10 = Property problem - delinquency is attributable to the condition of the improvements on the property (substandard construction, expensive and extensive repairs needed, subsidence of sinkholes on property, impaired rights of ingress and egress, etc.) or the borrower's dissatisfaction with the property or the neighborhood. 11 = Inability to sell property - delinquency is attributable to the borrower's having difficulty in selling the property. 12 = Inability to rent property - delinquency is attributable to the borrower's needing rental income to make the mortgage payments and having difficulty in finding a tenant for a one-family investment property or for one or more of the units in a one-family to four family property. 13 = Military service - delinquency is attributable to the principal borrower's having entered active duty status and his or her military pay not being sufficient to enable the continued payment of the existing mortgage debt. 14 = Unemployment - delinquency is attributable to a reduction in income resulting from the principal borrower's having lost his or her job.	15 = Business failure - delinquency is attributable to a self-employed principal borrower's having a reduction in income and/or having excessive obligations that are the direct result of the failure of his or her business to remain a viable entity or, at least, to generate sufficient profit that the borrower can rely on to meet his or her personal obligations. 16 = Casualty loss - delinquency is attributable to the borrower's having incurred a sudden, unexpected property loss as the result of an accident, fire, storm, theft, earthquake, etc. 17 = Energy-environment costs - the delinquency is attributable to the borrower's having incurred excessive energy-related costs or costs associated with the removal of environmental hazards in, on, or near the property. 18 = Servicing problems - the delinquency is attributable to the borrower's being dissatisfied with the way the mortgage servicer is servicing the loan or with the fact that servicing of the loan has been transferred to a new servicer. .	Delinquent loans

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(1) (continued)	Non-pay reason. Indicate the code that describes the reason for loan delinquency. (continued)	19 = Payment adjustment - the delinquency is attributable to the borrower's being unable to make a new payment that resulted from an increase related to a scheduled payment change for a graduated-payment or adjustable-rate mortgage; increased monthly escrow accruals that are needed to pay higher taxes, insurance premiums, or special assessments; or the spreading of the amount needed to repay an escrow shortage over the next year. 20= Payment dispute - the delinquency is attributable to a disagreement between the borrower and the mortgage servicer about the amount of the mortgage payment, the acceptance of a partial payment, or the application of previous payments that results in the borrower's refusal to make the payment(s) until the dispute is resolved. 21 = Transfer of ownership pending - the delinquency is attributable to the borrower's having agreed to sell the property and deciding not to make any additional payments.	22 = Fraud the delinquency is attributable to a legal dispute arising out of an alleged fraudulent or illegal action that occurred in connection with the origination of the mortgage (or later) 23 = Unable to contact borrower - the delinquency cannot be ascertained because the borrower cannot be located or has not responded to the servicer's inquiries. 24 = Incarceration - the delinquency is attributable to the principal borrower's having been jailed or imprisoned (regardless of whether he or she is still incarcerated). 98 = Other 99 = Unknown	Delinquent loans

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(2)	Non-pay status. Indicate the code that describes the delinquency status of the loan.	9 = Forbearance - the servicer has authorized a temporary suspension of payments or has agreed to accept periodic payments of less than the borrower's scheduled monthly payment, periodic payments at different intervals, etc., to give the borrower additional time and a means for bringing the mortgage current by repaying all delinquent installments. 12 = Repayment plan - the servicer has an agreement with the borrower for the acceptance of regularly scheduled monthly mortgage payments plus an additional amount over a prescribed number of months to bring the mortgage loan current. 17 = Pre-foreclosure sale - the servicer plans to pursue a preforeclosure sale (a payoff of less than the full amount of our indebtedness) to avoid the expenses of foreclosure proceedings. 24 = Drug seizure - the Department of Justice (or any other state or federal agency) has decided to seize (or has seized) a property under the forfeiture provision of the Controlled Substances Act. 26 = Refinance - the servicer is aware that the borrower is pursuing an arrangement whereby the existing first mortgage will be refinanced (paid off).	27 = Assumption - the servicer is working with the borrower to sell the property by permitting the purchaser to pay the delinquent installments and assume the outstanding debt in order to avoid a foreclosure. 28 = Modification - the servicer is working with the borrower to renegotiate the terms of the mortgage in order to avoid foreclosure. 29 = Charge-off - use this code to indicate that it is not in best interest to pursue collection efforts or legal actions against the borrower (because of a reduced value for the property, a low outstanding mortgage balance, or the presence of certain environmental hazards on the property). 30 = Third-party sale - use this code to indicate that an authorized foreclosure bid equal to the total debt secured by a property (or fair market value, if the mortgage insurer approves) and a successful third-party bidder was awarded the property at the foreclosure sale.	Delinquent loans

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(2) (continued)	Non-pay status. Indicate the code that describes the delinquency status of the loan. (continued)	31 = Probate - Use this code to indicate that the servicer cannot pursue (or complete) foreclosure action because proceedings required to verify a deceased borrower's will are in process. 32 = Military indulgence - the servicer has granted a delinquent service member forbearance or foreclosure proceedings have been stayed under the provisions of the Servicemembers Civil Relief Act or any similar state law. 42 = Delinquent, no action - the loan is 90 + days delinquent, but the servicer has not taken legal action or initiated loss mitigation. 43 = Foreclosure - the servicer has referred the case to an attorney to take legal action to acquire the property through a foreclosure sale. 44 = Deed-in-lieu –the servicer was authorized to accept a voluntary conveyance of the property instead of initiating foreclosure proceedings. 49 = Assignment - mortgage is in the process of being assigned to the insurer or guarantor. 59 = Chapter 12 bankruptcy - the borrower has filed for bankruptcy under Chapter 12 of the Federal Bankruptcy Act.	61 = Second lien considerations - use this code for a second mortgage to indicate that the servicer is evaluating the advantages and disadvantages of pursuing a foreclosure action or recommending that the debt be charged off. 62 = Veterans affairs-"no-bid" - use this code to indicate that the Department of Veterans Affairs refused to establish an "upset price" to be bid at the foreclosure sale for a VA-guaranteed mortgage that the servicer had referred for foreclosure. 63 = Veterans affairs – refund - use this code to indicate that the Department of Veterans Affairs has requested information about a VA-guaranteed mortgage the servicer referred for foreclosure, in order to reach a decision about whether to accept an assignment for purposes of refunding the mortgage to avoid foreclosure. 64 = Veterans affairs—buydown - Use this code to indicate that a cash contribution was agreed to be made to reduce the outstanding indebtedness of a VA-guaranteed mortgage for which the Department of Veterans Affairs failed to establish an "upset price" bid for the foreclosure sale, in order to get the VA to reconsider its decision about establishing an "upset price."	Delinquent loans

Proposed Item number	Proposed Title and Definition	Proposed Response		Proposed Category of Information
Item 2(a)(2) (continued)	Non-pay status. Indicate the code that describes the delinquency status of the loan. (continued)	65 = Chapter 7 bankruptcy - the borrower has filed for bankruptcy under Chapter 7 of the Federal Bankruptcy Act 66 = Chapter 11 bankruptcy - the borrower has filed for bankruptcy under Chapter 11 of the Federal Bankruptcy Act.	67 = Chapter 13 bankruptcy - the borrower has filed for bankruptcy under Chapter 13 of the Federal Bankruptcy Act. 98 = Other 99 = Unknown	Delinquent loans
Item 2(a)(3)	Reporting action code. Further indicate the code that defines the default/delinquent status of the loan.	3 = Modifiable ARM 7 = No action 8 = Relief provision 10 = Loan approved for loss mitigation 11 = Money judgment 15 = Bankruptcy/litigation 13 = Inactivation 14 = Substitution 30 = Referred for foreclosure 60 = Payoff 65 = Repurchase 70 = A property that was secured by an uninsured conventional mortgage has been acquired by foreclosure, when a property that was secured by a VA mortgage cannot be conveyed to VA because the VA refused to specify a bid amount, or when an RHS mortgage serviced under the special servicing option has been acquired by foreclosure. (The servicer also should use Action Code 70 to report its repurchase of an acquired property after submission of the REOgram, if the mortgage has not already been removed from our LASER records.) 71 = A property has been condemned or acquired by a third party. 72 = A property has been acquired by foreclosure and is pending conveyance to FHA, VA, or the MI.		Delinquent loans

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(b)(1)	Rate at next reset. Provide the interest rate that will be used to determine the next scheduled interest payment.	%	ARM
Item 2(b)(2)	Next interest rate change date. Provide the next date that the note rate is scheduled to change.	Date	ARM
Item 2(b)(3)	Payment at next reset. Provide the principal and interest payment due after the next scheduled interest rate change.	Number	ARM
Item 2(b)(4)	Next payment change date. Provide the next date that the amount of scheduled principal and/or interest is scheduled to change.	Date	ARM
Item 2(b)(5)	Option ARM indicator. Indicate yes or no whether the loan is an option ARM.	1 = Yes 2 = No	ARM
Item 2(b)(6)	Exercised ARM conversion option Indicator. Indicate yes or no whether the borrower exercised an option to convert an ARM loan to a fixed interest rate loan.	1 = Yes 2 = No	ARM
Item 2(c)(1)	Bankruptcy file date. Provide the date on which the obligor filed for bankruptcy.	Date	Bankruptcy
Item 2(c)(2)	Bankruptcy case number. Provide the case number assigned by the court to the bankruptcy filing.	Number	Bankruptcy
Item 2(c)(3)	Post-petition due date. Provide the date on which the next payment is due under the terms of the bankruptcy plan.	Date	Bankruptcy

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(c)(4)	Bankruptcy release reason. If the bankruptcy has been released, indicate the code that describes the reason for the release.	1 = Discharge 2 = Dismissal 3 = Relief of Stay 99 = Unknown	Bankruptcy
Item 2(c)(5)	Bankruptcy release date. If the bankruptcy has been released, provide the date on which the loan was removed from bankruptcy as a result of dismissal, discharge, and/or the granting of a motion for relief.	Date	Bankruptcy
Item 2(c)(6)	Contractual due date. Provide the actual due date of the loan payment had bankruptcy not been filed.	Date	Bankruptcy
Item 2(c)(7)	Debt reaffirmed indicator. Indicate yes or no whether the obligor excluded this debt from the bankruptcy and reaffirmed the debt obligation.	1 = Yes 2 = No	Bankruptcy
Item 2(c)(8)	Trustee pays all indicator. Indicate yes or no whether post-petition payments are sent to the bankruptcy trustee by the obligor and then forwarded to the servicer by the trustee.	1 = Yes 2 = No	Bankruptcy

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(d)	Loss mitigation type indicator. Indicate the code that describes the type of loss mitigation the servicer is pursuing with the borrower, loan, or property.	1 = Not in loss mitigation 2 = Short payoff 3 = Short sale 4 = Deed-in-lieu 5 = Modification 6 = Repayment plan 7 = Write-off consideration 8 = First review 9 = Forbearance 10 = Trial modification 98 = Other 99 = Unknown	General Information
Item 2(e)(1)	Modification effective payment Date. Provide the date of first payment due post modification.	Date	Modification
Item 2(e)(2)	Modification loan balance. Provide the loan balance as of Modification Effective Payment Date as reported on the Modification documents.	Number	Modification
Item 2(e)(3)	Total capitalized amount. Provide the amount added to the principal balance of the loan pursuant to a loan modification.	Number	Modification
Item 2(e)(4)	Pre-modification interest (note) rate. Provide the scheduled interest rate of the loan immediately preceding the modification effective payment date -- or if servicer is no longer advancing principal and interest, the interest rate that would be in effect if the loan were current.	%	Modification
Item 2(e)(5)	Post-modification interest (note) rate. Provide the interest rate in effect as of the modification effective payment date.	%	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(6)	Post-modification margin. Provide the margin as of the modification effective payment date. The margin is the number of percentage points added to the index to establish the new rate.	Number	Modification
Item 2(e)(7)	Pre-modification P&I payment. Provide the scheduled total principal and interest payment amount preceding the modification effective payment date -- or if servicer is no longer advancing principal and interest, the interest rate that would be in effect if the loan were current.	Number	Modification
Item 2(e)(8)	Post-modification lifetime rate floor. Provide the minimum rate of interest that may be applied to an adjustable rate loan over the course of the loan's life (after modification).	%	Modification
Item 2(e)(9)	Post-modification lifetime rate ceiling. Provide the maximum rate of interest that may be applied to an adjustable rate loan over the course of the loan's life (after modification).	%	Modification
Item 2(e)(10)	Pre-modification initial interest rate decrease. Provide the maximum percentage by which the interest rate may adjust downward on the first interest rate adjustment date (prior to modification).	%	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(11)	Post-modification initial interest rate decrease. Provide the maximum percentage by which the interest rate may adjust downward on the first interest rate adjustment date (after modification).	%	Modification
Item 2(e)(12)	Pre-modification subsequent interest rate increase. Provide the maximum percentage increment by which the rate may adjust upward after the initial rate adjustment (prior to modification).	%	Modification
Item 2(e)(13)	Post-modification subsequent interest rate increase. Provide the maximum percentage increment by which the rate may adjust upward after the initial rate adjustment (after modification).	%	Modification
Item 2(e)(14)	Pre-modification payment cap. Provide the percentage value by which a payment may increase or decrease in one period (prior to modification).	%	Modification
Item 2(e)(15)	Post-modification payment cap. Provide the percentage value by which a payment may increase or decrease in one period (after modification).	%	Modification
Item 2(e)(16)	Post-modification principal and interest payment. Provide total Principal and Interest Payment amount as of the Modification Effective Payment Date.	Number	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(17)	Pre-modification maturity date. Provide the loan's original maturity date (or, if the loan has been modified before, the maturity date in effect immediately preceding the most recent modification effective payment date).	Date	Modification
Item 2(e)(18)	Post-modification maturity date. Provide the loan's maturity date as of the modification effective payment date.	Date	Modification
Item 2(e)(19)	Pre-modification interest reset period (if changed). Provide the number of months of the original interest reset period of the loan.	Number	Modification
Item 2(e)(20)	Post-modification interest reset period (if changed). Provide the number of months of the interest reset period of the loan as of the modification effective payment date.	Number	Modification
Item 2(e)(21)	Pre-modification next interest rate change date. Provide the next interest reset date under the original terms of the loan (one month prior to new payment due date).	Date	Modification
Item 2(e)(22)	Post-modification next reset date. Provide the next interest reset date as of the modification effective payment date.	Date	Modification
Item 2(e)(23)	Modification front-end DTI. Provide the front-end DTI ratio (total monthly housing expense divided by monthly income) used to qualify the modification.	%	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(24)	Income verification indicator. Indicate yes or no whether a Transcript of Tax Return (received pursuant to the filing of IRS Form 4506-T) was obtained to corroborate Modification Front-end DTI (calculated using pay stubs, W-2s and/or CPA certified tax returns).	1 = Yes 2 = No	Modification
Item 2(e)(25)	Modification back-end DTI. Provide the back-end DTI ratio (total monthly debt divided by monthly income) used to qualify the modification.	%	Modification
Item 2(e)(26)	Pre-modification interest only term. Provide the number of months of the interest-only period prior to the Modification Effective Payment Date.	Number	Modification
Item 2(e)(27)	Post-modification interest only term. Provide the number of months of the interest-only period as of the modification effective payment date.	Number	Modification
Item 2(e)(28)	Post-modification balloon payment amount. Provide the new balloon payment amount due at maturity as a result of loan modification, not including deferred amounts.	Number	Modification
Item 2(e)(29)	Forgiven principal amount (cumulative). Provide the sum total of all principal balance reductions as a result of loan modification over the life of the deal.	Number	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(30)	Forgiven interest amount (cumulative). Provide the sum total of all interest incurred and forgiven as a result of loan modification over the life of the deal.	Number	Modification
Item 2(e)(31)	Forgiven principal amount (current period). Provide the total principal balance reduction as a result of loan modification during the current period.	Number	Modification
Item 2(e)(32)	Forgiven interest amount (current period). Provide the total gross interest forgiven as a result of loan modification during the current period.	Number	Modification
Item 2(e)(33)	Modified next payment adjust date. Provide the due date on which the next payment adjustment is scheduled to occur for an ARM loan per the modification agreement.	Date	Modification
Item 2(e)(34)	Modified ARM indicator. If the loan is remaining an ARM loan, indicate whether the loan's existing ARM parameters are changing per the modification agreement.	1 = Yes 2 = No 99 = Unknown	Modification
Item 2(e)(35)	Interest rate step indicator. Indicate whether the terms of the modification agreement call for the interest rate to step up over time.	1 = Yes 2 = No 99 = Unknown	Modification
Item 2(e)(36)	Maximum future rate under step agreement. If the loan modification includes a step provision, provide the maximum interest rate to which the loan may step up.	%	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(37)	Date of maximum rate. If the loan modification includes a step provision, provide the date on which the maximum interest rate will be reached.	Date	Modification
Item 2(e)(38)	Non-interest bearing principal deferred amount (current period). Provide the total amount of principal deferred (or forborne) by the modification that is not subject to interest accrual.	Number	Modification
Item 2(e)(39)	Non-interest bearing principal deferred amount (cumulative balance). Provide the total amount of principal deferred by the modification that is not subject to interest accrual.	Number	Modification
Item 2(e)(40)	Recovery of deferred principal (current period). Provide the amount of deferred principal collected from the obligor during the current period.	Number	Modification
Item 2(e)(41)	Non-interest bearing deferred interest and fees amount (current period). Provide the total amount of interest and expenses deferred by the modification that is not subject to interest accrual during the current period.	Number	Modification
Item 2(e)(42)	Non-interest bearing deferred interest and fees amount (cumulative balance). Provide the total amount of interest and expenses deferred by the modification that is not subject to interest accrual.	Number	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(43)	Recovery of deferred interest and fees (current period). Provide the amount of deferred interest and fees collected from the obligor during the current period.	Number	Modification
Item 2(e)(44)	Forgiven non-principal and interest advances to be reimbursed by trust. Provide the total amount of expenses (including all escrow and corporate advances) that have been waived or forgiven by the servicer per the modification agreement reimbursable to the servicer pursuant to the terms of the transaction document. Corporate advances are amounts paid by the servicer which may include foreclosure expenses, attorney fees, bankruptcy fees, insurance, and so forth.	Number	Modification
Item 2(e)(45)	Reimbursable modification escrow and corporate advances (capitalized). Provide the total amount of escrow and corporate advances made by the servicer as of the time of the loan modification. Corporate advances are amounts paid by the servicer which may include foreclosure expenses, attorney fees, bankruptcy fees, insurance, and so forth.	Number	Modification
Item 2(e)(46)	Reimbursable modification servicing fee advances (capitalized). Provide the total amount of servicing fees for delinquent payments that has been advanced by the servicer at the time of the loan modification.	Number	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(47)	HAMP indicator. Indicate yes or no whether the loan was modified under the terms of the Home-Affordable Modification Plan (HAMP).	1 = Yes 2 = No	Modification
Item 2(e)(47)(i)	HAMP: Loan participation end date. Provide the date upon which the last principal and interest payment is due during the 60-month participation of the U. S. Treasury and FNMA in the loan modification.	Date	Modification
Item 2(e)(47)(ii)	HAMP: Loan modification incentive termination date. Provide the date upon which obligor participation in the program is terminated because the borrower has defaulted or redefaulted.	Date	Modification
Item 2(e)(47)(iii)	HAMP: Obligor pay-for-performance success payments. Provide the amount paid to the servicer from U.S. Treasury/FNMA that reduces the principal balance of the interest bearing portion of the loan as the obligor stays current after modification.	Number	Modification
Item 2(e)(47)(iv)	HAMP: Onetime bonus incentive eligibility. Indicate yes or no whether the loan qualifies for the one-time bonus incentive payment of $1,500.00 payable to the mortgage holder subject to certain de minimis constraints.	1 = Yes 2 = No	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(47)(v)	HAMP: Onetime bonus incentive amount. Indicate whether mortgage holder has or will receive $1,500 paid to mortgage holders for modifications made while a borrower is still current on mortgage payments.	Number	Modification
Item 2(e)(47)(vi)	HAMP: Monthly payment reduction cost share. Provide the amount of the subsidized payment from Treasury/FNMA during the current period to reimburse the investor for one half of the cost of reducing the monthly payment from 38% to 31% front-end DTI.	Number	Modification
Item 2(e)(47)(vii)	HAMP: Administrative fees associated with participating in the program. Provide the amount of the fees incurred by the servicer while administering this program, as allowed by the governing documents with investors.	Number	Modification
Item 2(e)(47)(viii)	HAMP: current asset balance including deferred amount. Provide the sum amount of the current asset balance plus only the principal portion of the deferred amount.	Number	Modification
Item 2(e)(47)(ix)	HAMP: Scheduled ending balance including deferred amount. Provide the sum amount of the scheduled ending balance field already supplied on the file plus only the principal portion of the deferred amount.	Number	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(e)(47)(x)	HAMP: Home price depreciation payments. Provide the amount payable to mortgage holders to partially offset probable losses from home price declines.	Number	Modification
Item 2(f)(1)	Forbearance plan or trial modification start date. Provide the date on which a Forbearance Plan or Trial Modification started.	Date	Loss mitigation - Forbearance
Item 2(f)(2)	Forbearance plan or trial modification scheduled end date. Provide the date on which a forbearance plan or trial modification is scheduled to end.	Date	Loss mitigation - Forbearance
Item 2(g)(1)	Repayment plan start date. Provide the date on which a repayment plan started.	Date	Loss mitigation – Repayment Plan
Item 2(g)(2)	Repayment plan scheduled end date. Provide the date on which a repayment plan is scheduled to end.	Date	Loss mitigation – Repayment Plan
Item 2(g)(3)	Repayment plan violated date. Provide the date on which the obligor ceased complying with the terms of a repayment plan.	Date	Loss mitigation – Repayment Plan
Item 2(h)	Deed-in-lieu date. If the type of loss mitigation is deed-in-lieu, provide the date on which a title was transferred to the servicer pursuant to a deed-in-lieu-of-foreclosure arrangement. Deed-in-lieu refers to the transfer of title from an obligor to the lender to satisfy the mortgage debt and avoid foreclosure.	Date	Loss mitigation – Deed-in-Lieu

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(i)	Short sale accepted offer amount. If the type of loss mitigation is short sale, provide the amount accepted for a short sale. Short Sale refers to the process in which a servicer works with a delinquent obligor to sell the property prior to the foreclosure sale.	Amount	Loss mitigation – Short Sale
Item 2(j)	Information related to loss mitigation exit. If the loan has exited loss mitigation efforts during the reporting period, provide the following addition information:	Text	Loss mitigation - Exit
Item 2(j)(1)	Loss mitigation exit date. Provide the date on which the servicer deems a loss mitigation effort to have ended.	Date	Loss mitigation – Exit
Item 2(j)(2)	Loss mitigation exit code. Indicate the code that describes the reason the loss mitigation effort ended.	1 = Completed/satisfied 2 = Cancelled/failed 3 = Denied 99 = Unknown.	Loss mitigation - Exit
Item 2(k)(1)	Attorney referral date. Provide the date on which the loan was referred to a foreclosure attorney.	Date	Foreclosure
Item 2(k)(2)	Date of first legal action. Provide the date on which legal foreclosure action was taken.	Date	Foreclosure
Item 2(k)(3)	Expected foreclosure sale date. Provide the expected date if known on which the foreclosure sale will take place.	Date	Foreclosure
Item 2(k)(4)	Foreclosure sale scheduled date. Provide the date on which the sale has been set to occur either by the court or Trustee.	Date	Foreclosure

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(k)(5)	Foreclosure sale date. Provide the date on which a foreclosure sale occurs.	Date	Foreclosure
Item 2(k)(6)	Foreclosure delay reason. Indicate the code that describes the reason for delay within the foreclosure process.	1 = No delay 2 = Loss mitigation delay 3 = BK delay 4 = Title/document delay 5 = Contestation delay 6 = Court/procedural delay 7 = Loss mitigation/servicer delay 8 = Statutory moratorium 9 = Disaster relief/other 10 = Relief Act 99 = Unavailable	Foreclosure
Item 2(k)(7)	Sale valid date. If state law provides for a period for confirmation, ratification, redemption or upset period, provide the date of the end of the period.	Date	Foreclosure
Item 2(k)(8)	Foreclosure bid amount. Provide the amount bid by the servicer at the foreclosure sale.	Number	Foreclosure
Item 2(k)(9)	Foreclosure exit date. If the loan exited foreclosure during the current period or first available subsequent period, provide the date on which the loan exited foreclosure.	Date	Foreclosure

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(k)(10)	Foreclosure exit reason. If the loan exited foreclosure during the current period or first available subsequent period, indicate the code that describes the reason the foreclosure proceeding ended.	1 = Third-party sale 2 = REO 3 = Loss mitigation 4 = Bankruptcy 5 = Reinstatement 6 = Charge-off 7 = Paid in full 8 = Foreclosure started in error 9 = Redeemed 99 = Unknown	Foreclosure
Item 2(k)(11)	Third-party sale proceeds. If the reason for the end of foreclosure proceeding is third-party sale, provide the amount for which the property was sold.	Number	Foreclosure
Item 2(k)(12)	Judgment date. In a judicial foreclosure state, if a judgment on the foreclosure has occurred, provide the date on which a court granted the judgment in favor of the creditor.	Date	Foreclosure
Item 2(k)(13)	Publication date. Provide the date on which the publication of trustee's sale information is published in the appropriate venue.	Date	Foreclosure
Item 2(k)(14)	NOI Date. If a notice of intent (NOI) has been sent, provide the date on which the Servicer sent the NOI correspondence to the obligor informing the obligor of the acceleration of the loan and pending initiation of foreclosure action.	Date	Foreclosure
Item 2(l)(1)	Most recent REO list date. Provide the most recent listing date for the REO.	Date	REO

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(l)(2)	Most recent REO list price. Provide the amount of the current listing price for the REO.	Number	REO
Item 2(l)(3)	Accepted REO offer amount. If a REO offer has been accepted, provide the amount accepted for the REO sale.	Number	REO
Item 2(l)(4)	Accepted REO offer date. If a REO offer has been accepted, provide the date on which the REO sale amount was accepted.	Date	REO
Item 2(l)(5)	REO Original list date. Provide the original list date for the REO property.	Date	REO
Item 2(l)(6)	REO Original list price. Provide the amount of the original listing price for the REO.	Number	REO
Item 2(l)(7)	Actual REO sale closing date. If a REO sale is closed, provide the date of the closing of the REO sale.	Date	REO
Item 2(l)(8)	Gross liquidation proceeds. If a REO sale has closed, provide the gross amount due to the issuing entity as reported on Line 420 of the HUD-1 settlement statement.	Number	REO
Item 2(l)(9)	Net sales proceeds. If a REO sale has closed, provide the net proceeds received from the escrow closing (before servicer reimbursement).	Number	REO

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(l)(10)	Current monthly loss amount passed to issuing entity. Provide the cumulative loss amount passed through to the issuing entity during the current period, including subsequent loss adjustments and any forgiven principal as a result of a modification that is passed through to the issuing entity.	Number	REO
Item 2(l)(11)	Cumulative total loss amount passed to issuing entity. Provide the loss amount passed through to the issuing entity to date, including any forgiven principal as a result of a modification that is passed through to the issuing entity.	Number	REO
Item 2(l)(12)	Subsequent recovery amount. Provide the current period amount recovered subsequent to the initial gain/loss recognized at the time of liquidation.	Number	REO
Item 2(l)(13)	Eviction start date. If an eviction process has begun, provide the date on which the servicer initiates eviction of the obligor.	Date	REO
Item 2(l)(14)	Eviction completed date. If an eviction process has been completed, provide the date on which the court revoked legal possession of the property from the obligor.	Date	REO
Item 2(l)(15)	REO exit date. If a loan exited REO during the current period or first available subsequent period, provide the date on which the loan exited REO status.	Date	REO

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(l)(16)	REO exit reason. If a loan exited REO during the current period or first available subsequent period, indicate the code that describes the reason the loan exited REO status.	1 = REO Sale Completed 2 = Bankruptcy 3 = Loss Mitigation 4 = Litigation 5 = Rescinded 99 = Unknown	REO
Item 2(m)(1)(i)	Interest advanced. Provide the amount of interest advanced that is reimbursed to the servicer.	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(ii)	UPB at liquidation. Provide the amount of actual unpaid principal balance (UPB) at the time of liquidation.	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(iii)	Servicing fees claimed. Provide the amount of accrued servicing fees (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(iv)	Attorney fees claimed. Provide the amount of total attorney fees advanced by the servicer to be recovered (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(v)	Attorney cost claimed. Provide the amount of total attorney cost advanced by the servicer to be recovered (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(vi)	Property taxes claimed. Provide the amount of real property taxes advanced by the servicer to be recovered (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(m)(1)(vii)	Property maintenance. Provide the amount of total property maintenances such as lawn care, trash removal, snow removal, etc., (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(viii)	Insurance premiums claimed. Provide the amount of advances paid by the servicer for any type of insurance (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(ix)	Utility expenses claimed. Provide the amount of utilities advanced paid by the servicer (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(x)	Appraisals or BPO expenses claimed. Provide the amount of cost advanced by the servicer for appraisal and/or broker's professional opinion (BPO) expenses (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(xi)	Property inspection expenses claimed. Provide the amount of cost advanced by the servicer for property inspection expenses (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(xii)	Miscellaneous expenses claimed. Provide the amount of miscellaneous expenses advanced by the servicer that do not fit into any other category (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(m)(1)(xiii)	Pre-securitization servicing advances claimed. Provide the amount of unreimbursed advances by the servicer prior to the securitization of the deal (claimed at time of servicer reimbursement after liquidation).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(xiv)	REO management fees. If the loan is in REO, provide the amount of REO management fees (including auction fees).	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(xv)	Cash for keys/cash for deed. Provide the amount of the payment to the obligor or tenants in exchange for vacating the property, or the payment to the obligor to accelerate a deed-in-lieu process or complete a redemption period.	Number	Loss Claims on Liquidated Loans
Item 2(m)(1)(xvi)	Performance incentive fees. Provide the amount of payment to the servicer in exchange for carrying out a deed-in-lieu or short sale.	Number	Loss Claims on Liquidated Loans
Item 2(m)(2)(i)	Positive escrow balance. Provide the amount of escrow balance at the time of loss claim (report only if positive).	Number	Loss Recovery on Liquidated Loans
Item 2(m)(2)(ii)	Suspense balance. Provide the total dollar amount held in suspense at the time of liquidation.	Number	Loss Recovery on Liquidated Loans
Item 2(m)(2)(iii)	Hazard claims proceeds. Provide the amount of hazard loss proceeds collected.	Number	Loss Recovery on Liquidated Loans
Item 2(m)(2)(iv)	Pool insurance claim proceeds. Provide the amount of pool claim proceeds collected.	Number	Loss Recovery on Liquidated Loans

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(m)(2)(v)	Private mortgage insurance claim proceeds. Provide the amount of private mortgage insurance claim proceeds collected.	Number	Loss Recovery on Liquidated Loans
Item 2(m)(2)(vi)	Property tax refunds. Provide the amount of property tax refunds collected.	Number	Loss Recovery on Liquidated Loans
Item 2(m)(2)(vii)	Insurance refunds. Provide the amount of insurance premium refunds collected.	Number	Loss Recovery on Liquidated Loans
Item 2(m)(3)	Bankruptcy loss amount. Provide the amount of any Realized Loss resulting from a deficient valuation or debt service reduction.	Number	Loss Recovery on Liquidated Loans
Item 2(m)(4)	Special hazard loss amount. Provide the amount of any realized loss suffered by a mortgaged property that is classified as a special hazard in the governing documents.	Number	Loss Recovery on Liquidated Loans
Item 2(n)(1)	MI claim filed date. Provide the date on which the servicer filed an MI claim.	Date	Mortgage Insurance Claims
Item 2(n)(2)	MI claim amount. Provide the amount of the MI claim filed by the servicer.	Number	Mortgage Insurance Claims
Item 2(n)(3)	MI paid date. If a MI claim has been paid, provide the date on which the MI company paid the MI claim.	Date	Mortgage Insurance Claims
Item 2(n)(4)	MI claim paid amount. If a MI claim has been decided, provide the amount of the claim paid by the MI company.	Number	Mortgage Insurance Claims
Item 2(n)(5)	MI claim denied/rescinded date. If a MI claim has been denied or rescinded, provide the final MI denial date after all servicer appeals.	Date	Mortgage Insurance Claims

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 2(n)(6)	Marketable title transferred to MI date. If the deed of a property has been sent to the MI company, provide the date of actual title conveyance to the MI company.	Date	Mortgage Insurance Claims

Table 13. Schedule L-D Item 3. Commercial mortgages item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(1)	Current remaining term. Provide the current number of properties which serve as mortgage collateral for the loan.	Number	General Information
Item 3(a)(2)	Number of properties. Provide the current number of properties which serve as mortgage collateral for the loan.	Number	General Information
Item 3(a)(3)	Current hyper-amortizing date. Provide the current anticipated repayment date, after which principal and interest may amortize at an accelerated rate, and/or interest expense to mortgagor increases substantially as per the loan documents.	Date	ARM
Item 3(a)(4)(i)	Rate at next reset. Provide the annualized gross interest rate that will be used to determine the next scheduled interest payment.	%	ARM
Item 3(a)(4)(ii)	Next interest rate change date. Provide the next date that the interest rate is scheduled to change.	Date	ARM
Item 3(a)(4)(iii)	Payment at next reset. Provide the principal and interest payment due after the next scheduled interest rate change.	Number	ARM
Item 3(a)(4)(iv)	Next payment change date. Provide the next date that the amount of scheduled principal and/or interest is scheduled to change.	Date	ARM
Item 3(a)(5)	Negative amortization/deferred interest capitalized amount. Indicate the amount for the current reporting period that represents negative amortization or deferred interest that is added to the principal balance.	Number	Negative Amortization
Item 3(a)(5)(i)	Cumulative deferred interest. Indicate the cumulative deferred interest for the current and prior reporting cycles net of any deferred interest collected.	Number	Negative Amortization

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(a)(5)(ii)	Deferred interest collected. Indicate the amount of deferred interest collected in the current reporting period.	Number	Negative Amortization
Item 3(b)	Workout strategy. Indicate the code that best describes the steps being taken to resolve the loan.	1=Modification 2=Foreclosure 3=Bankruptcy 4=Extension 5=Note sale 6=DPO 7=REO 8=Resolved 9=Pending return to master servicer 10=Deed-in-lieu of foreclosure 11=Full payoff 12=Reps and warranties 13=To be determined 98=Other	Loss Mitigation
Item 3(c)(1)	Date of last modification. Provide the date of the most recent modification. A modification includes any material change to the loan document.	Date	Modification
Item 3(c)(2)	Modification note rate. Indicate the new initial interest rate (post-modification).	%	Modification
Item 3(c)(3)	Rate at next reset. Provide the annualized gross interest rate that will be used to determine the next scheduled interest payment.	%	Modification
Item 3(c)(4)	Modified payment amount. Indicate the new initial principal and interest payment amount (post-modification).	Number	Modification
Item 3(c)(5)	Modified maturity date. Indicate the new maturity date of the loan (post modification).	Date	Modification
Item 3(c)(6)	Modified amortization period. Indicate the new amortization period in months (post-modification).	Date	Modification

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(d)(1)	Property name. Provide the name of the property which serves as mortgage collateral. If the property has been defeased, then populate with "defeased."	Text	General Information
Item 3(d)(2)	Property geographic location. Provide the zip code the location of the property.	Number	General Information
Item 3(d)(3)	Property Type. Indicate the code that describes how the property is being used.	1 = Multifamily 2 = Retail 3 = HealthCare 4 = Industrial 5 = Warehouse 6 = Mobile home park 7 = Office 8 = Mixed use 9 = Lodging 10 = Self storage 11 = Securities 12 = Cooperative housing 98 = Other	General Information
Item 3(d)(4)	Net rentable square feet. Provide the net rentable square feet area of a property.	Number	General Information
Item 3(d)(5)	Number of units/beds/rooms. Provide the number of units/beds/rooms of a property.	Number	General Information
Item 3(d)(6)	Year built. Provide the year that the property was built.	Number	General Information
Item 3(d)(7)	Valuation amount. The valuation amount of the property as of the valuation date.	Number	General Information
Item 3(d)(8)	Valuation date. The date the valuation amount was determined.	Date	General Information
Item 3(d)(9)	Physical occupancy. Provide the percentage of rentable space occupied by tenants. Should be derived from a rent roll or other document indicating occupancy.	%	General Information

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(d)(10)	Property status. Specify the code that describes the status of the property.	1=In foreclosure 2=REO 3=Defeased 4=Partial release 5=Substituted 6=Same as at contribution	General Information
Item 3(d)(11)	Defeasance status. Indicate the code that describes the defeasance status. A defeasance option is when an obligor may substitute other income-producing property for the real property without pre-paying the existing loan.	1=Portion of loan previously defeased 2=Full defeasance 3=No defeasance occurred 4=Defeasance not allowable	General Information
Item 3(d)(12)(i)	Financial reporting begin date. Specify the beginning date of the financial information presented in response to this subparagraph.	Date	General Information
Item 3(d)(12)(ii)	Financial period reporting end date. Specify the ended date of the financial information presented in response to this subparagraph.	Date	General Information
Item 3(d)(12)(iii)	Revenue. Provide the total underwritten revenue from all sources for a property.	Number	General Information
Item 3(d)(12)(iv)	Operating expenses. Provide the total operating expenses. Include real estate taxes, insurance, management fees, utilities, and repairs and maintenance.	Number	General Information
Item 3(d)(12)(v)	Net operating income. Provide the total revenues less total underwritten operating expenses prior to application of mortgage payments and capital items for all properties.	Number	General Information
Item 3(d)(12)(vi)	Net cash flow. Provide the total revenue less the total operating expenses and capital costs.	Number	General Information
Item 3(d)(12)(vii)	NOI/NCF indicator. Indicate the code that best describes how net operating income and net cash flow were calculated.	1=Calculated using CMSA Standard 2=Calculated using a definition given in the pooling and servicing agreement 3=Calculated using the underwriting method	General Information

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(d)(12)(viii)	DSCR (NOI). Provide the ratio of net operating income to debt service during the reporting period.	Number	General Information
Item 3(d)(12)(ix)	DSCR (NCF). Provide the ratio of net cash flow to debt service during the reporting period.	Number	General Information
Item 3(d)(12)(x)	DSCR indicator. Indicate the code that describes how the debt service coverage ratio was calculated.	1 = Average - Not all properties received financials, servicer allocates debt service only to properties where financial statements are received. 2 = Consolidated - All properties reported on one "rolled up" financial statement from the borrower 3 = Full - All financial statements collected for all properties 4 = None collected - No financials were received 5 = Partial - Not all properties received financial statements, servicer to leave empty 6 = “Worst Case” - Not all properties received financial statements, servicer allocates 100% of debt service to all properties where financial statements are received.	General Information
Item 3(d)(13)	Largest tenant. Identify the tenant that leases the largest square feet of the property (based on the most recent annual lease rollover review).	Text	General Information
Item 3(d)(14)	Square feet of largest tenant. Provide total square feet lease by the largest tenant.	Number	General Information
Item 3(d)(15)	Lease expiration of largest tenant. Provide the date of lease expiration for the largest tenant.	Date	General Information
Item 3(d)(16)	Second largest tenant. Identify the tenant that leases the second largest square feet of the property (based on the most recent annual lease rollover review).	Text	General Information

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 3(d)(17)	Square feet of second largest tenant. Provide total square feet leased by the second largest tenant.	Number	General Information
Item 3(d)(18)	Lease expiration of second largest tenant. Provide the date of lease expiration for the second largest tenant.	Date	General Information
Item 3(d)(19)	Third largest tenant. Identify the tenant that lease the third largest square feet of the property (based on the most recent annual lease rollover review).	Text	General Information
Item 3(d)(20)	Square feet of third largest tenant. Provide total square feet leased by the third largest tenant.	Amount	General Information
Item 3(d)(21)	Lease expiration of third largest tenant. Provide the date of lease expiration for the third largest tenant.	Date	General Information

Table 14. Schedule L-D Item 4. Automobile loan item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 4(a)	Subvented. Indicate yes or no as the whether a form of subsidy is received on the loan, such as cash incentives or favorable financing for the obligor.	1=Yes 2=No	General Information
Item 4(b)	Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.	Number	General Information
Item 4(c)	Repossessed. Indicate yes or no whether the vehicle has been repossessed. If the vehicle has been repossessed, provide the following additional information.	1=Yes 2=No	General Information
Item 4(c)(1)	Repossession proceeds. Provide the total amount of proceeds received on disposition.	Number	Repossession
Item 4(c)(2)	Repossession fees. Provide the amount of fees paid in connection with the repossession and disposition of the vehicle.	Number	Repossession

Table 15. Schedule L-D Item 5. Automobile lease item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 5(a)	Subvented. Indicate yes or no as to whether a form of subsidy is received on the loan, such as cash incentives or favorable financial for the obligor.	1=Yes 2=No	General Information
Item 5(b)	Updated residual value. If the residual value of the vehicle was updated during the reporting period, provide the updated value.	Number	General Information
Item 5(c)	Source of update residual value. Specify the code that describes the source of the residual value.	1 = Black Book 2 = Automotive lease guide 98 = Other	General Information
Item 5(d)	Termination indicator. Specify the code that describes the reason why the lease was terminated.	1 = Scheduled termination 2 = Early termination due to bankruptcy 3 = Involuntary repossession 4 = Voluntary repossession 5 = Insurance payoff 6 = Customer payoff 7 = Dealer purchase 98 = Other	Termination
Item 5(e)	Excess wear and tear received. Specify the amount of excess wear and tear fees received upon return of the vehicle.	Number	Termination
Item 5(f)	Excess mileage received. Specify the amount of excess mileage fees received upon return of the vehicle.	Number	Termination
Item 5(g)	Sales proceeds. If the vehicle has been sold, specify the amount of the proceeds received on sale of the vehicle.	Number	Termination
Item 5(h)	Lease term extension indicator. Indicate whether the lease term has been extended from the original term.	1=Yes 2=No	General Information
Item 5(i)	Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.	Number	Losses

Table 16. Schedule L-D Item 6. Equipment loan item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 6(a)	Liquidation proceeds. If the loan has been liquidated. Specify the amount of proceeds received.	Number	Liquidated Asset
Item 6(b)	Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.	Number	Charged-off

Table 17. Schedule L-D Item 7. Equipment lease item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 7(a)	Updated residual value. If the residual value of the equipment was updated during the reporting period, provide the updated value.	Number	General Information
Item 7(b)	Source of updated residual value. Specify the code that describes the source of the residual value.	1 = Internal 2 = External consultant 3 = Other	General Information
Item 7(c)	Termination indicator. Specify the code that describes the reason why the lease was terminated	1 = Scheduled termination 2 = Early termination due to bankruptcy 3 = Involuntary repossession 4 = Voluntary repossession 5 = Insurance payoff 6 = Customer payoff 7 = Dealer purchase 98 = Other	General Information
Item 7(d)	Liquidation proceeds. If the asset has been liquidated, specify the amount of proceeds received.	Number	Liquidated Asset
Item 7(e)	Amounts recovered. If the asset was previously charged-off, specify any amounts received after charge-off.	Number	Liquidated Asset

Table 18. Schedule L-D Item 8. Student loan item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 8(a)	Current obligor payment status. Indicate the code describing whether the obligor payment status is in-school, grace period, deferral, forbearance or repayment.	1 = In-school 2 = Grace period 3 = Deferral 4 = Forbearance 5 = Repayment	General Information
Item 8(b)	Capitalized interest. Specify the amount of interest accrued to be capitalized during the reporting period.	Number	General Information
Item 8(c)(1)	Principal collections from guarantor. Provide the amount of principal received from the guarantor during this reporting period.	Number	Guarantor Information
Item 8(c)(2)	Interest claims received from guarantor. Provide the amount of interest claims received from guarantor during this reporting period.	Number	Guarantor Information
Item 8(c)(3)	Claim in process. Indicate yes or no whether a claim is in process.	1=Yes 2=No	Guarantor Information
Item 8(c)(4)	Claim outcome. Indicate yes or no whether a claim has been rejected.	1=Yes 2=No	Guarantor Information

Table 19. Schedule L-D Item 9. Floorplan financing item requirements.

Proposed Item number	Proposed Title and Definition	Proposed Response	Proposed Category of Information
Item 9(a)	Liquidation proceeds. If the loan has been liquidated, specify the amount of proceeds received.	Number	Liquidated Asset
Item 9(b)	Amounts recovered. If the loan was previously charged-off, specify any amounts received after charge-off.	Number	Liquidated Asset
Item 9(c)(1)	Credit score type. Specify the type of the standardized credit score used to evaluate the obligor.	Text	General Information
Item 9(c)(2)	Most recent credit score. Provide the most recent credit score of the obligor.	Text or Number	General Information
Item 9(c)(3)	Most recent credit score date. Provide the date of the most recently obtained credit score of the obligor.	Date	General Information