

The ASF remained extremely active throughout 2009, as the industry worked to stabilize the securitization markets and the broader economy. Through its hard-working and dedicated membership and staff, the ASF responded to countless challenges and policy developments throughout the year. The following is a brief summary of the ASF's advocacy, educational and organizational initiatives and accomplishments in 2009.

ADVOCACY

Loan Modifications and Loss Mitigation

- In February, the ASF submitted to the Treasury Department the "ASF Statement of Principles and Recommendations for Foreclosure Prevention in Residential Mortgage-Backed Securities," which provided detailed proposals for loan modification initiatives and the Hope for Homeowners ("H4H") program and ultimately significantly influenced the details of the Home Affordable Modification Program ("HAMP").
- In January, February and March, the ASF organized numerous member meetings with the House Financial Services Committee (the "HFSC"), the Senate Committee on Banking, Housing, and Urban Affairs (the "Senate Banking Committee"), the Treasury Department, the Federal Housing Finance Agency (the "FHFA"), the Securities and Exchange Commission (the "SEC") and other congressional staff on issues related to mortgage loss mitigation.
- Throughout the spring, the ASF prepared multiple detailed evaluations and multiple written proposals to Department of Housing and Urban Development ("HUD"), HFSC and Senate Banking to help improve the functioning of H4H.
- In June, the ASF issued an extensive discussion paper on the effects of principal forbearance on the cashflows of shifting interest structures and overcollateralization structures used in RMBS transactions.
- In July, the ASF submitted supportive letters to the Treasury Department regarding short sales and deeds in lieu of foreclosure on behalf of the ASF Investor Committee and ASF Financial Guarantor Subforum.
- In December, the ASF submitted the ASF Principal Forbearance Market View Letter to the Treasury Department, which describes the obstacles currently preventing transaction parties from appropriately allocating principal forborne under HAMP as a realized loss in securitization trusts and provides detailed recommendations that would eliminate those obstacles.

Securitization Legislative and Regulatory Reform Proposals

- In August and in September, the ASF submitted proposals to the Federal Deposit Insurance Corporation (the "FDIC") to amend their existing legal isolation safe harbor to account for the changes made by the Financial Accounting Standards Board ("FASB") with the release of FAS 166/167. The ASF proposals consisted of a "Sale Approach" and a "Security Interest Approach" that could be issued by the FDIC in place of the existing safe harbor issued in 2000.
- In November, the ASF submitted to the House Financial Services Committee a number of proposed revisions of the "Credit Risk Retention Act," which included language regarding asset-backed securities risk retention, suspensions of reporting, loan level reporting and representations and warranties. The ASF also included an accompanying summary and analysis of the proposed changes.
- The ASF is currently developing a letter in response to the request of the FDIC for comments regarding its Interim Rule entitled "Defining Safe Harbor Protection for 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," which extends the existing legal isolation safe harbor until March 31, 2010.

Mortgage Finance Reform

- In March, the ASF participated in a hearing of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit and provided input on the state of the U.S. mortgage system within the context of pending legislation on mortgage reform. In April, the ASF testified at a HFSC hearing to suggest revisions to pending mortgage finance reform legislation.
- In October, the ASF testified before the Senate Banking, Housing and Urban Affairs Subcommittee on Securities, Insurance and Investment in a hearing entitled, "Securitization of Assets: Problems and Solutions."

ADVOCACY *continued*

- In May, the ASF sent letters to leaders of the Senate Banking Committee regarding S. 896, the “Helping Families Save Their Homes Act of 2009.”
- In October, the ASF submitted a letter to HUD and Ginnie Mae urging Ginnie Mae not to remove features of its securities that provide important protections to their investors, and directing the agency to look toward existing market models for how to handle prepayment interest shortfalls.

ASF Project RESTART

- The ASF continued its work on ASF’s Project on Residential Securitization Transparency and Reporting (“ASF Project RESTART”), an industry-developed initiative launched in July 2008 to help rebuild investor confidence in mortgage and asset-backed securities, restore capital flows to the securitization markets and increase the availability of affordable credit to all Americans. ASF Staff have worked alongside member working groups to produce all ASF Project RESTART material.
- In February, the ASF issued (i) a second request for comment (an “RFC”) on the ASF RMBS Disclosure Package, which is a package of loan-level information to be provided by issuers prior to the sale of private-label residential mortgage-backed securities and (ii) an initial RFC on the ASF RMBS Reporting Package, which is a package of loan-level information to be updated on a monthly basis by RMBS servicers throughout the life of an RMBS transaction. The final ASF RMBS Disclosure and Reporting Packages were released in July.
- In July, the ASF released an initial RFC on proposed ASF Model RMBS Representations and Warranties, which were designed to align the economic interests of asset originators and securitization sponsors with investors. The ASF Model RMBS Representations and Warranties were finalized and released in December.
- In September, the ASF and Standard and Poor’s Fixed Income Risk Management Services (“FIRMS”) announced the development of a unique loan identification number, known as the global ASF LINC™, for securitization reporting purposes to facilitate the monitoring of mortgage loans from origination through the securitization process. The creation and implementation of the global ASF LINC™ throughout the industry will help identify and track the mortgage loan as it moves through the secondary market, regardless of who holds legal title to or services the loan at

any particular time.

- In November, the ASF released an initial RFC on the ASF RMBS Trustee Bond-Level Reporting Package, which will provide investors and credit rating agencies with consistent fields of reporting information across issuers and enable them to efficiently review bond performance information.

Consumer Asset-Backed Securities

- In February, the ASF submitted a summary of issues and concerns relating to the Term Asset-Backed Securities Loan Facility (“TALF”) program to representatives of the Federal Reserve Bank of New York. The ASF also submitted a letter in November to the Financial Industry Regulatory Authority (“FINRA”) regarding its proposal to expand its TRACE reporting requirements to ABS.
- In March, the ASF submitted a letter to the Senate Banking Committee regarding the “Credit Card Accountability, Responsibility and Disclosure Act of 2009” to outline ASF concerns with the legislation.
- In the spring, a decision by a Texas bankruptcy court held that an assignee of a motor vehicle must be named as a lienholder on a new certificate of title in order to continue perfection of the security interest in the vehicle, which runs contrary to long-established financial industry standards and practices. The ASF worked to produce legislation to reaffirm industry practice by amending certain Texas laws to clarify that an assignee may, but not need, take affirmative action to continue the perfected status of a security interest. Texas Governor Rick Perry signed into effect the ASF-offered legislation in the summer.
- In May, the ASF sent a letter to representatives from several Congressional committees to draw attention to the negative unintended consequences of the Department of Education’s decision to use a new interest rate calculation for outstanding student loans. The ASF letter offered an alternative proposal for determining the appropriate interest rate and requested legislative action to avoid potential negative ratings actions on the securities that have financed the vast majority of these loans.
- In August, a letter was submitted to the New York City Council describing the potential impact that changes to the NYC Administrative Code’s definition of “debt collection agency” could have on the secondary market.
- In September, the ASF sent comments on the SEC’s money market fund reform proposals. The submission fol-

ADVOCACY *continued*

lowed a meeting between the ASF and the SEC in August to discuss ASF's preliminary views on the proposals.

- In August, the ASF made a specific request to the SEC to extend the Reg AB issuer website static pool exemption. After the SEC proposed specific rules for the exemption, the ASF responded in November to the SEC's request for comments regarding its release entitled, "Extension of Filing Accommodation for Static Pool Information in Filings With Respect to Asset-Backed Securities" (Release No. 33-9074).

Credit Rating Agency Reform

- In March, the ASF submitted a letter in response to the SEC's re-proposed credit rating agency reform proposals. The comment letter indicates ASF's firm support for additional disclosure requirements on ratings history. However, it also noted several concerns that ASF members had with the proposed rules.

- In April, the ASF participated in an SEC sponsored roundtable relating to the oversight of credit rating agencies.

Accounting and Regulatory Capital Standards

- In February, the ASF submitted a white paper and associated documents to FASB regarding a proposed linked-presentation model, which ASF had been advocating for some time.

- In September, the ASF submitted a letter to federal banking regulators requesting the near-term announcement of a six-month moratorium on any regulatory capital rule changes related to the implementation of accounting standards FAS 166 and 167, and the proposed elimination of the option for ABCP conduit sponsors to disregard consolidation of conduits for risk-based capital purposes, as proposed in the regulators' September notice of proposed rulemaking ("NPR"). The ASF followed up this letter with

several meetings with regulators throughout the fall, as well as additional letters in October to both regulators and Senate representatives.

- In April, the ASF provided a comment letter to the Basel Committee on its consultative document on proposed enhancements to the Basel II framework, noting that while the ASF supports the effort to correct weaknesses in the risk-based capital framework, there are still additional concerns and provisions that need to be addressed and clarified. This letter followed a previous ASF letter that was sent to the Committee in March and commented on interpretive issues relating to the definition of re-securitization exposure in the consultative document.

International Developments

- ASF staff and members participated in a consultation meeting of the IOSCO Task Force on Unregulated Markets and Products Industry Consultation during the summer.

- Throughout the summer and fall, the ASF communicated with IOSCO on several issues. The ASF commented on a consultation report on unregulated markets and products in June, a consultation paper entitled, "Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities" in August and a consultation report entitled, "Transparency of Structured Finance Products" in November.

Tax Advocacy

- In September, the ASF submitted a letter to the Internal Revenue Service (the "IRS") and the U.S. Department of the Treasury noting ASF member concerns with the Income Tax Regulations issued on September 16, 2009 under Sections 860A and 860G of the Internal Revenue Code of 1986, as amended. Additionally, the ASF met with IRS representatives in October and submitted an additional letter as a result of that meeting.

EDUCATION

- With almost 4,200 registrants, the annual winter conference, ASF 2009, was once again the largest securitization event of the year. The program featured an array of substantive panels on critical policy challenges confronting the market, including TARP, TALF, mortgage finance and foreclosure avoidance legislation, loan servicing and loss mitigation initiatives, GSE reform and what to expect from the new Congress and Administration. These discussions

featured key regulators, policymakers and thought leaders from the various public sector organizations with whom ASF interacts regularly, including James B. Lockhart III, then Director and Chairman of the Oversight Board of the FHFA, and Sandra Thompson, Director of the Division of Supervision and Consumer Protection at the FDIC. Presentation materials and recordings from many of the sessions were available on our website after the conference.

EDUCATION *continued*

- ♦ ASF continues to offer the Securitization Institute several times a year. The Institute is an industry-developed education and training curriculum covering core securitization market topics and concepts for securitization industry professionals, designed and taught by distinguished securitization market participants.
- ♦ ASF offers a number of topical Sunset Seminars each year in New York City, Charlotte and other locations. Sunset Seminars in 2009 focused on ASF Project RESTART, TALF, legislative and regulatory developments, GSE reform, industry efforts to improve investor confidence in securitization and changes to accounting standards. Registration for ASF members is complimentary, and webinar delivery is available for registrants and all ASF members both during the event and after.
- ♦ The ASF Annual Meeting was held on June 17th at the ASF Headquarters in New York. It included an ASF organizational update, a series of concurrent meetings covering current market issues, related legislation and regulatory initiatives, and a luncheon program featuring Hayley Boesky, Adam Ashcraft and Zoltan Pozsar of the Federal Reserve Bank of New York.
- ♦ In June, the ASF released the results of a study assessing the long-term impact of securitization, with a focus on the residential mortgage-backed securities market. The study analyzed the impact of securitization on the cost and availability of credit, as well as how securitization affects market liquidity and the distribution of risk. Based on an extensive review of loan-level and other data over the period of 1990 through 2006, the study found that securitization has produced significant economic benefits. Additionally, the ASF released a companion piece to the study, which notes several important perspectives that should be considered in any critical examination of the role, impact and benefits of securitization.
- ♦ The ASF semiannually publishes *American Securitization*, the official journal of the ASF, which offers analysis, commentary, insight and intelligence on current securitization market issues. The ASF also circulates to all members a Weekly Report, which contains summaries, information and intelligence on ASF projects, committee activities and relevant securitization industry developments. The ASF's website serves as a regular source of information on ASF initiatives, events and conferences, committee meetings, and other ASF-related matters.

ORGANIZATIONAL DEVELOPMENTS

- ♦ All ASF activities are conducted "by and for" the securitization industry, and ASF's membership is comprised of all categories of securitization market participants to create an inclusive environment to promote the interests of the entire industry. Throughout the years, the ASF has been able to maintain a strong and stable membership base.
- ♦ The ASF has several standing committees and subforums, allowing for broad member participation. More than 8,000 individuals from ASF member firms are involved in ASF in some capacity, including 2,100 participants in ASF committees, subforums, task forces and working groups. The ASF conducts numerous meetings each week on a wide range of topics, providing important opportunities for sharing knowledge and building consensus.
- ♦ The ASF successfully completed a transition in leadership in 2009, as Ralph Daloisio, managing director at Natixis, was elected Chairman of the ASF Board of Directors in February. In June, new members of the ASF Board of Directors were elected, along with new committee and subforum leaders, as each year approximately one third of ASF leadership positions are rotated to include a wide variety of industry participants and to develop the next generation of industry leaders.