Green Street

Asset-Backed Alert

THE WEEKLY UPDATE ON WORLDWIDE SECURITIZATION

FEBRUARY 19, 2021

SFA Searching for Order in ESG Cacophony

The **Structured Finance Association** is reworking an effort to harmonize the information used in determining the extent to which asset- and mortgage-backed bond deals meet environmental, social and governance standards.

The trade group had formed a task force to address the matter in late 2019, taking a broad approach to aligning the reporting and weighting of so-called ESG factors. But subsequent discussions, including an online symposium held Dec. 15 and 16, yielded such disparate feedback from investors, bankers, issuers and rating agencies — and in such large volumes — that the effort proved overwhelming.

In response, the SFA is turning its attention to individual classes. To that end, the organization is seeking industry professionals to join working groups with the goal of determining baseline reporting needs for each type of deal collateral.

The SFA then would compare and analyze the findings, which would flow into a yet-to-be-created information portal. From there, the hope is to reach industry-wide

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OneMain Establishing Credit Card Program

OneMain Financial is starting a credit card business that likely would use securitization as a funding source.

The Evansville, Ind., company plans to begin marketing the lending program during the second half of the year. It would cater mainly to borrowers with credit scores just below prime territory, starting with customers of its existing personal-loan and auto-loan operations.

OneMain is still working out details of how it would fund the effort. Initially, the expectation is that the company would tap cash reserves during an incubation period in which it would test the program's efficiency and learn the borrowing tendencies of clients.

As the portfolio grows, OneMain could funnel some of the accounts into commercial-paper conduits. The timing of a term securitization would depend on how quickly the company builds a critical mass of receivables needed for a deal of $300 million or more.

It's also likely that OneMain would fund some of the accounts via offerings of

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Conditions Ripe for Railcar-Lease Rebound

The supply of railcar-lease securitizations is surging.

Three deals totaling $701 million have priced in the asset class this year, already eclipsing the full-year 2020 total of two transactions for $525.3 million, according to **Asset-Backed Alert's** ABS Database. And with the market off to such a healthy start, industry participants see the 2019 record of $1.85 billion as almost certain to fall.

As already has been the case this year, the offerings would come from both new and established issuers. "I wouldn't be surprised if we hit $2 billion in new railcar deals this year," one banker said.

Last year's issuance shortage, the lowest level seen since 2013, resulted mainly from pressures stemming from the coronavirus outbreak. Now, several factors are coming into play in driving this year's growth forecasts.

For example, demand for freight cars is expected to increase as rail carriers

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THE GRAPEVINE

Former **Allstate Investments** portfolio manager **Kelly Bivens** resurfaced last week at **Harley-Davidson.** He's stationed in Chicago, working as a senior analyst for the Milwaukee motorcycle maker's securitization program. Bivens had been on the sidelines since parting ways with Allstate last March. He logged 16 years at the insurer, overseeing a portfolio of asset-backed bonds, residential mortgage bonds and commercial mortgage securities. Harley completed its latest securitization of motorcycle loans on Feb. 9, pricing $631.6 million of bonds via bookrunners **J.P. Morgan, Barclays** and **TD Securities.**

Jacob Kelman left data firm **DV01** last month for a post at San Carlos, Calif., personal lender **Oportun Funding.** He joined the New York office last week as a manager in the firm's capital-markets

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Student Loans See Libor Hazard

Student-loan specialists are expressing uncertainty about how Libor's phaseout will affect subsidies for federally guaranteed accounts.

The lack of clarity surrounds special allowance payments meant to compensate lenders for costs incurred in funding and servicing Federal Family Education Loan Program credits. While new FFELP-loan originations stopped in 2010, the **U.S. Department of Education** continues to ensure quarterly interest installments — typically based on one-month Libor plus a markup — for $277 billion of outstanding accounts.

The concern: With the Department of Education and the **Treasury Department** having determined that it would take an act of **Congress** to set a replacement benchmark for when Libor becomes unavailable, there's no way to tell right now how that switch would take place. And that's creating worries about disruptions in the subsidy payments, which are among the cashflows backing outstanding FFELP-loan securitizations.

Market instability and downgrades to the bonds could follow.

The Department of Education guarantees 97% of the principal balance for each FFELP loan, with that support factoring heavily into triple-A ratings that securitizations of the accounts typically have earned. But timing of the cashflows also is a key rating consideration.

That said, some industry participants are treating the matter with less urgency now that Libor administrator **Intercontinental Exchange** appears poised to continue reporting key U.S. dollar versions of the rate until June 2023. The operation had been planning the cutoff for the beginning of 2022.

The **Education Finance Council,** which represents state-sponsored and other nonprofit student-loan operations, has been working with leaders in the industry to set the stage for legislation under which the subsidy payments would move from Libor to a new benchmark. Despite Intercontinental Exchange's reporting extension, the EFC is concerned about how long it would take for the Department of Education and loan holders to prepare for the switch.

It also is concerned that Libor could cease to be a representative rate should it fall out of use earlier than scheduled.

The EFC would prefer to have direction from the **Federal Reserve's** Alternative Reference Rates Committee on which index should replace Libor for subsidy payments. "Our members are looking for an equitable rate of return that matches Libor as closely as possible," president **Debra Chomry** said. "We drafted language that we are shopping on Capitol Hill that refers to an 'ARRC recommended substitute reference index.' "

Such a change wouldn't affect borrowers. The hope is that the language could appear in an upcoming reconciliation act. ❖

Rental-Home Offerings in Pipeline

With the cost of selling bonds backed by rental-home cashflows plummeting, issuers are rushing back to market.

After several months without a transaction in the asset class, **Amherst Holdings, CoreVest American Finance, FirstKey Homes** and **Tricon American Homes** are assembling deals that could price in the coming weeks. The timing of the moves in large part reflects intense investor demand, which has resulted in a rapid tightening of spreads.

Case in point: **Pretium Partners** completed the sector's first transaction of 2021 on Feb. 11, selling $450.5 million of bonds with **Barclays, Deutsche Bank, Goldman Sachs** and **RBC** sharing bookrunner duties. The offering featured a triple-A-rated, five-year class that went out the door at 45 bp over swaps. That was 30 bp tighter than a similar slice CoreVest priced on Dec. 9 via Goldman, **Morgan Stanley** and **Wells Fargo.**

A record 18 securitizations of rental-home receivables totaling $9 billion priced in 2020, up from 11 deals for $3.8 billion in 2019, according to **Asset-Backed Alert's** ABS Database. But no offerings hit the market between the CoreVest and Pretium issues.

Industry participants say the recent drought likely was the result of issuers squeezing in transactions before the November election in case of uncertainty about the outcome, a development that could have locked up the market. In the absence of new offerings, investors have piled into the secondary market, driving up values among existing securities.

Sources say Amherst Holdings is likely to be the next issuer out of the gate. The Austin operation has not completed a transaction since Oct.10, when it sold $376.7 million of single-family rental securities via Deutsche Bank, **Amherst Pierpont,** Goldman and **Nomura.**

Cerberus Capital unit FirstKey is likely to follow Amherst Holdings. It priced its most recent offering on Oct. 20, selling $2.2 billion of bonds via bookrunners Morgan Stanley and **Bank of America.**

The timing of the CoreVest and Tricon offerings is not as clear, though market players are expecting them before the end of the first quarter. Tricon's last deal priced on Oct. 27, when it sold $440.5 million of bonds via Morgan Stanley, BofA, **Citigroup** and Deutsche. ❖

Data-Center Offering Taking Shape

DataBank Holdings is coming to market with its inaugural securitization.

The $657 million deal is underpinned by a portfolio of data centers, with lease payments from tenants representing the bulk of the cashflows. It is expected to price next week with **Deutsche Bank** running the books.

DataBank leases to tenants who need space for high-end computer servers and other networking devices. In addition to the mechanical infrastructure, the Dallas company supplies the power and cooling required to maintain large networks.

The company owns more than two dozen data facilities across the U.S., along with one in England and five in France.

The offering follows a similar deal from **Compass Datacenters,** which completed a $250 million transaction on Oct. 2. Compass, also based in Dallas, completed its debut securitization on June 5. That deal weighed in at $470 million. **Barclays** gained the underwriter assignment on both transactions. ❖

PACE Lenders Looking to HUD

The Property Assessed Clean Energy industry is seeking to expand access to efficiency upgrades for affordable housing via the **U.S. Department of Housing and Urban Development.**

HUD doesn't provide nearly as much multi-family financing as **Fannie Mae** or **Freddie Mac,** but it is more accommodating of PACE, which creates liens that are senior to those of mortgages.

The agency issued PACE guidelines in 2017 for apartment buildings that have either a HUD mortgage or tenants with rental subsidies.

"Energy upgrades improve cash flow, add to the property's value, improve overall portfolio sustainability and resiliency, and reduce the risk to HUD and [the **Federal Housing Administration's**] mortgage insurance programs," a HUD spokesperson said.

So far, however, just four projects have been approved, all in California.

Dividend Finance provided the cash for one of the projects, a $1 million installation of solar panels on the carports of a senior housing complex in Fontana. The project, which was completed in 2018, also funded the demolition of existing carports and the construction of additional covered parking. The upgrades are projected to save $4 million of electricity fees over the 25-year life of the panels.

Peter Grabell, a senior vice president in Dividend's commercial PACE business, said solar-power systems can provide some of the biggest energy savings in climates such as Southern California's, where they can be used to reduce peak demand charges.

"Solar might not offset 100% of utility spending, but it will chop off a big chunk," Grabell said.

The cost reduction doesn't benefit just the property owners. It also can reduce the rental subsidies that HUD provides to tenants because those payments are based in part on utility costs.

Dividend has clients interested in using PACE loans on HUD-financed properties across the country.

To that end, trade group **PACENation** last year held a series of regional workshops designed to explain the process for HUD approval and to build relationships with key HUD officials.

HUD must sign off on both the local PACE programs and individual projects. In addition to four California programs, just two others — one in Maryland and one in Washington, D.C. — have been fully vetted to date. Several other programs are in various stages of approval.

The agency requires a letter from the program administrator attesting that the PACE assessment is treated like a property tax, collected with taxes, and that only the most recent assessment is due. It also requires a letter from the state attorney general confirming that a particular PACE program conforms with state law. ❖

Citizens Boosting CLO Financing

Citizens Bank is attempting to expand its leveraged-loan warehousing business.

The effort picks up an initiative that Citizens had been eyeing for early 2020 but delayed amid coronavirus-related market disruptions. Now, the Providence, R.I., bank wants to become a more visible player in the sector.

While Citizens already offers warehouse financing for leveraged-loan buyers — typically collateralized loan obligation issuers whose deals are backed by mid-size accounts — sources describe the institution's presence so far as modest. As part of the plan, the bank is seeking a professional with at least five years of experience to oversee the group offering the facilities.

The recruit would fill a managing director slot in Charlotte. The role includes oversight of warehouse origination and structuring, marketing, and reviews of loan quality and legal compliance.

The push comes as CLO issuance is rebounding from a pandemic-induced slump in new-deal volume in 2020. So far this year, issuers of corporate-loan CLOs in the U.S. have completed 36 offerings totaling $17.5 billion.

That activity dovetails with frothy conditions in the leveraged-loan market, where capital is flowing freely to borrowers. ❖

Upstart Adding Auto-Loan Bonds

Upstart is adding subprime auto loans to its securitization business.

The San Mateo, Calif., company, known chiefly for its personal loans, began originating auto loans in June, with a warehouse line of unknown size financing the accounts. Now it is seeking a capital-markets head whose responsibilities would include oversight of an auto-loan securitization program that could produce a debut offering in the second half of the year.

The recruit will report to **Song Eun Kim,** who was elevated in January to vice president for treasury and capital markets. Kim arrived in December 2019. She previously headed **Ford's** auto-lease and dealer-floorplan securitization programs.

Upstart has issued $3.1 billion of bonds backed by personal loans since 2017, according to **Asset-Backed Alert's** ABS Database. Its most recent offering, a $207.9 million deal run by **Goldman Sachs,** priced on Jan. 28.

The expansion into auto loans reflects Upstart's intention to broaden its investor base as it begins a new chapter. In December, the company completed an initial public offering that raised $180 million. ❖

CLOs Win Anti-Priming Terms

Collateralized loan obligation managers appear to be making headway with efforts to prevent other corporate-loan investors from gaining seniority over them.

At issue is a practice, known as priming, in which troubled borrowers take out new loans or rework existing senior secured debts in a way that gives the incoming capital higher priority for repayment. Such arrangements have become increasingly common over the past year, as companies facing coronavirus-related pressures sought additional financing.

But investment-criteria limits for many CLOs prevent the deals' managers from participating, prompting protests from those shops. The result: Several broadly syndicated corporate loans that hit the market in recent weeks contained provisions that allow borrowers to subordinate collateral liens only with the consent of adversely affected lenders.

Vincent Pisano, a senior analyst at **Xtract Research,** said the so-called subordination blockers specifically appear to mark a response to priming arrangements by borrowers **Boardriders, Serta Simmons Bedding** and **TriMark.**

Pisano added that the protections, which can take various forms, were scarce until about six weeks ago but now appear in some form in perhaps half of the loans that Xtract reviews. "The concept seems to be expanding, and for obvious reasons," Pisano said.

The protections contrast with red-hot conditions in the leveraged-loan market, with borrowers generally having the upper hand as investors compete to buy or keep assets amid a wave a refinancing. At the same time, CLO issuers recognize that distressed companies need some flexibility to rework their debts.

To that end, Xtract has observed terms for new loans — three times in the past two weeks — that allow lien subordination with the approval of a majority of adversely affected lenders, as opposed to all of them. That compromise comes on the condition that all adversely affected lenders at least have the opportunity to participate in the new "super priority" loans, and in proportion to their stakes in the original senior loans.

While the setup could allow some loan holders to gain seniority over others, Pisano described it as "the middle ground that the market is looking for."

The idea is to prevent a single investor from vetoing a workout via a new super-priority loan tranche. It also would prevent a few lenders from negotiating secret deals with borrowers, with Pisano emphasizing that "the most important thing is that all lenders be informed about [changes to seniority]."

There have been discussions about other ways to protect loan investors from priming. **Leonard Klingbaum,** a partner at law firm **Ropes & Gray,** said at least one broadly syndicated loan came with proposed terms that would require the approval of two-thirds of lenders, instead of a simple majority, to change its pro-rata structure. But that language appeared in the initial draft of the credit agreement and might not survive the syndication process.

Klingbaum said some private loans to mid-size companies closed in the fourth quarter of 2020 with outright prohibitions on priming or a similar practice known as up tiering. However, such provisions "are few and far between, and in my opinion, they will continue to be," he said. "At the end of the day, it comes down to how much liquidity is available and how much pressure lenders can exert. With excess liquidity, borrowers are the givers of terms."

Indeed, many priming arrangements result from weak covenants that borrowers were able to negotiate during frothy periods in the leveraged-loan market. ❖

New-Deal Pipeline Keeps Swelling

Asset- and mortgage-backed bond deals continue to flow into the market.

Following up on its June 2019 debut in the asset class, **First-Key Mortgage** is aiming for next week to float an offering backed by home-equity lines of credit. Also coming to market late this month are an equipment-lease securitization from **Hewlett Packard Enterprise** and a **Credit Suisse** home-loan transaction whose receivables don't meet the **Consumer Financial Protection Bureau's** qualified-mortgage standards.

For this week, a combined 13 transactions totaling $11.1 billion were set to have priced. That would mark the highest weekly volume so far in 2021, despite a shortened work week resulting from Presidents Day.

The prior week saw 17 deals for $9.4 billion.

This week's tally included several deals that grew during the marketing process. Even with the added volume, however, supply remains insufficient to satisfy demand as investors continue to shrug off coronavirus-related strains on the labor market. An unexpectedly high 861,000 Americans filed for first-time jobless benefits last week, about four times higher than typical pre-pandemic levels.

The largest of this week's deals was a $1.57 billion securitization of prime-quality auto loans that **Honda** priced on Feb. 17 with **J.P. Morgan, Bank of America, Deutsche Bank** and **MUFG** running the books (see Initial Pricings on Page 8). That issue initially hit the market at $1.2 billion.

Enterprise also tapped the market on Feb. 17, pricing $1.2 billion of automotive fleet-lease bonds via **Mizuho, Societe Generale, TD Bank** and **Wells Fargo.** Also drawing attention the same day was a $337.8 million offering of utility-fee bonds that **Barclays** and **RBC** led for **Southern California Edison.**

Among deals that were still set to price this week, **Finance of America** was shopping a $571.4 million reverse-mortgage offering with **Nomura** and **Raymond James Financial** sharing underwriting duties. **Barclays** also was shopping an $810 million securitization of whole-business cashflows for **Neighborly,** whose brands include **Mr. Rooter** and **Molly Maid.**

Year-to-date, 77 asset- and mortgage-backed bond issues totaling $47.2 billion have priced in the U.S., according to **Asset-Backed Alert's** ABS Database. That compares with 97 deals for $58.4 billion over the same stretch in 2020. ❖

Buy-Side Firm Ready to Launch

A hedge fund manager with a focus on asset-backed bond investments is set to launch in April with around $400 million of equity.

The firm, **3|5|2 Capital,** is expected to count both contributions from outside investors and seed money from **Leucadia Asset Management** in that amount, according to sister publication **Hedge Fund Alert.** Leading the operation is **Jordan Chirico,** who previously oversaw a big book of asset-backed securities at **Brigade Capital.**

At 3|5|2, the Indianapolis-based Chirico last month hired **Kai Fung** as head of credit. Fung last spent 10 years at **400 Capital.** Also on board is former **Deer Park Road** executive **Jabez Dewey** as head of portfolio strategy.

Chirico had been at Brigade since 2017. He also has spent time at **Baird** and **Credit Suisse.**

The effort comes amid similar moves by two other debt-fund operators with seed money from Leucadia. **FourSixThree Capital,** a special-situations and distressed-debt shop led by former **PointState Capital** executive **Scott Balkan,** is set to start trading in April with overall capital of at least $500 million. And **Point Bonita Capital** opened to outside investors in November.

Point Bonita, led by former **Wells Fargo** managing director **Ross Berger,** focuses on trade-finance investments. That operation started in May 2019 by managing proprietary capital for Leucadia's parent, **Jefferies,** and today runs about $350 million overall. It is expected to take in another $150 million in the coming weeks.

The initiatives reflect a growing interest in backing credit-focused operations at Leucadia. While it's not known how much capital the New York firm has given to the managers, the projected sizes of the shops show that the contributions have struck a chord with institutional investors.

Leucadia, led by co-presidents **Nicholas Daraviras** and **Sol Kumin,** boasted some $26.8 billion of overall assets on Nov. 30. The firm backs a variety of alternative-asset managers, typically in exchange for equity or shares of their revenues. ❖

Railcar ... From Page 1

campaign hard to win freight-shipping business away from their rivals in the trucking industry. Those efforts, which had slowed amid the pandemic, are based in part on opportunities the companies see as trucking capacity shrinks due mainly to driver shortages.

With coronavirus cases decreasing, home-construction projects that stalled in 2020 also are restarting. Shipping of construction material had been a big driver of railcar-lease securitizations in 2019.

An early-2021 jump in oil prices also could allow rail carriers to charge more to transport petroleum products, stoking demand for tanker cars. Adding to that outlook was a Feb. 16 snowstorm that temporarily shuttered oil wells and refineries in Texas, the nation's biggest oil-producing state.

Over the longer term, President **Joe Biden's** January order to revoke a permit for **TC Energy's** construction of the Keystone XL pipeline is expected to reinforce transportation of crude oil by tankers. A similar occurrence took place in 2014 and 2015, when former President **Barack Obama** idled pipeline activity.

Those years saw $1 billion of new railcar-lease securitizations apiece.

Upon its scheduled completion in 2023, the Keystone XL pipeline would have transported up to 830,000 barrels of oil per day. Tankers, which are set to absorb a sizable portion of that amount, typically have a capacity of 500 to 750 barrels apiece.

For the next 12 to 18 months, **Moody's** believes rail-based freight volume could grow 2.5% to 3.5%. That would follow a 9.3% drop in 2020. The agency also sees industry-wide revenue growth of 4.25% to 6%.

As a result, it has upgraded its outlook for the North American rail industry to "stable" from "negative."

Among this year's railcar-related securitizations was a debut offering of $267.5 million from Parsippany, N.J., leasing company **InStar Group.** That issue priced on Feb. 3 with **Credit Suisse** and **Wells Fargo** running the books.

InStar, founded in 2016, is led by industry veterans including chief executive **Umesh Choksi,** formerly of **American Railcar Industries.**

Meanwhile, **ITE Management** priced its first two issues since 2018. The New York investment firm completed one of the offerings, for $406.8 million, on Jan. 15 via Credit Suisse and **Deutsche Bank.** It also sold $26.8 million of bonds on Feb. 5 via Credit Suisse.

Trinity Industries, the sector's most active issuer and its only source of supply in 2020, is planning its first offering of 2021. The company last was in the market on Oct. 23, when it sold $370.8 million of bonds with Credit Suisse and **Credit Agricole** running the books.

Napier Park Global Capital also has a deal in the pipeline. It last tapped the market in November 2019, pricing a $681.7 million issue via Credit Suisse and Wells.

For bond buyers, railcar-lease securities represent a rare opportunity to capture decent returns on investment-grade products in today's low-yield environment. The top piece of InStar's transaction, encompassing $238.5 million of six-year bonds with single-A ratings, priced to yield 2.3%. ❖

SFA ... From Page 1

agreements on spelling out exactly what should go into determining the ESG impacts of securitizations and potentially related credit evaluations.

To be sure, the SFA isn't setting out to assign ESG ratings or designations itself. Rather, it is aiming to create a standard for the information that other entities — possibly investors, issuers or rating agencies — would use in those calculations.

While sustainability and social impact have become hot topics across the financial world, ESG investing so far has been concentrated in the equity and project-finance markets, where designations are clearer. For structured products, it often is up to investors to determine on a deal-by-deal basis which offerings meet their ESG standards.

Bonds backed by solar-panel loans, for example, seem sure to qualify for some sort of clean-energy credential. But there's no standard way to assign that badge or to measure how the underlying considerations might affect credit quality. And what about a securitization of, say, mortgages in underserved communities?

"There is really little in the way of industry consistency around ESG. People have different views on it, so we're facilitating this discussion," SFA chief executive **Michael Bright** said. "That's a problem and the opportunity. We need more information so can we get together and come up with initial reporting, ongoing reporting and what information should be public on ESG. We need to develop best practices and consistency."

The SFA's new class-by-class approach, which it views as more orderly, would span asset-backed securities, mortgage-backed securities and collateralized loan obligations.

There clearly is interest in centralized guidance for ESG securitizations. In November, the SFA released a survey in which 86% of respondents said their companies had organization-wide ESG programs in place, but a comparatively modest 47% reported maintaining such efforts for their structured-finance businesses.

For issuers, 81% said they incorporate ESG principles into their overall business with 73% doing so for their asset-origination and underwriting practices. In that category, 13% of respondents said they maintained ESG-focused securitization programs while 43% reported that they were developing one.

Investment banks, meanwhile, have been setting up groups specifically to arrange offerings of ESG securities — although not necessarily with a focus on securitizations. And investors who have gotten a taste of "green" project-finance bonds are showing rapidly growing interest in other products that might fit the bill.

Industry participants broadly agree that investors are the ones driving the discussion. Their focus: how ESG considerations interact with credit risk and how they can put their money to work in a way that is both profitable and addresses their sustainability goals.

In many cases, the buy-side operations already have incorporated ESG mandates into their overall strategies. And to that end, they've been peppering rating agencies and law firms with questions about the potential for standardized scores that take credit quality and sustainability into account.

Some investors, including **BlackRock, Calvert Research and Management, Nuveen, PGIM Fixed Income, Pimco** and **State Street,** already have been working with the SFA.

Speaking as a panelist at the SFA's December symposium, **John Di Paolo,** the head of asset-backed bond research at PGIM Fixed Income, cited a lack of research and understanding surrounding ESG principles for structured products. He added that in seeking consistency in ESG ratings, PGIM conducted its own market outreach and found that collateralized loan obligation issuers are outpacing their peers in other areas of the structured-finance market when it comes to studying and setting such policies.

So what's the outlook for ESG-informed credit ratings? Even if the SFA's retrenchment brings quick progress, most still see such designations as a long way off.

"You need to have consistent data to make informed decisions," **Kroll** structured-finance head **Eric Thompson** said. "Investors are getting mandates to incorporate ESG into their investments and are asking us for help in how to accomplish that goal. But it's a challenge."

Kroll is participating in the SFA project. So are **Moody's, S&P, Fitch** and **DBRS Morningstar.** While ESG factors currently have minimal impact on credit ratings, each of the agencies does incorporate those factors into its analysis.

S&P says it always has considered ESG impacts, but not for matters of credit quality. Since 2019, Fitch has assigned ESG "relevance scores" raging from "1" for deals with the least impact from ESG factors to "5" for those with the strongest influences.

DBRS released a new set of methods for determining ESG impact last month.

And Kroll offers a rundown of ESG considerations for all securitizations it grades, regardless of asset class. But those factors aren't a direct part of its rating formula either. "While we strive to provide transparency around ESG issues, they do not correlate with idealized default rates that comport to standard rating definitions, such as triple-A, that are easily discernable by investors," Thompson said.

Still, the feeling is that if investors ultimately want ratings that intertwine ESG considerations and credit quality, someone will create that service. "At this point, we need more information for a determination on whether ESG is a sustainable investment decision," Bright said. "The ESG rating is the holy grail, but I think we're pretty far from that." ❖

Correction

A Feb. 12 article, "NAIC Clouds Future for Offbeat Offerings," misinterpreted a statement by **Mayer Brown** partner **Lawrence Hamilton.** In characterizing a planned **National Association of Insurance Commissioners** rule that could affect insurers' capital reserves as "disruptive," Hamilton was referring to the original proposal and not a modified version. ❖

Credit ... From Page 1

unsecured bonds, as it already does for about half of its personal loans. Many of the operation's other personal loans get securitized.

In researching the potential for a card-lending business, treasury officials at OneMain determined that the market for subprime credit cards encompasses more than triple the amount of receivables than the personal-loan sector. They also found that each of the company's personal-loan borrowers typically has about five credit cards, with a combined $10 billion owed.

To that end, OneMain sees itself offering credit cards and personal loans as a bundled package. It also would offer cards as an alternative to loans.

A card-bond program from OneMain would mark a rare example of an established issuer of asset-backed securities entering the asset class. While the offering pipeline does include first-time transactions from lenders including **Fortiva Financial** and **Ramp,** those shops lack a history in other areas of the asset-backed bond market.

OneMain has completed 17 personal-loan securitizations totaling $11.2 billion, according to **Asset-Backed Alert's** ABS Database. Most recently, it sold $1 billion of bonds on Aug. 13 with **Citigroup, Mizuho** and **Societe Generale** running the books.

Meanwhile, many major banks have halted or slowed their credit card securitization activities while tapping customer deposits for lower-cost financing. The result is that investors, still eager for exposures in the asset class, already are keeping close watch over OneMain's efforts.

Just nine credit card transactions totaling $4.5 billion priced in the U.S. in 2020. That was the lowest volume since 1987, when seven deals amounting to $2.4 billion hit the market. ❖

INITIAL PRICINGS

Honda Auto Receivables Owner Trust, 2021-1

Priced: Feb. 17
Amount: $1.6 billion
Collateral: Auto loans (prime)
Seller: Honda
Bookrunners: J.P. Morgan, Bank of America, Deutsche Bank, MUFG

Class	M/F	Amount	Yield	WAL	Spread	Benchmark
A-1	F1+	329.000	0.122	0.26	-6	Int. Libor
A-2	AAA	549.000	0.166	0.95	+0	EDSF
A-3	AAA	549.000	0.271	2.17	+5	Int. Swaps
A-4	AAA	151.950	0.422	3.23	+7	Int. Swaps

GM Financial Automobile Leasing Trust, 2021-1

Priced: Feb. 17
Amount: $1.5 billion
Collateral: Auto leases
Seller: General Motors
Bookrunners: RBC, Citigroup, Lloyds Banking, Wells Fargo

Class	M/F	Amount	Yield	WAL	Spread	Benchmark
A-1	F1+	192.000	0.115	0.21	-5	Int. Libor
A-2	AAA	543.750	0.176	0.95	+1	EDSF
A-3	AAA	483.730	0.266	1.75	+8	EDSF
A-4	AAA	102.200	0.337	2.24	+11	Int. Swaps
B	Aa1/AA	71.330	0.546	2.42	+30	Int. Swaps
C	Aa2/A	66.410	0.709	2.54	+45	Int. Swaps
D	A2/BBB	41.000	1.019	2.64	+75	Int. Swaps

Structured Agency Credit Risk REMIC Trust, 2021-HQA1

Priced: Feb. 17
Amount: $1.4 billion
Collateral: Risk transfer
Seller: Freddie Mac
Bookrunners: Nomura, Morgan Stanley

Class	M/S	Amount	Yield	WAL	Spread	Benchmark
M-1	Baa1/BBB	335.000		1.62	+70	SOFR
M-2	Ba1/B+	560.000		5.02	+225	SOFR
B-1	B2/B-	223.000		9.57	+300	SOFR
B-2	NR	268.000		12.40	+500	SOFR

Ford Credit Auto Owner Trust, 2021-A

Priced: Feb. 17
Amount: $1.3 billion
Collateral: Auto loans (prime)
Seller: Ford
Bookrunners: SMBC Nikko, Barclays, Societe Generale, BNP Paribas, J.P. Morgan

Class	M/S	Amount	Yield	WAL	Spread	Benchmark
A-1	A1+	204.970	0.119	0.22	-5	Int. Libor
A-2	AAA	455.060	0.171	0.91	+1	EDSF
A-3	AAA	455.060	0.304	2.22	+8	Int. Swaps
A-4	AAA	135.000	0.492	3.49	+10	Int. Swaps
B	Aaa/AA+	39.470	0.704	3.73	+27	Int. Swaps
C	Aaa/AA	26.320	0.834	3.73	+40	Int. Swaps

Enterprise Fleet Financing LLC, 2021-1

Priced: Feb. 17
Amount: $1.2 billion
Collateral: Auto-fleet leases
Seller: Enterprise
Bookrunners: Mizuho, Societe Generale, TD Securities, Wells Fargo

Class	S/F	Amount	Yield	WAL	Spread	Benchmark
A-1	A1+	285.000	0.168	0.35	-2	Int. Libor
A-2	AAA	765.000	0.443	1.93	+25	EDSF
A-3	AAA	150.38	0.703	3.66	+28	Int. Swaps

CLI Funding VIII LLC, 2021-1

Priced: Feb. 17
Amount: $700 million
Collateral: Shipping container leases
Seller: CLI
Bookrunners: MUFG, Bank of America, RBC

Class	S&P	Amount	Yield	WAL	Spread	Benchmark
A	A	651.700	1.646	4.82	+100	Int. Swaps
B	BBB	48.300	2.396	4.82	+175	Int. Swaps

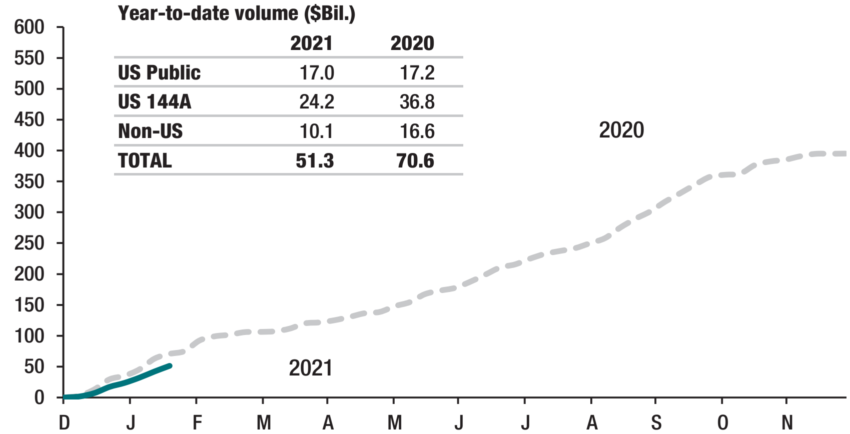
SCE Recovery Funding LLC, 2021-A

Priced: Feb. 17
Amount: $337.8 million
Collateral: Utility receivables
Seller: Southern California Edison
Bookrunners: Barclays, RBC

Class	M/S/F	Amount	Yield	WAL	Spread	Benchmark
A-1	AAA	137.783	0.861	5.76	+30	Treas.
A-2	AAA	100.000	1.942	14.09	+65	Treas.
A-3	AAA	100.000	2.510	20.20	+60	Treas.

MARKET MONITOR

WORLDWIDE ABS ISSUANCE

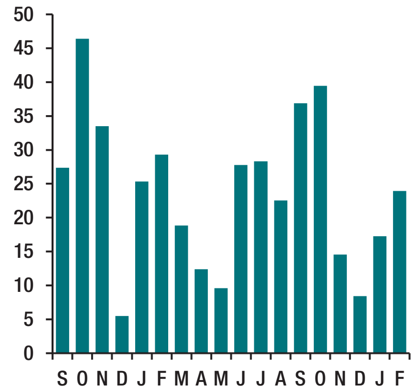


Year-to-date volume ($Bil.)

	2021	2020
US Public	17.0	17.2
US 144A	24.2	36.8
Non-US	10.1	16.6
TOTAL	**51.3**	**70.6**

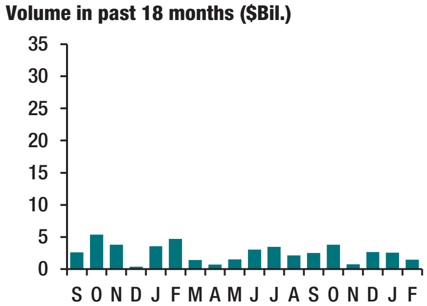
US ABS ISSUANCE

Volume in past 18 months ($Bil.)



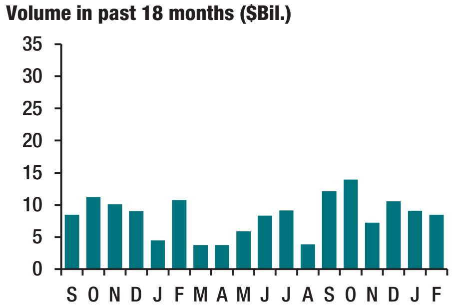
US NON-AGENCY MBS ISSUANCE

Volume in past 18 months ($Bil.)



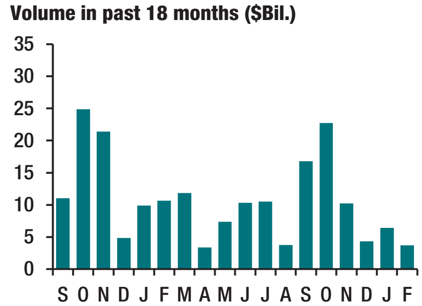
US CLO ISSUANCE

Volume in past 18 months ($Bil.)



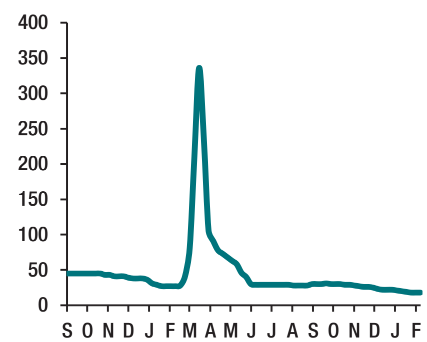
NON-US ABS ISSUANCE

Volume in past 18 months ($Bil.)



5-YR FIXED CARD SPREADS

Last 18 months (bps)



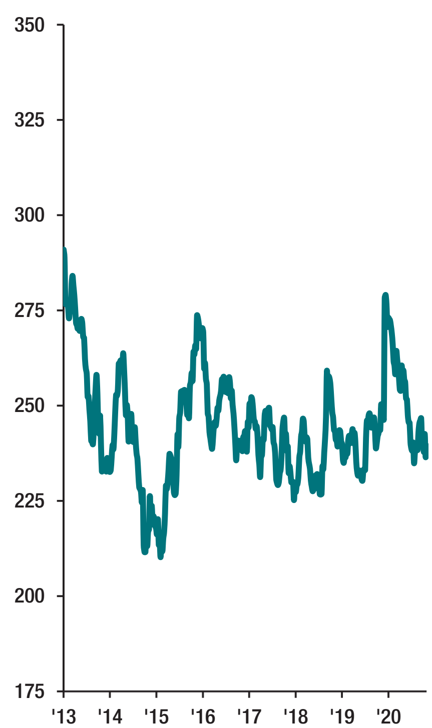
SPREADS ON TRIPLE-A ABS

	Avg. Life	Spreads (bps) 2/11	Week Earlier	52-wk Avg.
Credit Card	2.0	S-4	S-4	S+25
(Fixed)	5.0	S+18	S+18	S+49
Credit Card	2.0	L-3	L-3	L+28
(Floating)	5.0	L+28	L+28	L+56
Auto Loan	2.0	S+4	S+4	S+39
(Tranched)	3.0	S+10	S+10	S+48
Swap Spread	2.0	9.0	9.4	9.6
(Midpoint)	5.0	12.0	12.1	6.7
	10.0	7.5	7.5	0.8

Source: Deutsche Bank

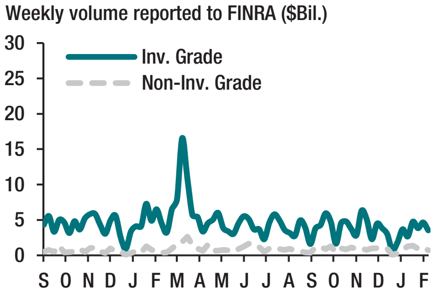
ASSET-BACKED COMMERCIAL PAPER OUTSTANDING

Since 4/17/13 ($Bil.)



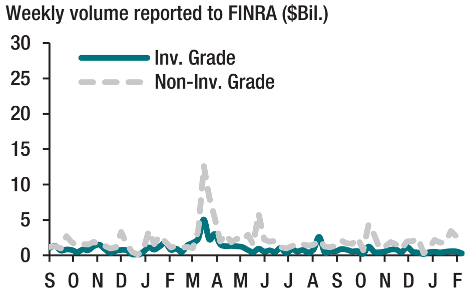
ABS SECONDARY TRADING

Weekly volume reported to FINRA ($Bil.)



MBS SECONDARY TRADING

Weekly volume reported to FINRA ($Bil.)



THE GRAPEVINE

... From Page 1

and treasury group. Kelman had been at DV01 since 2017, overseeing a team that reviews new securitizations. Before that, he was an analyst focused on mortgage bonds at **Moody's.** Oportun completed its most recent securitization on Nov. 2, pricing $193.7 million of bonds via bookrunner **Goldman Sachs.**

Kutak Rock is seeking an associate-level attorney for its structured-finance practice. The recruit would have a primary role in drafting transaction documents and negotiating transaction terms. Relocation to Denver is preferred but not required. Candidates should have at least four years of experience. Kutak has specialized in student-loan deals, serving as issuer counsel for **Nelnet** and as underwriter counsel on offerings from **Brazos Higher Education** and **South Carolina Student Loan Corp.**

Online business-loan originator **BlueVine** has added a sales specialist. **Shaun Wadhwa,** a vice president, started in the Redwood City, Calif., lender's New York office last month. He most recently spent more than nine years in various sales roles at **OnDeck Capital,** which was acquired by **Enova International** in October after running into pandemic-related funding difficulties. Wadhwa also has logged time at **Merchant Service Group** and **Mobile Magic.** BlueVine has been working toward funneling its loans into asset-backed bond deals.

Corporate credit-card lender **Ramp** is looking for a professional versed in financial planning and analysis as it maps out its future. The recruit, who would be among the first hires in the startup's finance operation, would be stationed in New York, helping to oversee the expansion of its product-development and capital-markets presence and eventually the creation of a securitization program. On Feb. 10, Ramp secured a $150 million warehouse line from **Goldman Sachs** to help finance the growth of its card accounts.

Home-buying startup **Ribbon Home** is seeking a director-level capital-markets professional in New York to help build out its funding sources. The recruit would negotiate terms of credit facilities and manage relationships with banks and insurance brokers, among other duties. Candidates should have at least three years of experience, including two years at a startup. Ribbon purchases homes on behalf of buyers who have yet to sell their old houses. It profits by charging a 2% transaction fee and by collecting rent on the properties until the prospective owners can unload their previous homes.

Hunton Andrews last month promoted attorneys **Shannon Daily** and **William Van Thunen** to counsel from associate. Both are based in Hunton's Richmond, Va., headquarters. Daily, who advises on securitizations of mortgages and servicer advances, joined Hunton by way of the 2018 merger of **Hunton Williams** and **Andrews Kurth.** She had been with Hunton Williams since 2010. Van Thunen, who focuses on mortgage finance, among other issues, joined Hunton Williams in 2013. Hunton will name a new class of partners on April 1.

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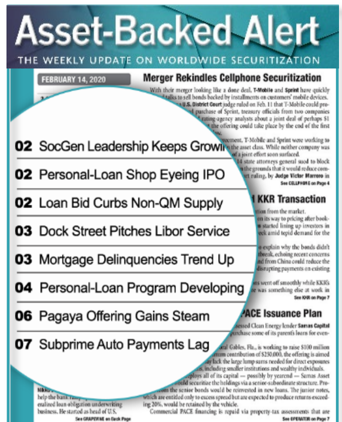

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