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In this Winter 2005 issue of *The Journal of Structured Finance*, we have an extensive legal section, consisting of seven articles. You can expect to see significant legal content in our journal going forward. Also, with this issue we begin a new feature that will appear at the end of the journal on a regular basis: a summary of recent developments from *Securitization News* compiled by Jeremy Carter, editor of that newsletter. The issue begins with Terry Meyers' thorough explanation of tax considerations for asset-backed securities (ABS) issuers. Then, following up on two articles by Ed Gainor and Dan Stachel in our Fall 2004 issue on the SEC's extensive new disclosure requirements for ABS issuers, Ned Myers and George Henman provide further information and commentary on these requirements, with an emphasis on the information technology required for the acquisition, analysis, and reporting on collateral data—for example, the "slicing and dicing" and "drilling down" into different aggregations of loan-level data required for a "static pool analysis." Next we have two articles that describe the risks and rewards offered by different tranches of two relatively new structured investment vehicles. Alexander Batchvarov, William Davies, and Altynay Davletova describe the CDO^2, or CDO of CDOs—a repackaging of traditional, single-tranche CDOs that offers investors relatively high yields and a high probability of zero or low losses in compensation for a small probability of very high losses, known as "cliff risk." Then an article by Jean Missinhoun and Leena Chacowry discusses the collateralized fund obligation (CFO), which represents an extension of CDO technology to hedge funds.

We start the legal section with two articles on structured financing of transportation and other operating assets. Kevin Hochberg addresses the entire asset class, with an emphasis on certain legal apects that make the securitization of physical assets different from other securitizations: the key role of the servicer and the establishment of bankruptcy-remote special-purpose entities (SPEs). Then Ron Scheinberg addresses various considerations that come into play in the use of enhanced equipment trust certificates for aircraft financing. An EETC is a secured corporate credit, not a securitization, but nonetheless an important example of structured finance. The two financing structures generally used for EETCs are mortgages and leveraged leases. Mr. Scheinberg's article emphasizes collateral and inter-creditor issues. Then Emil Arca discusses the securitization of future receivable flows to mitigate sovereign rather than originator credit risks. His case example happens to be an airline, but the most frequent sponsors of these deals are banks and commodity exporters. Next, Ron Borod also deals with securitizing future cash flows, in this case those related to intellectual property—a sector of structured finance he believes, and we as well believe, is poised for rapid growth. Marge Colloff discusses how fraud can be mitigated in structured financings, picking up where Kent Williams left this important subject in the Fall 2004 issue. We conclude this issue with two articles on mortgage-backed securities. Scott Olson and Heather Moulder discuss issues related to the securitization of mortgage loans that are "scratched" or "dented," i.e., have discrepancies such as slow or missed payments, and Steve Ornstein, Matthew Yoon, and David Tallman discuss the troubling implications of the new Massachusetts predatory lending legislation on high-cost loans for anyone who might buy, participate in selling, or securitize such loans.

With these 11 articles, our objective is to provide you with in-depth coverage, written by expert practitioners, addressing the widest possible range of structured finance issues. Our writers are also our readers and vice versa. Please do not hesitate to call our attention to subjects you think we should be covering, and we will promptly seek a commitment from you to write an article that fills the gap. Happy reading and Happy New Year.

Henry A. Davis
Editor