

The ***GSE*** REPORT™

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***Special Supplement***

**Federal Government Financial Market Stabilization  
Efforts**

**August 2009**

# Federal Government Financial Market Stabilization Efforts

## SUMMARY OF GOVERNMENT FINANCIAL MARKET STABILIZATION EFFORTS

Program	Committed	Invested
TARP (\$700 billion available)	\$575.0 billion	\$270.9 billion
Federal Reserve rescue efforts	\$6.3 trillion	\$1.7 trillion
Federal stimulus total	\$1.2 trillion	\$467.8 billion
AIG bailout*	\$182 billion	\$116.8 billion
FDIC's takeover of failed banks	N/A	\$35.2 billion
Other programs, including credit credit union and money market and other guarantee programs	\$1.7 trillion	\$388.5 billion
Other housing initiatives, including the GSEs, FHA	\$720 billion	\$268.7 billion
Grand total	\$11 trillion	\$3.2 trillion
* Includes TARP investment of \$70 billion		

Sources: Treasury data as of 06/30/09; CBO, White House, *CNNMoney*; data as of 08/10/09; Federal Reserve Bank data as of 08/19/09; FDIC data as of 08/21/09

## TROUBLED ASSET RELIEF PROGRAM (\$700 BILLION AVAILABLE)

Program	Committed	Invested	Description
AIG	\$70 billion	\$69.8 billion	\$40 billion in preferred shares were converted to non-cumulative shares to more closely resemble common stock. Treasury later offered another \$30 billion in preferred shares with 10% dividend rate for up to 5 years.
Asset Guarantee Program	\$12.5 billion	\$5 billion	Funds set aside to backstop potential losses to government from Citigroup and Bank of America loans.
Citigroup	\$5.0 billion	\$5 billion	
Bank of America	\$7.5 billion	\$0	
Auto Supplier Support Program	\$5 billion	\$3.5 billion	Program to guarantee debt owed to auto suppliers for shipped products and provide suppliers financing to continue operations.
GM SSP	\$3.5 billion	\$2.5 billion	
Chrysler SSP	\$1.5 billion	\$1.0 billion	

<b>Program</b>	<b>Committed</b>	<b>Invested</b>	<b>Description</b>
Capital Purchase Program	\$218 billion	\$204.3 billion	Preferred investments in banks to shore up capital reserves and encourage lending, in return for dividend payments and stricter executive compensation requirements.
Making Home Affordable	\$75 billion	\$20.6 billion	\$50 billion foreclosure prevention plan, using TARP funds, to modify or refinance mortgages with goal of helping as many as 9 million at risk homeowners.
	\$50 billion	\$20.6 billion*	Supplemental \$25 billion of funds, \$20 billion from GSEs and \$5 billion from HUD, to help Treasury launch its \$75 billion multipronged foreclosure prevention plan. In July, the program had helped approximately 130,000 homeowners out of the 4 to 5 million homeowners that have been targeted.
	\$25 billion	\$0	*Allocated to MHA loan servicers but not necessarily disbursed as loan modifications. See Footnote 1 below.
Public-Private Investment Program	\$100 billion	\$0	Taxpayer funds used in partnership with private sector to purchase at least \$500 billion of toxic assets from financial institutions.
Targeted Investment Program	\$40 billion	\$40 billion	Emergency funding, in addition to previous \$25 billion capital investments, for Citigroup and Bank of America
Citigroup	\$20 billion	\$20 billion	
Bank of America	\$20 billion	\$20 billion	
Funds paid back	(\$72.3 billion)	(\$72.3 billion)	Estimate of banks' repayment of Treasury's Capital Purchase Program investments.
New initiatives	\$126.7 billion	N/A	
<b>TARP TOTAL</b>	<b>\$575 billion</b>	<b>\$270.9 billion</b>	

(1) Allocation to loan servicers: [http://money.cnn.com/news/specials/storysupplement/mortgage\\_servicers/](http://money.cnn.com/news/specials/storysupplement/mortgage_servicers/)

## FEDERAL RESERVE RESCUE EFFORTS

Program	Committed	Invested	Description
Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility	Unlimited	\$113 million	Financing to banks for purchases of three-month asset-backed commercial paper from money market mutual funds to promote market liquidity.
Bank of America loan-loss backstop	\$97 billion	\$0	Funds set aside to insure against BofA's potential losses from Merrill Lynch merger.
Bear Stearns bailout	\$29 billion	\$61.7 billion	Program to guarantee potential losses on Bear Stearns' portfolio; facilitated JPMorgan Chase's purchase of the failed investment bank.
Citigroup loan-loss backstop	\$220.4 billion	\$0	Funds set aside to insure against Citi's potential losses from mortgage-backed securities investments.
Commercial Paper Funding Facility	\$1.8 trillion	\$53.7 billion	Purchases of short-term corporate debt to boost the struggling market and providing critical three-month financing to businesses.
Foreign exchange dollar swaps	Unlimited	\$76.3 billion	Exchange of dollars to 13 foreign central banks for collateral. Aim is to provide liquidity to foreign financial institutions.
GSE debt purchases	\$200 billion	\$108.1 billion	Program to purchase Fannie's and Freddie's debt. Purpose of program is to reduce market rates for home loans.
GSE mortgage-backed securities purchases	\$1.25 trillion	\$769.4 billion	Program to buy MBS held by Fannie Mae and Freddie Mac. Purpose of program is reduce market rates for home loans.
Money Market Investor Funding Facility	\$600 billion	\$0	Programs to help money market funds by lending to funds directly.
Primary Dealer Credit Facility	N/A	\$0	Existing lending facility for commercial banks that was opened to investment banks for first time in March 2008.
Term Asset-backed Securities Loan Facility	\$1 trillion	\$36.3 billion	Program to purchase consumer loan-backed securities. Purpose of program is to revive the securitization market for consumer loans

<b>Program</b>	<b>Committed</b>	<b>Invested</b>	<b>Description</b>
			like credit cards and auto loans.
Term Auction Facility	\$500 billion	\$233.6 billion	Lending program that allows commercial banks to liquefy hard-to-sell assets, including mortgage-backed securities: Fed accepts these assets as collateral and provides banks cash.
Term Securities Lending Facility	\$250 billion	\$2.7 billion	Federal Reserve facility that loans Treasury securities to banks against hard-to-sell collateral such as mortgage-backed securities.
U.S. government bond purchases	\$300 billion	\$238.6 billion	Federal Reserve will buy up to \$300 billion of U.S. debt to support Treasury market and help lower interest rates down for consumer loans.
FRB total	\$6.3 trillion	\$1.7 trillion	

### **FEDERAL STIMULUS PROGRAMS**

<b>Program</b>	<b>Committed</b>	<b>Invested</b>	<b>Description</b>
Economic Stimulus Act of 2008	\$168 billion	\$168 billion	Refundable tax rebates of up to \$600 for individual filers and \$1,200 for couples; businesses also received tax breaks.
Rebates for individuals	\$117 billion	\$117 billion	
Tax breaks for businesses	\$51 billion	\$51 billion	
Unemployment benefit extension	\$8 billion	\$8 billion	Additional federal funds to extend benefits for the unemployed.
Student loan guarantees	\$195 billion	\$32.6 billion	Program to purchase federal student loans from private lenders. Purpose is to provide financing for companies that provide student loans.
American Recovery and Reinvestment Act	\$787.2 billion	\$250.2 billion	Infrastructure spending, funding for states, assistance for the needy and tax cuts for individuals and businesses to stimulate the economy.
Tax relief	\$288 billion	\$53 billion	
Stimulus	\$499.2 billion	\$197.2 billion	

<b>Program</b>	<b>Committed</b>	<b>Invested</b>	<b>Description</b>
Advanced Technology Vehicles Manufacturing program	\$25 billion	\$8 billion	Energy Department loans to help auto manufacturers and parts suppliers create new fuel-efficient vehicles. The funds will be through a competitive process to companies that can increase fuel standards at least 25% beyond 2005 levels.
Car Allowance Rebate System (“Cash for Clunkers”)	\$3 billion	\$1 billion	Rebate program to give car buyers up to \$4,500 for trading in qualifying gas-guzzling vehicles if they purchase more fuel efficient cars.
Stimulus total	\$1.2 trillion	\$467.8 billion	

### **AIG BAILOUT EFFORTS**

<b>Program</b>	<b>Committed</b>	<b>Invested</b>	<b>Description</b>
Asset purchases CDO purchases MBS purchases	\$52.5 billion \$30 billion \$22.5 billion	\$36.4 billion \$21.3 billion \$15.1 billion	\$30 billion from New York Fed for purchasing clients’ collateralized debt obligations and \$22.5 billion for purchasing clients’ mortgage-backed securities.
Bridge loan	\$25 billion	\$39.2 billion	Loan to be reduced from \$60 billion to \$25 billion as government takes shares in AIG subsidiaries and receives cash flows from life insurance policies. AIG will pay 3% plus 3-month Libor rate to government in interest on the 5-year loan.
Government stakes in subsidiaries	\$26 billion	\$0	Government to hold preferred interest in entities holding all the common stock of American Life Insurance Company and American International Assurance Company, two life insurance holding company subsidiaries of AIG.
TARP investment	\$70 billion	\$41.2 billion	As previously noted in the TARP section (above), \$40 billion in preferred shares were converted to non-cumulative shares that more closely resemble common stock; Treasury later offered another \$30 billion in preferred shares for up to 5 years, in return for a 10% dividend.
Other	\$8.5 billion	\$0	Government provided \$8.5 billion to AIG in exchange for receiving cash streams from the premiums of blocks of life insurance policies.
AIG total	\$182 billion	\$116.8 billion	

## FDIC TAKEOVER OF FAILED BANKS

<b>Program</b>	<b>Cost to fund</b>
2008 FDIC bank takeovers	\$17.6 billion
2009 FDIC bank takeovers (as of 08/21/09)	\$17.6 billion
<b>FDIC total</b>	<b>\$35.2 billion</b>

## OTHER PROGRAMS TO RESCUE FINANCIAL SECTOR

<b>Program</b>	<b>Committed</b>	<b>Invested</b>	<b>Description</b>
Credit union deposit insurance guarantees	\$80 billion	\$0	Temporary guarantee of all corporate credit union deposits above former \$250,000 limit.
Money market guarantee program	\$50 billion	\$0	Treasury program to help money market funds by insuring against losses.
NCUA bailout of U.S. Central and WesCorp credit unions	\$57 billion	\$57 billion	Cost to NCUA credit unions, with backing of government, to place two troubled credit unions into conservatorship
U.S. Central Federal Credit Union investment	\$1 billion	\$1 billion	Cost to NCUA credit unions, with backing of government, to help troubled credit union cover anticipated losses on asset-backed securities.
Temporary Liquidity Guarantee Program	\$1.5 trillion	\$330.5 billion	Guarantees on newly issued bank bonds backed with assets on company balance sheets with maturities of more up to ten years. Aim is to restore liquidity to the corporate bond market and provide long-term financing to banks.
<b>Other financial total</b>	<b>\$1.7 trillion</b>	<b>\$388.5 billion</b>	

## OTHER HOUSING INITIATES

Program	Committed	Invested	Description
Fannie Mae and Freddie Mac bailout	\$400 billion	\$97.6 billion	Cost to the government placing Fannie Mae and Freddie Mac into conservatorship.
Fannie Mae	\$200 billion	\$45.9 billion	
Freddie Mac	\$200 billion	\$51.7 billion	
GSE MBS Purchase Program Account	N/A	\$151.07 billion	Treasury program to purchase of Fannie Mae and Freddie Mac mortgage-backed securities with goal of lowering mortgage rates. (Amount invested as of 06/30/09)
FHA housing rescue	\$320 billion	\$20 billion	Funding set aside for insurance of new 30-year fixed-rate mortgages for at-risk borrowers, tax credits for first-time home buyers and assistance to states and municipalities.
Other housing total	\$720 billion	\$268.7 billion	

Sources: Treasury data as of 06/30/09; CBO, White House, *CNNMoney*; data as of 08/10/09; Federal Reserve Bank data as of 08/19/09; FDIC data as of 08/21/09