## Emergency Economic Stabilization Act Programs

### Program Summary by Budget Activity

*(Dollars in Thousands)*

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2009</th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase Cap¹</td>
<td>Obligations²</td>
</tr>
<tr>
<td>Capital Purchase Program</td>
<td>$218,000,000</td>
<td>$58,830,700</td>
</tr>
<tr>
<td>Public-Private Investment Program³, ⁴</td>
<td>$75,000,000</td>
<td>$24,997,500</td>
</tr>
<tr>
<td>Systemically Significant Failing Institutions Program</td>
<td>$70,000,000</td>
<td>$57,946,000</td>
</tr>
<tr>
<td>Consumer and Business Lending Initiative³</td>
<td></td>
<td></td>
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<tr>
<td>TALF 1.0</td>
<td>$20,000,000</td>
<td>$6,666,000</td>
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<tr>
<td>TALF Asset Expansion</td>
<td>$35,000,000</td>
<td>$11,665,500</td>
</tr>
<tr>
<td>TALF for Legacy Securities</td>
<td>$25,000,000</td>
<td>$8,332,500</td>
</tr>
<tr>
<td>Unlocking SBA Lending Markets</td>
<td>$15,000,000</td>
<td>$4,999,500</td>
</tr>
<tr>
<td>Home Affordable Modification Program</td>
<td>$50,000,000</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Targeted Investment Program</td>
<td>$40,000,000</td>
<td>$19,540,000</td>
</tr>
<tr>
<td>Automotive Industry Financing Program and Auto Supplier Support Program</td>
<td>$35,400,000</td>
<td>$18,235,070</td>
</tr>
<tr>
<td>Asset Guarantee Program²</td>
<td>$12,500,000</td>
<td>($752,500)</td>
</tr>
<tr>
<td>Estimate of Redemption</td>
<td>($25,000,000)</td>
<td>NA</td>
</tr>
<tr>
<td>Capital Assistance and Other TBD Programs³</td>
<td>$129,100,000</td>
<td>$43,029,030</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$700,000,000</td>
<td>$303,489,300</td>
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</tbody>
</table>

¹Amount applied to the Section 115 Purchase Cap.  
²Estimated program costs or savings do not include $1,998,749,041 in estimated modification costs due to revisions of the initial loan and equity purchase terms.  
³Subsidy rate will be revised from the current 33.33% placeholder.  
⁴The TALF for Legacy Securities program categorized under the Consumer and Business Lending Initiative in this table will be implemented under the Public-Private Investment program.  
⁵Loan Guarantees are expected to be $419 billion, but Treasury will be limited to a $12.5 billion second loss.

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### Explanation of Budget Estimate

The Office of Financial Stability (OFS) budget includes funding to carry out the authorities delegated to the OFS by the Secretary of the Treasury to implement the Troubled Assets Relief Program (TARP). These authorities were vested to the Treasury Secretary by the Emergency Economic Stabilization Act of 2008 (EESA), which authorized the Secretary of the Treasury to establish the TARP to “purchase, and to make and fund commitments to purchase troubled assets from any financial institution, on terms and conditions as are determined by the Secretary.”

The EESA further authorized that the Secretary implement the TARP through an Office of Financial Stability.

The purposes of the EESA are to —
1. immediately provide authority and facilities that the Secretary of the Treasury can use to restore liquidity and stability to the financial system of the United States; and
2. ensure that such authority and such facilities are used in a manner that —
(A) protects home values, college funds, retirement accounts, and life savings; (B) preserves homeownership and promotes jobs and economic growth; (C) maximizes overall returns to the taxpayers of the United States; and (D) provides public accountability for the exercise of such authority.

**Purpose of the Program**

Since the passage of EESA in October 2008, the OFS has implemented a number of programs aimed to stabilize the financial system and restore the flow of credit to consumers and businesses. These include:

**Capital Purchase Program**

The Capital Purchase Program (CPP) was created to stabilize the financial system by building the capital base of healthy, viable U.S. financial institutions, which in turn will increase the capacity of those institutions to lend to businesses and consumers and support the economy. Under this program, Treasury is purchasing senior preferred shares from qualifying U.S. controlled banks, savings associations, and certain bank and savings and loan holding companies.

**Systemically Significant Failing Institution**

The Systemically Significant Failing Institution program (SSFI) is intended to provide stability and prevent disruptions to financial markets from the failure of a systemically significant institution. The Treasury will determine the eligibility of participants on a case-by-case basis. In determining whether an institution is systemically significant and at substantial risk of failure, Treasury may consider, among other things:

1. The extent to which the failure of an institution could threaten the viability of its creditors and counterparties because of their direct exposures to the institution;
2. Whether the institution is sufficiently important to the nation’s financial and economic system; or
3. The extent and probability of the institution’s ability to access alternative sources of capital and liquidity.

**Targeted Investment Program**

The Targeted Investment Program (TIP) is designed to prevent a loss of confidence in financial institutions that could result in significant market disruptions, threatening the financial strength of similarly situated financial institutions, impairing broader financial markets, and undermining the overall economy. Treasury will consider institutions as candidates, based on a number of factors including the threats posed by destabilization of the institution, the risks caused by a loss of confidence in the institution, and the institution’s importance to the nation’s economy.

**Automotive Industry Financing Program**

The Automotive Industry Financing Program (AIFP) is intended to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market
stability and have a negative effect on the economy of the United States. The program requires participating institutions to implement plans that will achieve long-term viability.

**Asset Guarantee Program**

The Asset Guarantee Program (AGP) provides guarantees for assets held by systemically significant financial institutions that face a risk of losing market confidence due in large part to a portfolio of distressed or illiquid assets. The AGP will be applied with extreme discretion in order to improve market confidence in the systemically significant institution and in financial markets broadly. Treasury does not anticipate that the program will be made widely available and notes that the EESA requires that premiums under section 102 be set to ensure that taxpayers are fully protected.

**The Consumer and Business Lending Initiative (CBLI)**

**Term Asset-Backed Securities Loan Facility**

The creation of the Term Asset-Backed Securities Loan Facility (TALF) was announced in November 2008 as a Federal Reserve facility to which Treasury will provide $20 billion in funding through the TARP. The Federal Reserve will lend on a non-recourse basis to holders of certain AAA-rated asset-backed securities (ABS) secured by newly and recently originated consumer and small business loans. TALF loans will have a term of three years and will be secured solely by eligible collateral. Haircuts (a percentage reduction used for collateral valuation) will be determined based on the riskiness of each type of eligible collateral and the maturity of the eligible collateral pledged to the Federal Reserve. The haircuts will provide additional protection to taxpayers by protecting the Federal Government from loss.

**Initiative to Unlock Credit for Small Businesses**

In March, Treasury announced a program to unlock credit for small businesses as part of the Consumer and Business Lending Initiative. As part of the program, Treasury will make up to $15 billion in TARP funds available to make direct purchases to unlock the secondary market for the government-guaranteed portion of SBA 7(a) loans as well as first-lien mortgages made through the 504 program. These purchases, combined with higher loan guarantees and reduced fees implemented under the American Recovery and Reinvestment Act of 2009, will help provide lenders with the confidence that they need to extend credit, knowing that if they make an SBA loan, they will be able to sell it and access the liquidity necessary to do further lending.

**Making Home Affordable**

Making Home Affordable includes two separate programs: the Home Affordable Refinance Program and the Home Affordable Modification Program. Together, these programs will assist as many as nine million homeowners making a good-faith effort to stay current on their mortgage payments and will also work to prevent the destructive impact of foreclosures on families and communities.
**Capital Assistance Program**
The Capital Assistance Program (CAP) is designed to ensure the continued ability of U.S. financial institutions to lend to creditworthy borrowers in the face of a weaker than expected economic environment and larger than expected potential losses. The CAP consists of two elements aimed at restoring confidence in the conditions of the U.S. banking system: a supervisory exercise and a new capital access program for qualifying financial institutions.

**Public-Private Investment Program**
To address the challenge of legacy assets, Treasury – in conjunction with the FDIC and the Federal Reserve – is announcing the Public-Private Investment Program (PPIP) as part of its efforts to repair balance sheets throughout our financial system and ensure that credit is available to the households and businesses, large and small, that will help drive us toward recovery.

**Legislative Proposals**
The TARP has no legislative proposals in FY 2010.

**Performance Measures**
Performance metrics are currently in development for the Troubled Assets Relief Programs and will be available by FY 2010.