



Implementation of the Emergency Economic Stabilization Act of 2008 — Alert Number I

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With the Emergency Economic Stabilization Act of 2008 (EESA) signed into law by President Bush on Friday, October 3, 2008, attention now turns to the Bush administration's implementation of the legislation led by Secretary Paulson and the Department of the Treasury (Treasury). EESA authorizes the Troubled Assets Relief Program (TARP) which enables the federal government to purchase up to \$700 billion (with immediate access to \$250 billion) in mortgage-related assets whose purchase is deemed essential to financial market stability.

Implementation is expected to proceed rapidly, similar to passage of EESA, with Treasury's purchase of assets slated to begin sometime in mid-November. Today, Treasury began identifying the selection process for hiring 5 to 10 asset managers and approximately two dozen professional (bankers, lawyers and accountants). Treasury representatives have indicated the selection process will involve extremely short deadlines for submission of proposal information.

Treasury also just issued today guidelines on procurement authorities and procedures, conflicts of interest and the asset manager selection process. Details of this information are available at <http://www.treas.gov/>. Treasury is expected to post an official Request for Proposal (RFP) to its website and is expected to issue information regarding the pay scale for its new financial agents.

In addition to this recent information, within forty-five (45) days of EESA's enactment, or within 2 days of the first purchase of assets, Treasury must also issue guidelines regarding troubled assets including: criteria for purchasing, methods for pricing and valuing and mechanisms for purchasing.

As an alternative to TARP, Treasury must establish a guarantee program for troubled assets whereby financial institutions that request guarantees on mortgage-backed securities or other assets would pay a risk-based premium to the Treasury for the guarantee. Details of this program and how Treasury determines the premiums are forthcoming, but required within ninety (90) days of EESA's enactment. Additional information which Treasury will issue in the near term includes: guidance on executive compensation for asset managers and direction on foreclosure mitigation techniques.

Dykema's Government Policy Attorneys and Advisors are closely monitoring EESA's implementation. For more information, contact Steve Zimmerman at 202-906-8613 or at szimmerman@dykema.com, or Mary Beth McGowan at 202-906-8631 or at mmcgowan@dykema.com.