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Council of Economic Advisers

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Folder Title:

Financial Crisis - TARP (Troubled Asset Relief Program) - Senate Passed

TARP

Senate - Passed

In the Senate of the United States,

October 1 (legislative day, September 17), 2008.

Resolved, That the bill from the House of Representatives (H.R. 1424) entitled “An Act to amend section 712 of the Employee Retirement Income Security Act of 1974, section 2705 of the Public Health Service Act, section 9812 of the Internal Revenue Code of 1986 to require equity in the provision of mental health and substance-related disorder benefits under group health plans, to prohibit discrimination on the basis of genetic information with respect to health insurance and employment, and for other purposes.”, do pass with the following

AMENDMENTS:

Strike all after the enacting clause and insert the following:

1. ***DIVISION A—EMERGENCY***
2. ***ECONOMIC STABILIZATION***
3. ***SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.***
4. (a) *SHORT TITLE.*—*This division may be cited as the*
5. *“Emergency Economic Stabilization Act of 2008”.*

- 1 (b) *TABLE OF CONTENTS.—The table of contents for*
 2 *this division is as follows:*

- Sec. 1. Short title and table of contents.*
Sec. 2. Purposes.
Sec. 3. Definitions.

TITLE I—TROUBLED ASSETS RELIEF PROGRAM

- Sec. 101. Purchases of troubled assets.*
Sec. 102. Insurance of troubled assets.
Sec. 103. Considerations.
Sec. 104. Financial Stability Oversight Board.
Sec. 105. Reports.
Sec. 106. Rights; management; sale of troubled assets; revenues and sale proceeds.
Sec. 107. Contracting procedures.
Sec. 108. Conflicts of interest.
Sec. 109. Foreclosure mitigation efforts.
Sec. 110. Assistance to homeowners.
Sec. 111. Executive compensation and corporate governance.
Sec. 112. Coordination with foreign authorities and central banks.
Sec. 113. Minimization of long-term costs and maximization of benefits for tax-payers.
Sec. 114. Market transparency.
Sec. 115. Graduated authorization to purchase.
Sec. 116. Oversight and audits.
Sec. 117. Study and report on margin authority.
Sec. 118. Funding.
Sec. 119. Judicial review and related matters.
Sec. 120. Termination of authority.
Sec. 121. Special Inspector General for the Troubled Asset Relief Program.
Sec. 122. Increase in statutory limit on the public debt.
Sec. 123. Credit reform.
Sec. 124. HOPE for Homeowners amendments.
Sec. 125. Congressional Oversight Panel.
Sec. 126. FDIC authority.
Sec. 127. Cooperation with the FBI.
Sec. 128. Acceleration of effective date.
Sec. 129. Disclosures on exercise of loan authority.
Sec. 130. Technical corrections.
Sec. 131. Exchange Stabilization Fund reimbursement.
Sec. 132. Authority to suspend mark-to-market accounting.
Sec. 133. Study on mark-to-market accounting.
Sec. 134. Recoupment.
Sec. 135. Preservation of authority.
Sec. 136. Temporary increase in deposit and share insurance coverage.

TITLE II—BUDGET-RELATED PROVISIONS

- Sec. 201. Information for congressional support agencies.*
Sec. 202. Reports by the Office of Management and Budget and the Congressional Budget Office.
Sec. 203. Analysis in President's Budget.
Sec. 204. Emergency treatment.

TITLE III—TAX PROVISIONS

Sec. 301. Gain or loss from sale or exchange of certain preferred stock.

Sec. 302. Special rules for tax treatment of executive compensation of employers participating in the troubled assets relief program.

Sec. 303. Extension of exclusion of income from discharge of qualified principal residence indebtedness.

1 **SEC. 2. PURPOSES.**

2 *The purposes of this Act are—*

3 *(1) to immediately provide authority and facili-*
4 *ties that the Secretary of the Treasury can use to re-*
5 *store liquidity and stability to the financial system of*
6 *the United States; and*

7 *(2) to ensure that such authority and such facili-*
8 *ties are used in a manner that—*

9 *(A) protects home values, college funds, re-*
10 *tirement accounts, and life savings;*

11 *(B) preserves homeownership and promotes*
12 *jobs and economic growth;*

13 *(C) maximizes overall returns to the tax-*
14 *payers of the United States; and*

15 *(D) provides public accountability for the*
16 *exercise of such authority.*

17 **SEC. 3. DEFINITIONS.**

18 *For purposes of this Act, the following definitions shall*
19 *apply:*

20 *(1) APPROPRIATE COMMITTEES OF CONGRESS.—*

21 *The term “appropriate committees of Congress”*
22 *means—*

1 (A) *the Committee on Banking, Housing,*
2 *and Urban Affairs, the Committee on Finance,*
3 *the Committee on the Budget, and the Committee*
4 *on Appropriations of the Senate; and*

5 (B) *the Committee on Financial Services,*
6 *the Committee on Ways and Means, the Com-*
7 *mittee on the Budget, and the Committee on Ap-*
8 *propriations of the House of Representatives.*

9 (2) *BOARD.—The term “Board” means the*
10 *Board of Governors of the Federal Reserve System.*

11 (3) *CONGRESSIONAL SUPPORT AGENCIES.—The*
12 *term “congressional support agencies” means the Con-*
13 *gressional Budget Office and the Joint Committee on*
14 *Taxation.*

15 (4) *CORPORATION.—The term “Corporation”*
16 *means the Federal Deposit Insurance Corporation.*

17 (5) *FINANCIAL INSTITUTION.—The term “finan-*
18 *cial institution” means any institution, including,*
19 *but not limited to, any bank, savings association,*
20 *credit union, security broker or dealer, or insurance*
21 *company, established and regulated under the laws of*
22 *the United States or any State, territory, or posses-*
23 *sion of the United States, the District of Columbia,*
24 *Commonwealth of Puerto Rico, Commonwealth of*
25 *Northern Mariana Islands, Guam, American Samoa,*

1 or the United States Virgin Islands, and having sig-
2 nificant operations in the United States, but exclud-
3 ing any central bank of, or institution owned by, a
4 foreign government.

5 (6) FUND.—The term “Fund” means the Trou-
6 bled Assets Insurance Financing Fund established
7 under section 102.

8 (7) SECRETARY.—The term “Secretary” means
9 the Secretary of the Treasury.

10 (8) TARP.—The term “TARP” means the Trou-
11 bled Asset Relief Program established under section
12 101.

13 (9) TROUBLED ASSETS.—The term “troubled as-
14 sets” means—

15 (A) residential or commercial mortgages
16 and any securities, obligations, or other instru-
17 ments that are based on or related to such mort-
18 gages, that in each case was originated or issued
19 on or before March 14, 2008, the purchase of
20 which the Secretary determines promotes finan-
21 cial market stability; and

22 (B) any other financial instrument that the
23 Secretary, after consultation with the Chairman
24 of the Board of Governors of the Federal Reserve
25 System, determines the purchase of which is nec-

mortgage-
related,
BA 3/14/08
Secretary

Other
instrument
w/ Fed
must transmit
to Congress.

1 *essary to promote financial market stability, but*
2 *only upon transmittal of such determination, in*
3 *writing, to the appropriate committees of Con-*
4 *gress.*

5 **TITLE I—TROUBLED ASSETS**
6 **RELIEF PROGRAM**

7 **SEC. 101. PURCHASES OF TROUBLED ASSETS.**

8 *(a) OFFICES; AUTHORITY.—*

9 *(1) AUTHORITY.—The Secretary is authorized to*
10 *establish the Troubled Asset Relief Program (or*
11 *“TARP”) to purchase, and to make and fund com-*
12 *mitments to purchase, troubled assets from any finan-*
13 *cial institution, on such terms and conditions as are*
14 *determined by the Secretary, and in accordance with*
15 *this Act and the policies and procedures developed*
16 *and published by the Secretary.*

17 *(2) COMMENCEMENT OF PROGRAM.—Establish-*
18 *ment of the policies and procedures and other similar*
19 *administrative requirements imposed on the Secretary*
20 *by this Act are not intended to delay the commence-*
21 *ment of the TARP.*

22 *(3) ESTABLISHMENT OF TREASURY OFFICE.—*

23 *(A) IN GENERAL.—The Secretary shall im-*
24 *plement any program under paragraph (1)*
25 *through an Office of Financial Stability, estab-*

1 lished for such purpose within the Office of Do-
2 mestic Finance of the Department of the Treas-
3 ury, which office shall be headed by an Assistant
4 Secretary of the Treasury, appointed by the
5 President, by and with the advice and consent of
6 the Senate, except that an interim Assistant Sec-
7 retary may be appointed by the Secretary.

8 (B) CLERICAL AMENDMENTS.—

9 (i) TITLE 5.—Section 5315 of title 5,
10 United States Code, is amended in the item
11 relating to Assistant Secretaries of the
12 Treasury, by striking “(9)” and inserting
13 “(10)”.

14 (ii) TITLE 31.—Section 301(e) of title
15 31, United States Code, is amended by
16 striking “9” and inserting “10”.

17 (b) CONSULTATION.—In exercising the authority under
18 this section, the Secretary shall consult with the Board, the
19 Corporation, the Comptroller of the Currency, the Director
20 of the Office of Thrift Supervision, the Chairman of the Na-
21 tional Credit Union Administration Board, and the Sec-
22 retary of Housing and Urban Development.

23 (c) NECESSARY ACTIONS.—The Secretary is author-
24 ized to take such actions as the Secretary deems necessary

1 to carry out the authorities in this Act, including, without
2 limitation, the following:

3 (1) The Secretary shall have direct hiring au-
4 thority with respect to the appointment of employees
5 to administer this Act.

6 (2) Entering into contracts, including contracts
7 for services authorized by section 3109 of title 5,
8 United States Code.

9 (3) Designating financial institutions as finan-
10 cial agents of the Federal Government, and such in-
11 stitutions shall perform all such reasonable duties re-
12 lated to this Act as financial agents of the Federal
13 Government as may be required.

14 (4) In order to provide the Secretary with the
15 flexibility to manage troubled assets in a manner de-
16 signed to minimize cost to the taxpayers, establishing
17 vehicles that are authorized, subject to supervision by
18 the Secretary, to purchase, hold, and sell troubled as-
19 sets and issue obligations.

20 (5) Issuing such regulations and other guidance
21 as may be necessary or appropriate to define terms
22 or carry out the authorities or purposes of this Act.

23 (d) PROGRAM GUIDELINES.—Before the earlier of the
24 end of the 2-business-day period beginning on the date of
25 the first purchase of troubled assets pursuant to the author-

1 *ity under this section or the end of the 45-day period begin-*
 2 *ning on the date of enactment of this Act, the Secretary*
 3 *shall publish program guidelines, including the following:*

- 4 (1) *Mechanisms for purchasing troubled assets.*
 5 (2) *Methods for pricing and valuing troubled as-*
 6 *sets.*
 7 (3) *Procedures for selecting asset managers.*
 8 (4) *Criteria for identifying troubled assets for*
 9 *purchase.*

10 (e) **PREVENTING UNJUST ENRICHMENT.**—*In making*
 11 *purchases under the authority of this Act, the Secretary*
 12 *shall take such steps as may be necessary to prevent unjust*
 13 *enrichment of financial institutions participating in a pro-*
 14 *gram established under this section, including by pre-*
 15 *venting the sale of a troubled asset to the Secretary at a*
 16 *higher price than what the seller paid to purchase the asset.*
 17 *This subsection does not apply to troubled assets acquired*
 18 *in a merger or acquisition, or a purchase of assets from*
 19 *a financial institution in conservatorship or receivership,*
 20 *or that has initiated bankruptcy proceedings under title 11,*
 21 *United States Code.*

22 **SEC. 102. INSURANCE OF TROUBLED ASSETS.**

23 (a) **AUTHORITY.**—

24 (1) **IN GENERAL.**—*If the Secretary establishes the*
 25 *program authorized under section 101, then the Sec-*

1 *retary shall establish a program to guarantee troubled*
2 *assets originated or issued prior to March 14, 2008,*
3 *including mortgage-backed securities.*

4 (2) *GUARANTEES.—In establishing any program*
5 *under this subsection, the Secretary may develop*
6 *guarantees of troubled assets and the associated pre-*
7 *miums for such guarantees. Such guarantees and pre-*
8 *miums may be determined by category or class of the*
9 *troubled assets to be guaranteed.*

10 (3) *EXTENT OF GUARANTEE.—Upon request of a*
11 *financial institution, the Secretary may guarantee*
12 *the timely payment of principal of, and interest on,*
13 *troubled assets in amounts not to exceed 100 percent*
14 *of such payments. Such guarantee may be on such*
15 *terms and conditions as are determined by the Sec-*
16 *retary, provided that such terms and conditions are*
17 *consistent with the purposes of this Act.*

18 (b) *REPORTS.—Not later than 90 days after the date*
19 *of enactment of this Act, the Secretary shall report to the*
20 *appropriate committees of Congress on the program estab-*
21 *lished under subsection (a).*

22 (c) *PREMIUMS.—*

23 (1) *IN GENERAL.—The Secretary shall collect*
24 *premiums from any financial institution partici-*
25 *pating in the program established under subsection*

1 (a). Such premiums shall be in an amount that the
2 Secretary determines necessary to meet the purposes
3 of this Act and to provide sufficient reserves pursuant
4 to paragraph (3).

5 (2) AUTHORITY TO BASE PREMIUMS ON PRODUCT
6 RISK.—In establishing any premium under para-
7 graph (1), the Secretary may provide for variations
8 in such rates according to the credit risk associated
9 with the particular troubled asset that is being guar-
10 anteed. The Secretary shall publish the methodology
11 for setting the premium for a class of troubled assets
12 together with an explanation of the appropriateness of
13 the class of assets for participation in the program es-
14 tablished under this section. The methodology shall
15 ensure that the premium is consistent with paragraph
16 (3).

17 (3) MINIMUM LEVEL.—The premiums referred to
18 in paragraph (1) shall be set by the Secretary at a
19 level necessary to create reserves sufficient to meet an-
20 ticipated claims, based on an actuarial analysis, and
21 to ensure that taxpayers are fully protected.

22 (4) ADJUSTMENT TO PURCHASE AUTHORITY.—
23 The purchase authority limit in section 115 shall be
24 reduced by an amount equal to the difference between
25 the total of the outstanding guaranteed obligations

1 *and the balance in the Troubled Assets Insurance Fi-*
2 *nancing Fund.*

3 *(d) TROUBLED ASSETS INSURANCE FINANCING*
4 *FUND.—*

5 *(1) DEPOSITS.—The Secretary shall deposit fees*
6 *collected under this section into the Fund established*
7 *under paragraph (2).*

8 *(2) ESTABLISHMENT.—There is established a*
9 *Troubled Assets Insurance Financing Fund that shall*
10 *consist of the amounts collected pursuant to para-*
11 *graph (1), and any balance in such fund shall be in-*
12 *vested by the Secretary in United States Treasury se-*
13 *curities, or kept in cash on hand or on deposit, as*
14 *necessary.*

15 *(3) PAYMENTS FROM FUND.—The Secretary shall*
16 *make payments from amounts deposited in the Fund*
17 *to fulfill obligations of the guarantees provided to fi-*
18 *nancial institutions under subsection (a).*

19 **SEC. 103. CONSIDERATIONS.**

20 *In exercising the authorities granted in this Act, the*
21 *Secretary shall take into consideration—*

22 *(1) protecting the interests of taxpayers by maxi-*
23 *mizing overall returns and minimizing the impact on*
24 *the national debt;*

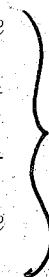
1 (2) providing stability and preventing disruption
2 to financial markets in order to limit the impact
3 on the economy and protect American jobs, savings,
4 and retirement security;

5 (3) the need to help families keep their homes
6 and to stabilize communities;

7 (4) in determining whether to engage in a direct
8 purchase from an individual financial institution, the
9 long-term viability of the financial institution in de-
10 termining whether the purchase represents the most
11 efficient use of funds under this Act;

12 (5) ensuring that all financial institutions are
13 eligible to participate in the program, without dis-
14 crimination based on size, geography, form of organi-
15 zation, or the size, type, and number of assets eligible
16 for purchase under this Act;

17 (6) providing financial assistance to financial
18 institutions, including those serving low- and mod-
19 erate-income populations and other underserved com-
20 munities, and that have assets less than
21 \$1,000,000,000, that were well or adequately capital-
22 ized as of June 30, 2008, and that as a result of the
23 devaluation of the preferred government-sponsored en-
24 terprises stock will drop one or more capital levels, in



1 *a manner sufficient to restore the financial institu-*
2 *tions to at least an adequately capitalized level;*

3 *(7) the need to ensure stability for United States*
4 *public instrumentalities, such as counties and cities,*
5 *that may have suffered significant increased costs or*
6 *losses in the current market turmoil;*

7 *(8) protecting the retirement security of Ameri-*
8 *cans by purchasing troubled assets held by or on be-*
9 *half of an eligible retirement plan described in clause*
10 *(iii), (iv), (v), or (vi) of section 402(c)(8)(B) of the*
11 *Internal Revenue Code of 1986, except that such au-*
12 *thority shall not extend to any compensation arrange-*
13 *ments subject to section 409A of such Code; and*

14 *(9) the utility of purchasing other real estate*
15 *owned and instruments backed by mortgages on mul-*
16 *tifamily properties.*

17 **SEC. 104. FINANCIAL STABILITY OVERSIGHT BOARD.**

18 *(a) ESTABLISHMENT.—There is established the Finan-*
19 *cial Stability Oversight Board, which shall be responsible*
20 *for—*

21 *(1) reviewing the exercise of authority under a*
22 *program developed in accordance with this Act, in-*
23 *cluding—*

24 *(A) policies implemented by the Secretary*
25 *and the Office of Financial Stability created*

1 under sections 101 and 102, including the ap-
2 pointment of financial agents, the designation of
3 asset classes to be purchased, and plans for the
4 structure of vehicles used to purchase troubled as-
5 sets; and

6 (B) the effect of such actions in assisting
7 American families in preserving home owner-
8 ship, stabilizing financial markets, and pro-
9 tecting taxpayers;

10 (2) making recommendations, as appropriate, to
11 the Secretary regarding use of the authority under
12 this Act; and

13 (3) reporting any suspected fraud, misrepresen-
14 tation, or malfeasance to the Special Inspector Gen-
15 eral for the Troubled Assets Relief Program or the At-
16 torney General of the United States, consistent with
17 section 535(b) of title 28, United States Code.

18 (b) MEMBERSHIP.—The Financial Stability Oversight
19 Board shall be comprised of—

20 (1) the Chairman of the Board of Governors of
21 the Federal Reserve System;

22 (2) the Secretary;

23 (3) the Director of the Federal Housing Finance
24 Agency;

1 (4) *the Chairman of the Securities Exchange*
2 *Commission; and*

3 (5) *the Secretary of Housing and Urban Devel-*
4 *opment.*

5 (c) *CHAIRPERSON.—The chairperson of the Financial*
6 *Stability Oversight Board shall be elected by the members*
7 *of the Board from among the members other than the Sec-*
8 *retary.*

9 (d) *MEETINGS.—The Financial Stability Oversight*
10 *Board shall meet 2 weeks after the first exercise of the pur-*
11 *chase authority of the Secretary under this Act, and month-*
12 *ly thereafter.*

13 (e) *ADDITIONAL AUTHORITIES.—In addition to the re-*
14 *sponsibilities described in subsection (a), the Financial Sta-*
15 *bility Oversight Board shall have the authority to ensure*
16 *that the policies implemented by the Secretary are—*

17 (1) *in accordance with the purposes of this Act;*

18 (2) *in the economic interests of the United*
19 *States; and*

20 (3) *consistent with protecting taxpayers, in ac-*
21 *cordance with section 113(a).*

22 (f) *CREDIT REVIEW COMMITTEE.—The Financial Sta-*
23 *bility Oversight Board may appoint a credit review com-*
24 *mittee for the purpose of evaluating the exercise of the pur-*
25 *chase authority provided under this Act and the assets ac-*

1 *quired through the exercise of such authority, as the Finan-*
2 *cial Stability Oversight Board determines appropriate.*

3 *(g) REPORTS.—The Financial Stability Oversight*
4 *Board shall report to the appropriate committees of Con-*
5 *gress and the Congressional Oversight Panel established*
6 *under section 125, not less frequently than quarterly, on*
7 *the matters described under subsection (a)(1).*

8 *(h) TERMINATION.—The Financial Stability Oversight*
9 *Board, and its authority under this section, shall terminate*
10 *on the expiration of the 15-day period beginning upon the*
11 *later of—*

12 *(1) the date that the last troubled asset acquired*
13 *by the Secretary under section 101 has been sold or*
14 *transferred out of the ownership or control of the Fed-*
15 *eral Government; or*

16 *(2) the date of expiration of the last insurance*
17 *contract issued under section 102.*

18 **SEC. 105. REPORTS.**

19 *(a) IN GENERAL.—Before the expiration of the 60-day*
20 *period beginning on the date of the first exercise of the au-*
21 *thority granted in section 101(a), or of the first exercise*
22 *of the authority granted in section 102, whichever occurs*
23 *first, and every 30-day period thereafter, the Secretary shall*
24 *report to the appropriate committees of Congress, with re-*
25 *spect to each such period—*

1 (1) *an overview of actions taken by the Sec-*
2 *retary, including the considerations required by sec-*
3 *tion 103 and the efforts under section 109;*

4 (2) *the actual obligation and expenditure of the*
5 *funds provided for administrative expenses by section*
6 *118 during such period and the expected expenditure*
7 *of such funds in the subsequent period; and*

8 (3) *a detailed financial statement with respect to*
9 *the exercise of authority under this Act, including—*

10 (A) *all agreements made or renewed;*

11 (B) *all insurance contracts entered into*
12 *pursuant to section 102;*

13 (C) *all transactions occurring during such*
14 *period, including the types of parties involved;*

15 (D) *the nature of the assets purchased;*

16 (E) *all projected costs and liabilities;*

17 (F) *operating expenses, including com-*
18 *penetration for financial agents;*

19 (G) *the valuation or pricing method used*
20 *for each transaction; and*

21 (H) *a description of the vehicles established*
22 *to exercise such authority.*

23 (b) *TRANCHE REPORTS TO CONGRESS.—*

24 (1) *REPORTS.—The Secretary shall provide to*
25 *the appropriate committees of Congress, at the times*

1 specified in paragraph (2), a written report, includ-
2 ing—

3 (A) a description of all of the transactions
4 made during the reporting period;

5 (B) a description of the pricing mechanism
6 for the transactions;

7 (C) a justification of the price paid for and
8 other financial terms associated with the trans-
9 actions;

10 (D) a description of the impact of the exer-
11 cise of such authority on the financial system,
12 supported, to the extent possible, by specific data;

13 (E) a description of challenges that remain
14 in the financial system, including any bench-
15 marks yet to be achieved; and

16 (F) an estimate of additional actions under
17 the authority provided under this Act that may
18 be necessary to address such challenges.

19 (2) *TIMING.*—The report required by this sub-
20 section shall be submitted not later than 7 days after
21 the date on which commitments to purchase troubled
22 assets under the authorities provided in this Act first
23 reach an aggregate of \$50,000,000,000 and not later
24 than 7 days after each \$50,000,000,000 interval of
25 such commitments is reached thereafter.

1 (c) *REGULATORY MODERNIZATION REPORT.*—The Sec-
2 retary shall review the current state of the financial markets
3 and the regulatory system and submit a written report to
4 the appropriate committees of Congress not later than April
5 30, 2009, analyzing the current state of the regulatory sys-
6 tem and its effectiveness at overseeing the participants in
7 the financial markets, including the over-the-counter swaps
8 market and government-sponsored enterprises, and pro-
9 viding recommendations for improvement, including—

10 (1) recommendations regarding—

11 (A) whether any participants in the finan-
12 cial markets that are currently outside the regu-
13 latory system should become subject to the regu-
14 latory system; and

15 (B) enhancement of the clearing and settle-
16 ment of over-the-counter swaps; and

17 (2) the rationale underlying such recommenda-
18 tions.

19 (d) *SHARING OF INFORMATION.*—Any report required
20 under this section shall also be submitted to the Congres-
21 sional Oversight Panel established under section 125.

22 (e) *SUNSET.*—The reporting requirements under this
23 section shall terminate on the later of—

24 (1) the date that the last troubled asset acquired
25 by the Secretary under section 101 has been sold or

1 transferred out of the ownership or control of the Fed-
2 eral Government; or

3 (2) the date of expiration of the last insurance
4 contract issued under section 102.

5 **SEC. 106. RIGHTS; MANAGEMENT; SALE OF TROUBLED AS-**
6 **SETS; REVENUES AND SALE PROCEEDS.**

7 (a) *EXERCISE OF RIGHTS.*—The Secretary may, at
8 any time, exercise any rights received in connection with
9 troubled assets purchased under this Act.

10 (b) *MANAGEMENT OF TROUBLED ASSETS.*—The Sec-
11 retary shall have authority to manage troubled assets pur-
12 chased under this Act, including revenues and portfolio
13 risks therefrom.

14 (c) *SALE OF TROUBLED ASSETS.*—The Secretary may,
15 at any time, upon terms and conditions and at a price de-
16 termined by the Secretary, sell, or enter into securities
17 loans, repurchase transactions, or other financial trans-
18 actions in regard to, any troubled asset purchased under
19 this Act.

20 (d) *TRANSFER TO TREASURY.*—Revenues of, and pro-
21 ceeds from the sale of troubled assets purchased under this
22 Act, or from the sale, exercise, or surrender of warrants or
23 senior debt instruments acquired under section 113 shall
24 be paid into the general fund of the Treasury for reduction
25 of the public debt.

1 (e) *APPLICATION OF SUNSET TO TROUBLED AS-*
2 *SETS.—The authority of the Secretary to hold any troubled*
3 *asset purchased under this Act before the termination date*
4 *in section 120, or to purchase or fund the purchase of a*
5 *troubled asset under a commitment entered into before the*
6 *termination date in section 120, is not subject to the provi-*
7 *sions of section 120.*

8 **SEC. 107. CONTRACTING PROCEDURES.**

9 (a) *STREAMLINED PROCESS.—For purposes of this*
10 *Act, the Secretary may waive specific provisions of the Fed-*
11 *eral Acquisition Regulation upon a determination that ur-*
12 *gent and compelling circumstances make compliance with*
13 *such provisions contrary to the public interest. Any such*
14 *determination, and the justification for such determination,*
15 *shall be submitted to the Committees on Oversight and Gov-*
16 *ernment Reform and Financial Services of the House of*
17 *Representatives and the Committees on Homeland Security*
18 *and Governmental Affairs and Banking, Housing, and*
19 *Urban Affairs of the Senate within 7 days.*

20 (b) *ADDITIONAL CONTRACTING REQUIREMENTS.—In*
21 *any solicitation or contract where the Secretary has, pursu-*
22 *ant to subsection (a), waived any provision of the Federal*
23 *Acquisition Regulation pertaining to minority contracting,*
24 *the Secretary shall develop and implement standards and*
25 *procedures to ensure, to the maximum extent practicable,*

1 *the inclusion and utilization of minorities (as such term*
2 *is defined in section 1204(c) of the Financial Institutions*
3 *Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C.*
4 *1811 note)) and women, and minority- and women-owned*
5 *businesses (as such terms are defined in section 21A(r)(4)*
6 *of the Federal Home Loan Bank Act (12 U.S.C.*
7 *1441a(r)(4)), in that solicitation or contract, including con-*
8 *tracts to asset managers, servicers, property managers, and*
9 *other service providers or expert consultants.*

10 (c) *ELIGIBILITY OF FDIC.—Notwithstanding sub-*
11 *sections (a) and (b), the Corporation—*

12 (1) *shall be eligible for, and shall be considered*
13 *in, the selection of asset managers for residential*
14 *mortgage loans and residential mortgage-backed secu-*
15 *rities; and*

16 (2) *shall be reimbursed by the Secretary for any*
17 *services provided.*

18 **SEC. 108. CONFLICTS OF INTEREST.**

19 (a) *STANDARDS REQUIRED.—The Secretary shall issue*
20 *regulations or guidelines necessary to address and manage*
21 *or to prohibit conflicts of interest that may arise in connec-*
22 *tion with the administration and execution of the authori-*
23 *ties provided under this Act, including—*

24 (1) *conflicts arising in the selection or hiring of*
25 *contractors or advisors, including asset managers;*

- 1 (2) *the purchase of troubled assets;*
- 2 (3) *the management of the troubled assets held;*
- 3 (4) *post-employment restrictions on employees;*
- 4 *and*
- 5 (5) *any other potential conflict of interest, as the*
- 6 *Secretary deems necessary or appropriate in the pub-*
- 7 *lic interest.*

8 (b) *TIMING.*—*Regulations or guidelines required by*
9 *this section shall be issued as soon as practicable after the*
10 *date of enactment of this Act.*

11 **SEC. 109. FORECLOSURE MITIGATION EFFORTS.**

12 (a) *RESIDENTIAL MORTGAGE LOAN SERVICING*
13 *STANDARDS.*—*To the extent that the Secretary acquires*
14 *mortgages, mortgage backed securities, and other assets se-*
15 *cured by residential real estate, including multifamily*
16 *housing, the Secretary shall implement a plan that seeks*
17 *to maximize assistance for homeowners and use the author-*
18 *ity of the Secretary to encourage the servicers of the under-*
19 *lying mortgages, considering net present value to the tax-*
20 *payer, to take advantage of the HOPE for Homeowners*
21 *Program under section 257 of the National Housing Act*
22 *or other available programs to minimize foreclosures. In ad-*
23 *dition, the Secretary may use loan guarantees and credit*
24 *enhancements to facilitate loan modifications to prevent*
25 *avoidable foreclosures.*

1 (b) *COORDINATION.*—*The Secretary shall coordinate*
2 *with the Corporation, the Board (with respect to any mort-*
3 *gage or mortgage-backed securities or pool of securities held,*
4 *owned, or controlled by or on behalf of a Federal reserve*
5 *bank, as provided in section 110(a)(1)(C)), the Federal*
6 *Housing Finance Agency, the Secretary of Housing and*
7 *Urban Development, and other Federal Government entities*
8 *that hold troubled assets to attempt to identify opportuni-*
9 *ties for the acquisition of classes of troubled assets that will*
10 *improve the ability of the Secretary to improve the loan*
11 *modification and restructuring process and, where permis-*
12 *sible, to permit bona fide tenants who are current on their*
13 *rent to remain in their homes under the terms of the lease.*
14 *In the case of a mortgage on a residential rental property,*
15 *the plan required under this section shall include protecting*
16 *Federal, State, and local rental subsidies and protections,*
17 *and ensuring any modification takes into account the need*
18 *for operating funds to maintain decent and safe conditions*
19 *at the property.*

20 (c) *CONSENT TO REASONABLE LOAN MODIFICATION*
21 *REQUESTS.*—*Upon any request arising under existing in-*
22 *vestment contracts, the Secretary shall consent, where ap-*
23 *propriate, and considering net present value to the tax-*
24 *payer, to reasonable requests for loss mitigation measures,*
25 *including term extensions, rate reductions, principal write*

1 *downs, increases in the proportion of loans within a trust*
2 *or other structure allowed to be modified, or removal of*
3 *other limitation on modifications.*

4 **SEC. 110. ASSISTANCE TO HOMEOWNERS.**

5 (a) *DEFINITIONS.—As used in this section—*

6 (1) *the term “Federal property manager”*
7 *means—*

8 (A) *the Federal Housing Finance Agency,*
9 *in its capacity as conservator of the Federal Na-*
10 *tional Mortgage Association and the Federal*
11 *Home Loan Mortgage Corporation;*

12 (B) *the Corporation, with respect to resi-*
13 *dential mortgage loans and mortgage-backed se-*
14 *curities held by any bridge depository institution*
15 *pursuant to section 11(n) of the Federal Deposit*
16 *Insurance Act; and*

17 (C) *the Board, with respect to any mortgage*
18 *or mortgage-backed securities or pool of securities*
19 *held, owned, or controlled by or on behalf of a*
20 *Federal reserve bank, other than mortgages or se-*
21 *curities held, owned, or controlled in connection*
22 *with open market operations under section 14 of*
23 *the Federal Reserve Act (12 U.S.C. 353), or as*
24 *collateral for an advance or discount that is not*
25 *in default;*

1 (2) the term “consumer” has the same meaning
2 as in section 103 of the Truth in Lending Act (15
3 U.S.C. 1602);

4 (3) the term “insured depository institution” has
5 the same meaning as in section 3 of the Federal De-
6 posit Insurance Act (12 U.S.C. 1813); and

7 (4) the term “servicer” has the same meaning as
8 in section 6(i)(2) of the Real Estate Settlement Proce-
9 dures Act of 1974 (12 U.S.C. 2605(i)(2)).

10 (b) *HOMEOWNER ASSISTANCE BY AGENCIES.*—

11 (1) *IN GENERAL.*—To the extent that the Federal
12 property manager holds, owns, or controls mortgages,
13 mortgage backed securities, and other assets secured
14 by residential real estate, including multifamily hous-
15 ing, the Federal property manager shall implement a
16 plan that seeks to maximize assistance for home-
17 owners and use its authority to encourage the
18 servicers of the underlying mortgages, and considering
19 net present value to the taxpayer, to take advantage
20 of the HOPE for Homeowners Program under section
21 257 of the National Housing Act or other available
22 programs to minimize foreclosures.

23 (2) *MODIFICATIONS.*—In the case of a residential
24 mortgage loan, modifications made under paragraph
25 (1) may include—

- 1 (A) reduction in interest rates;
- 2 (B) reduction of loan principal; and
- 3 (C) other similar modifications.

4 (3) *TENANT PROTECTIONS.*—*In the case of mort-*
5 *gages on residential rental properties, modifications*
6 *made under paragraph (1) shall ensure—*

7 (A) *the continuation of any existing Fed-*
8 *eral, State, and local rental subsidies and protec-*
9 *tions; and*

10 (B) *that modifications take into account the*
11 *need for operating funds to maintain decent and*
12 *safe conditions at the property.*

13 (4) *TIMING.*—*Each Federal property manager*
14 *shall develop and begin implementation of the plan*
15 *required by this subsection not later than 60 days*
16 *after the date of enactment of this Act.*

17 (5) *REPORTS TO CONGRESS.*—*Each Federal*
18 *property manager shall, 60 days after the date of en-*
19 *actment of this Act and every 30 days thereafter, re-*
20 *port to Congress specific information on the number*
21 *and types of loan modifications made and the number*
22 *of actual foreclosures occurring during the reporting*
23 *period in accordance with this section.*

24 (6) *CONSULTATION.*—*In developing the plan re-*
25 *quired by this subsection, the Federal property man-*

1 agers shall consult with one another and, to the extent
2 possible, utilize consistent approaches to implement
3 the requirements of this subsection.

4 (c) *ACTIONS WITH RESPECT TO SERVICERS.*—In any
5 case in which a Federal property manager is not the owner
6 of a residential mortgage loan, but holds an interest in obli-
7 gations or pools of obligations secured by residential mort-
8 gage loans, the Federal property manager shall—

9 (1) encourage implementation by the loan
10 servicers of loan modifications developed under sub-
11 section (b); and

12 (2) assist in facilitating any such modifications,
13 to the extent possible.

14 (d) *LIMITATION.*—The requirements of this section
15 shall not supersede any other duty or requirement imposed
16 on the Federal property managers under otherwise applica-
17 ble law.

18 **SEC. 111. EXECUTIVE COMPENSATION AND CORPORATE**
19 **GOVERNANCE.**

20 (a) *APPLICABILITY.*—Any financial institution that
21 sells troubled assets to the Secretary under this Act shall
22 be subject to the executive compensation requirements of
23 subsections (b) and (c) and the provisions under the Inter-
24 nal Revenue Code of 1986, as provided under the amend-
25 ment by section 302, as applicable.

1 (b) *DIRECT PURCHASES.*—

2 (1) *IN GENERAL.*—Where the Secretary deter-
3 mines that the purposes of this Act are best met
4 through direct purchases of troubled assets from an
5 individual financial institution where no bidding
6 process or market prices are available, and the Sec-
7 retary receives a meaningful equity or debt position
8 in the financial institution as a result of the trans-
9 action, the Secretary shall require that the financial
10 institution meet appropriate standards for executive
11 compensation and corporate governance. The stand-
12 ards required under this subsection shall be effective
13 for the duration of the period that the Secretary holds
14 an equity or debt position in the financial institu-
15 tion.

equity + debt

16 (2) *CRITERIA.*—The standards required under
17 this subsection shall include—

18 (A) limits on compensation that exclude in-
19 centives for senior executive officers of a finan-
20 cial institution to take unnecessary and excessive
21 risks that threaten the value of the financial in-
22 stitution during the period that the Secretary
23 holds an equity or debt position in the financial
24 institution;

1 (B) a provision for the recovery by the fi-
2 nancial institution of any bonus or incentive
3 compensation paid to a senior executive officer
4 based on statements of earnings, gains, or other
5 criteria that are later proven to be materially in-
6 accurate; and

7 (C) a prohibition on the financial institu-
8 tion making any golden parachute payment to
9 its senior executive officer during the period that
10 the Secretary holds an equity or debt position in
11 the financial institution.

12 (3) DEFINITION.—For purposes of this section,
13 the term “senior executive officer” means an indi-
14 vidual who is one of the top 5 highly paid executives
15 of a public company, whose compensation is required
16 to be disclosed pursuant to the Securities Exchange
17 Act of 1934, and any regulations issued thereunder,
18 and non-public company counterparts.

19 (c) AUCTION PURCHASES.—Where the Secretary deter-
20 mines that the purposes of this Act are best met through
21 auction purchases of troubled assets, and only where such
22 purchases per financial institution in the aggregate exceed
23 \$300,000,000 (including direct purchases), the Secretary
24 shall prohibit, for such financial institution, any new em-
25 ployment contract with a senior executive officer that pro-

1 *vides a golden parachute in the event of an involuntary*
2 *termination, bankruptcy filing, insolvency, or receivership.*
3 *The Secretary shall issue guidance to carry out this para-*
4 *graph not later than 2 months after the date of enactment*
5 *of this Act, and such guidance shall be effective upon*
6 *issuance.*

7 (d) *SUNSET.*—*The provisions of subsection (c) shall*
8 *apply only to arrangements entered into during the period*
9 *during which the authorities under section 101(a) are in*
10 *effect, as determined under section 120.*

11 **SEC. 112. COORDINATION WITH FOREIGN AUTHORITIES**
12 **AND CENTRAL BANKS.**

13 *The Secretary shall coordinate, as appropriate, with*
14 *foreign financial authorities and central banks to work to-*
15 *ward the establishment of similar programs by such au-*
16 *thorities and central banks. To the extent that such foreign*
17 *financial authorities or banks hold troubled assets as a re-*
18 *sult of extending financing to financial institutions that*
19 *have failed or defaulted on such financing, such troubled*
20 *assets qualify for purchase under section 101.*

21 **SEC. 113. MINIMIZATION OF LONG-TERM COSTS AND MAXI-**
22 **MIZATION OF BENEFITS FOR TAXPAYERS.**

23 (a) *LONG-TERM COSTS AND BENEFITS.*—

24 (1) *MINIMIZING NEGATIVE IMPACT.*—*The Sec-*
25 *retary shall use the authority under this Act in a*

1 manner that will minimize any potential long-term
2 negative impact on the taxpayer, taking into account
3 the direct outlays, potential long-term returns on as-
4 sets purchased, and the overall economic benefits of
5 the program, including economic benefits due to im-
6 provements in economic activity and the availability
7 of credit, the impact on the savings and pensions of
8 individuals, and reductions in losses to the Federal
9 Government.

10 (2) *AUTHORITY.*—In carrying out paragraph
11 (1), the Secretary shall—

12 (A) hold the assets to maturity or for resale
13 for and until such time as the Secretary deter-
14 mines that the market is optimal for selling such
15 assets, in order to maximize the value for tax-
16 payers; and

17 (B) sell such assets at a price that the Sec-
18 retary determines, based on available financial
19 analysis, will maximize return on investment for
20 the Federal Government.

21 (3) *PRIVATE SECTOR PARTICIPATION.*—The Sec-
22 retary shall encourage the private sector to partici-
23 pate in purchases of troubled assets, and to invest in
24 financial institutions, consistent with the provisions
25 of this section.

1 (b) *USE OF MARKET MECHANISMS.*—*In making pur-*
2 *chases under this Act, the Secretary shall—*

3 (1) *make such purchases at the lowest price that*
4 *the Secretary determines to be consistent with the*
5 *purposes of this Act; and*

6 (2) *maximize the efficiency of the use of taxpayer*
7 *resources by using market mechanisms, including*
8 *auctions or reverse auctions, where appropriate.*

9 (c) *DIRECT PURCHASES.*—*If the Secretary determines*
10 *that use of a market mechanism under subsection (b) is not*
11 *feasible or appropriate, and the purposes of the Act are best*
12 *met through direct purchases from an individual financial*
13 *institution, the Secretary shall pursue additional measures*
14 *to ensure that prices paid for assets are reasonable and re-*
15 *flect the underlying value of the asset.*

16 (d) *CONDITIONS ON PURCHASE AUTHORITY FOR WAR-*
17 *RANTS AND DEBT INSTRUMENTS.*—

18 (1) *IN GENERAL.*—*The Secretary may not pur-*
19 *chase, or make any commitment to purchase, any*
20 *troubled asset under the authority of this Act, unless*
21 *the Secretary receives from the financial institution*
22 *from which such assets are to be purchased—*

23 (A) *in the case of a financial institution,*
24 *the securities of which are traded on a national*
25 *securities exchange, a warrant giving the right to*

1 the Secretary to receive nonvoting common stock
2 or preferred stock in such financial institution,
3 or voting stock with respect to which, the Sec-
4 retary agrees not to exercise voting power, as the
5 Secretary determines appropriate; or

6 (B) in the case of any financial institution
7 other than one described in subparagraph (A), a
8 warrant for common or preferred stock, or a sen-
9 ior debt instrument from such financial institu-
10 tion, as described in paragraph (2)(C).

11 (2) TERMS AND CONDITIONS.—The terms and
12 conditions of any warrant or senior debt instrument
13 required under paragraph (1) shall meet the following
14 requirements:

15 (A) PURPOSES.—Such terms and conditions
16 shall, at a minimum, be designed—

17 (i) to provide for reasonable participa-
18 tion by the Secretary, for the benefit of tax-
19 payers, in equity appreciation in the case of
20 a warrant or other equity security, or a
21 reasonable interest rate premium, in the
22 case of a debt instrument; and

23 (ii) to provide additional protection
24 for the taxpayer against losses from sale of

1 *assets by the Secretary under this Act and*
2 *the administrative expenses of the TARP.*

3 *(B) AUTHORITY TO SELL, EXERCISE, OR*
4 *SURRENDER.—The Secretary may sell, exercise,*
5 *or surrender a warrant or any senior debt in-*
6 *strument received under this subsection, based on*
7 *the conditions established under subparagraph*
8 *(A).*

9 *(C) CONVERSION.—The warrant shall pro-*
10 *vide that if, after the warrant is received by the*
11 *Secretary under this subsection, the financial in-*
12 *stitution that issued the warrant is no longer*
13 *listed or traded on a national securities exchange*
14 *or securities association, as described in para-*
15 *graph (1)(A), such warrants shall convert to sen-*
16 *ior debt, or contain appropriate protections for*
17 *the Secretary to ensure that the Treasury is ap-*
18 *propriately compensated for the value of the war-*
19 *rant, in an amount determined by the Secretary.*

20 *(D) PROTECTIONS.—Any warrant rep-*
21 *resenting securities to be received by the Sec-*
22 *retary under this subsection shall contain anti-*
23 *dilution provisions of the type employed in cap-*
24 *ital market transactions, as determined by the*
25 *Secretary. Such provisions shall protect the value*

1 of the securities from market transactions such
2 as stock splits, stock distributions, dividends,
3 and other distributions, mergers, and other forms
4 of reorganization or recapitalization.

5 (E) EXERCISE PRICE.—The exercise price
6 for any warrant issued pursuant to this sub-
7 section shall be set by the Secretary, in the inter-
8 est of the taxpayers.

9 (F) SUFFICIENCY.—The financial institu-
10 tion shall guarantee to the Secretary that it has
11 authorized shares of nonvoting stock available to
12 fulfill its obligations under this subsection.
13 Should the financial institution not have suffi-
14 cient authorized shares, including preferred
15 shares that may carry dividend rights equal to
16 a multiple number of common shares, the Sec-
17 retary may, to the extent necessary, accept a sen-
18 ior debt note in an amount, and on such terms
19 as will compensate the Secretary with equivalent
20 value, in the event that a sufficient shareholder
21 vote to authorize the necessary additional shares
22 cannot be obtained.

23 (3) EXCEPTIONS.—

24 (A) DE MINIMIS.—The Secretary shall es-
25 tablish de minimis exceptions to the require-

1 ments of this subsection, based on the size of the
2 cumulative transactions of troubled assets pur-
3 chased from any one financial institution for the
4 duration of the program, at not more than
5 \$100,000,000.

6 (B) *OTHER EXCEPTIONS.*—The Secretary
7 shall establish an exception to the requirements
8 of this subsection and appropriate alternative re-
9 quirements for any participating financial insti-
10 tution that is legally prohibited from issuing se-
11 curities and debt instruments, so as not to allow
12 circumvention of the requirements of this section.

13 **SEC. 114. MARKET TRANSPARENCY.**

14 (a) *PRICING.*—To facilitate market transparency, the
15 Secretary shall make available to the public, in electronic
16 form, a description, amounts, and pricing of assets acquired
17 under this Act, within 2 business days of purchase, trade,
18 or other disposition.

19 (b) *DISCLOSURE.*—For each type of financial institu-
20 tions that sells troubled assets to the Secretary under this
21 Act, the Secretary shall determine whether the public disclo-
22 sure required for such financial institutions with respect
23 to off-balance sheet transactions, derivatives instruments,
24 contingent liabilities, and similar sources of potential expo-
25 sure is adequate to provide to the public sufficient informa-

deminimis

1 *tion as to the true financial position of the institutions.*
2 *If such disclosure is not adequate for that purpose, the Sec-*
3 *retary shall make recommendations for additional disclo-*
4 *sure requirements to the relevant regulators.*

5 **SEC. 115. GRADUATED AUTHORIZATION TO PURCHASE.**

6 (a) *AUTHORITY.*—*The authority of the Secretary to*
7 *purchase troubled assets under this Act shall be limited as*
8 *follows:*

9 (1) *Effective upon the date of enactment of this*
10 *Act, such authority shall be limited to*
11 *\$250,000,000,000 outstanding at any one time.*

12 (2) *If at any time, the President submits to the*
13 *Congress a written certification that the Secretary*
14 *needs to exercise the authority under this paragraph,*
15 *effective upon such submission, such authority shall*
16 *be limited to \$350,000,000,000 outstanding at any*
17 *one time.*

18 (3) *If, at any time after the certification in*
19 *paragraph (2) has been made, the President transmits*
20 *to the Congress a written report detailing the plan of*
21 *the Secretary to exercise the authority under this*
22 *paragraph, unless there is enacted, within 15 cal-*
23 *endar days of such transmission, a joint resolution*
24 *described in subsection (c), effective upon the expira-*
25 *tion of such 15-day period, such authority shall be*

1 *limited to \$700,000,000,000 outstanding at any one*
2 *time.*

3 **(b) AGGREGATION OF PURCHASE PRICES.—***The*
4 *amount of troubled assets purchased by the Secretary out-*
5 *standing at any one time shall be determined for purposes*
6 *of the dollar amount limitations under subsection (a) by*
7 *aggregating the purchase prices of all troubled assets held.*

8 **(c) JOINT RESOLUTION OF DISAPPROVAL.—**

9 **(1) IN GENERAL.—***Notwithstanding any other*
10 *provision of this section, the Secretary may not exer-*
11 *cise any authority to make purchases under this Act*
12 *with regard to any amount in excess of*
13 *\$350,000,000,000 previously obligated, as described in*
14 *this section if, within 15 calendar days after the date*
15 *on which Congress receives a report of the plan of the*
16 *Secretary described in subsection (a)(3), there is en-*
17 *acted into law a joint resolution disapproving the*
18 *plan of the Secretary with respect to such additional*
19 *amount.*

20 **(2) CONTENTS OF JOINT RESOLUTION.—***For the*
21 *purpose of this section, the term “joint resolution”*
22 *means only a joint resolution—*

23 **(A)** *that is introduced not later than 3 cal-*
24 *endar days after the date on which the report of*

1 the plan of the Secretary referred to in subsection
2 (a)(3) is received by Congress;

3 (B) which does not have a preamble;

4 (C) the title of which is as follows: "Joint
5 resolution relating to the disapproval of obliga-
6 tions under the Emergency Economic Stabiliza-
7 tion Act of 2008"; and

8 (D) the matter after the resolving clause of
9 which is as follows: "That Congress disapproves
10 the obligation of any amount exceeding the
11 amounts obligated as described in paragraphs
12 (1) and (2) of section 115(a) of the Emergency
13 Economic Stabilization Act of 2008."

14 (d) *FAST TRACK CONSIDERATION IN HOUSE OF REP-*
15 *RESENTATIVES.*—

16 (1) *RECONVENING.*—Upon receipt of a report
17 under subsection (a)(3), the Speaker, if the House
18 would otherwise be adjourned, shall notify the Mem-
19 bers of the House that, pursuant to this section, the
20 House shall convene not later than the second cal-
21 endar day after receipt of such report;

22 (2) *REPORTING AND DISCHARGE.*—Any com-
23 mittee of the House of Representatives to which a
24 joint resolution is referred shall report it to the House
25 not later than 5 calendar days after the date of re-

1 *ceipt of the report described in subsection (a)(3). If a*
2 *committee fails to report the joint resolution within*
3 *that period, the committee shall be discharged from*
4 *further consideration of the joint resolution and the*
5 *joint resolution shall be referred to the appropriate*
6 *calendar.*

7 (3) *PROCEEDING TO CONSIDERATION.—After*
8 *each committee authorized to consider a joint resolu-*
9 *tion reports it to the House or has been discharged*
10 *from its consideration, it shall be in order, not later*
11 *than the sixth day after Congress receives the report*
12 *described in subsection (a)(3), to move to proceed to*
13 *consider the joint resolution in the House. All points*
14 *of order against the motion are waived. Such a mo-*
15 *tion shall not be in order after the House has disposed*
16 *of a motion to proceed on the joint resolution. The*
17 *previous question shall be considered as ordered on*
18 *the motion to its adoption without intervening mo-*
19 *tion. The motion shall not be debatable. A motion to*
20 *reconsider the vote by which the motion is disposed of*
21 *shall not be in order.*

22 (4) *CONSIDERATION.—The joint resolution shall*
23 *be considered as read. All points of order against the*
24 *joint resolution and against its consideration are*
25 *waived. The previous question shall be considered as*

1 *ordered on the joint resolution to its passage without*
2 *intervening motion except two hours of debate equally*
3 *divided and controlled by the proponent and an oppo-*
4 *nent. A motion to reconsider the vote on passage of*
5 *the joint resolution shall not be in order.*

6 *(e) FAST TRACK CONSIDERATION IN SENATE.—*

7 *(1) RECONVENING.—Upon receipt of a report*
8 *under subsection (a)(3), if the Senate has adjourned*
9 *or recessed for more than 2 days, the majority leader*
10 *of the Senate, after consultation with the minority*
11 *leader of the Senate, shall notify the Members of the*
12 *Senate that, pursuant to this section, the Senate shall*
13 *convene not later than the second calendar day after*
14 *receipt of such message.*

15 *(2) PLACEMENT ON CALENDAR.—Upon introduc-*
16 *tion in the Senate, the joint resolution shall be placed*
17 *immediately on the calendar.*

18 *(3) FLOOR CONSIDERATION.—*

19 *(A) IN GENERAL.—Notwithstanding Rule*
20 *XXII of the Standing Rules of the Senate, it is*
21 *in order at any time during the period begin-*
22 *ning on the 4th day after the date on which Con-*
23 *gress receives a report of the plan of the Sec-*
24 *retary described in subsection (a)(3) and ending*
25 *on the 6th day after the date on which Congress*

1 receives a report of the plan of the Secretary de-
2 scribed in subsection (a)(3) (even though a pre-
3 vious motion to the same effect has been dis-
4 agreed to) to move to proceed to the consider-
5 ation of the joint resolution, and all points of
6 order against the joint resolution (and against
7 consideration of the joint resolution) are waived.
8 The motion to proceed is not debatable. The mo-
9 tion is not subject to a motion to postpone. A
10 motion to reconsider the vote by which the mo-
11 tion is agreed to or disagreed to shall not be in
12 order. If a motion to proceed to the consideration
13 of the resolution is agreed to, the joint resolution
14 shall remain the unfinished business until dis-
15 posed of.

16 (B) DEBATE.—Debate on the joint resolu-
17 tion, and on all debatable motions and appeals
18 in connection therewith, shall be limited to not
19 more than 10 hours, which shall be divided
20 equally between the majority and minority lead-
21 ers or their designees. A motion further to limit
22 debate is in order and not debatable. An amend-
23 ment to, or a motion to postpone, or a motion
24 to proceed to the consideration of other business,

1 or a motion to recommit the joint resolution is
2 not in order.

3 (C) *VOTE ON PASSAGE.*—The vote on pas-
4 sage shall occur immediately following the con-
5 clusion of the debate on a joint resolution, and
6 a single quorum call at the conclusion of the de-
7 bate if requested in accordance with the rules of
8 the Senate.

9 (D) *RULINGS OF THE CHAIR ON PROCE-*
10 *DURE.*—Appeals from the decisions of the Chair
11 relating to the application of the rules of the
12 Senate, as the case may be, to the procedure re-
13 lating to a joint resolution shall be decided with-
14 out debate.

15 (f) *RULES RELATING TO SENATE AND HOUSE OF REP-*
16 *RESENTATIVES.*—

17 (1) *COORDINATION WITH ACTION BY OTHER*
18 *HOUSE.*—If, before the passage by one House of a
19 joint resolution of that House, that House receives
20 from the other House a joint resolution, then the fol-
21 lowing procedures shall apply:

22 (A) *The joint resolution of the other House*
23 *shall not be referred to a committee.*

24 (B) *With respect to a joint resolution of the*
25 *House receiving the resolution—*

1 (i) the procedure in that House shall be
2 the same as if no joint resolution had been
3 received from the other House; but

4 (ii) the vote on passage shall be on the
5 joint resolution of the other House.

6 (2) TREATMENT OF JOINT RESOLUTION OF
7 OTHER HOUSE.—If one House fails to introduce or
8 consider a joint resolution under this section, the joint
9 resolution of the other House shall be entitled to expedited
10 floor procedures under this section.

11 (3) TREATMENT OF COMPANION MEASURES.—If,
12 following passage of the joint resolution in the Senate,
13 the Senate then receives the companion measure from
14 the House of Representatives, the companion measure
15 shall not be debatable.

16 (4) CONSIDERATION AFTER PASSAGE.—

17 (A) IN GENERAL.—If Congress passes a
18 joint resolution, the period beginning on the date
19 the President is presented with the joint resolution
20 and ending on the date the President takes
21 action with respect to the joint resolution shall
22 be disregarded in computing the 15-calendar day
23 period described in subsection (a)(3).

24 (B) VETOES.—If the President vetoes the
25 joint resolution—

1 (i) the period beginning on the date the
2 President vetoes the joint resolution and
3 ending on the date the Congress receives the
4 veto message with respect to the joint resolu-
5 tion shall be disregarded in computing the
6 15-calendar day period described in sub-
7 section (a)(3), and

8 (ii) debate on a veto message in the
9 Senate under this section shall be 1 hour
10 equally divided between the majority and
11 minority leaders or their designees.

12 (5) RULES OF HOUSE OF REPRESENTATIVES AND
13 SENATE.—This subsection and subsections (c), (d),
14 and (e) are enacted by Congress—

15 (A) as an exercise of the rulemaking power
16 of the Senate and House of Representatives, re-
17 spectively, and as such it is deemed a part of the
18 rules of each House, respectively, but applicable
19 only with respect to the procedure to be followed
20 in that House in the case of a joint resolution,
21 and it supersedes other rules only to the extent
22 that it is inconsistent with such rules; and

23 (B) with full recognition of the constitu-
24 tional right of either House to change the rules
25 (so far as relating to the procedure of that

1 *House) at any time, in the same manner, and*
2 *to the same extent as in the case of any other*
3 *rule of that House.*

4 **SEC. 116. OVERSIGHT AND AUDITS.**

5 (a) **COMPTROLLER GENERAL OVERSIGHT.**—

6 (1) **SCOPE OF OVERSIGHT.**—*The Comptroller*
7 *General of the United States shall, upon establishment*
8 *of the troubled assets relief program under this Act*
9 *(in this section referred to as the “TARP”), commence*
10 *ongoing oversight of the activities and performance of*
11 *the TARP and of any agents and representatives of*
12 *the TARP (as related to the agent or representative’s*
13 *activities on behalf of or under the authority of the*
14 *TARP), including vehicles established by the Sec-*
15 *retary under this Act. The subjects of such oversight*
16 *shall include the following:*

17 (A) *The performance of the TARP in meet-*
18 *ing the purposes of this Act, particularly those*
19 *involving—*

20 (i) *foreclosure mitigation;*

21 (ii) *cost reduction;*

22 (iii) *whether it has provided stability*
23 *or prevented disruption to the financial*
24 *markets or the banking system; and*

25 (iv) *whether it has protected taxpayers.*

1 (B) *The financial condition and internal*
2 *controls of the TARP, its representatives and*
3 *agents.*

4 (C) *Characteristics of transactions and com-*
5 *mitments entered into, including transaction*
6 *type, frequency, size, prices paid, and all other*
7 *relevant terms and conditions, and the timing,*
8 *duration and terms of any future commitments*
9 *to purchase assets.*

10 (D) *Characteristics and disposition of ac-*
11 *quired assets, including type, acquisition price,*
12 *current market value, sale prices and terms, and*
13 *use of proceeds from sales.*

14 (E) *Efficiency of the operations of the*
15 *TARP in the use of appropriated funds.*

16 (F) *Compliance with all applicable laws*
17 *and regulations by the TARP, its agents and*
18 *representatives.*

19 (G) *The efforts of the TARP to prevent,*
20 *identify, and minimize conflicts of interest in-*
21 *volving any agent or representative performing*
22 *activities on behalf of or under the authority of*
23 *the TARP.*

24 (H) *The efficacy of contracting procedures*
25 *pursuant to section 107(b), including, as appli-*

1 cable, the efforts of the TARP in evaluating pro-
2 posals for inclusion and contracting to the max-
3 imum extent possible of minorities (as such term
4 is defined in 1204(c) of the Financial Institu-
5 tions Reform, Recovery, and Enhancement Act of
6 1989 (12 U.S.C. 1811 note), women, and
7 minority- and women-owned businesses, includ-
8 ing ascertaining and reporting the total amount
9 of fees paid and other value delivered by the
10 TARP to all of its agents and representatives,
11 and such amounts paid or delivered to such
12 firms that are minority- and women-owned busi-
13 nesses (as such terms are defined in section 21A
14 of the Federal Home Loan Bank Act (12 U.S.C.
15 1441a)).

16 (2) CONDUCT AND ADMINISTRATION OF OVER-
17 SIGHT.—

18 (A) GAO PRESENCE.—The Secretary shall
19 provide the Comptroller General with appro-
20 priate space and facilities in the Department of
21 the Treasury as necessary to facilitate oversight
22 of the TARP until the termination date estab-
23 lished in section 120.

24 (B) ACCESS TO RECORDS.—To the extent
25 otherwise consistent with law, the Comptroller

1 *General shall have access, upon request, to any*
2 *information, data, schedules, books, accounts, fi-*
3 *nancial records, reports, files, electronic commu-*
4 *nications, or other papers, things, or property*
5 *belonging to or in use by the TARP, or any vehi-*
6 *cles established by the Secretary under this Act,*
7 *and to the officers, directors, employees, inde-*
8 *pendent public accountants, financial advisors,*
9 *and other agents and representatives of the*
10 *TARP (as related to the agent or representative's*
11 *activities on behalf of or under the authority of*
12 *the TARP) or any such vehicle at such reason-*
13 *able time as the Comptroller General may re-*
14 *quest. The Comptroller General shall be afforded*
15 *full facilities for verifying transactions with the*
16 *balances or securities held by depositaries, fiscal*
17 *agents, and custodians. The Comptroller General*
18 *may make and retain copies of such books, ac-*
19 *counts, and other records as the Comptroller*
20 *General deems appropriate.*

21 (C) *REIMBURSEMENT OF COSTS.—The*
22 *Treasury shall reimburse the Government Ac-*
23 *countability Office for the full cost of any such*
24 *oversight activities as billed therefor by the*
25 *Comptroller General of the United States. Such*

1 reimbursements shall be credited to the appro-
2 priation account "Salaries and Expenses, Gov-
3 ernment Accountability Office" current when the
4 payment is received and remain available until
5 expended.

6 (3) *REPORTING.*—The Comptroller General shall
7 submit reports of findings under this section, regu-
8 larly and no less frequently than once every 60 days,
9 to the appropriate committees of Congress, and the
10 Special Inspector General for the Troubled Asset Re-
11 lief Program established under this Act on the activi-
12 ties and performance of the TARP. The Comptroller
13 may also submit special reports under this subsection
14 as warranted by the findings of its oversight activi-
15 ties.

16 (b) *COMPTROLLER GENERAL AUDITS.*—

17 (1) *ANNUAL AUDIT.*—The TARP shall annually
18 prepare and issue to the appropriate committees of
19 Congress and the public audited financial statements
20 prepared in accordance with generally accepted ac-
21 counting principles, and the Comptroller General
22 shall annually audit such statements in accordance
23 with generally accepted auditing standards. The
24 Treasury shall reimburse the Government Account-
25 ability Office for the full cost of any such audit as

1 *billed therefor by the Comptroller General. Such reim-*
2 *bursments shall be credited to the appropriation ac-*
3 *count "Salaries and Expenses, Government Account-*
4 *ability Office" current when the payment is received*
5 *and remain available until expended. The financial*
6 *statements prepared under this paragraph shall be on*
7 *the fiscal year basis prescribed under section 1102 of*
8 *title 31, United States Code.*

9 (2) *AUTHORITY.*—*The Comptroller General may*
10 *audit the programs, activities, receipts, expenditures,*
11 *and financial transactions of the TARP and any*
12 *agents and representatives of the TARP (as related to*
13 *the agent or representative's activities on behalf of or*
14 *under the authority of the TARP), including vehicles*
15 *established by the Secretary under this Act.*

16 (3) *CORRECTIVE RESPONSES TO AUDIT PROB-*
17 *LEMS.*—*The TARP shall—*

18 (A) *take action to address deficiencies iden-*
19 *tified by the Comptroller General or other audi-*
20 *tor engaged by the TARP; or*

21 (B) *certify to appropriate committees of*
22 *Congress that no action is necessary or appro-*
23 *priate.*

24 (c) *INTERNAL CONTROL.*—

1 (1) *ESTABLISHMENT.*—The TARP shall establish
2 and maintain an effective system of internal control,
3 consistent with the standards prescribed under section
4 3512(c) of title 31, United States Code, that provides
5 reasonable assurance of—

6 (A) the effectiveness and efficiency of oper-
7 ations, including the use of the resources of the
8 TARP;

9 (B) the reliability of financial reporting,
10 including financial statements and other reports
11 for internal and external use; and

12 (C) compliance with applicable laws and
13 regulations.

14 (2) *REPORTING.*—In conjunction with each an-
15 nual financial statement issued under this section, the
16 TARP shall—

17 (A) state the responsibility of management
18 for establishing and maintaining adequate inter-
19 nal control over financial reporting; and

20 (B) state its assessment, as of the end of the
21 most recent year covered by such financial state-
22 ment of the TARP, of the effectiveness of the in-
23 ternal control over financial reporting.

24 (d) *SHARING OF INFORMATION.*—Any report or audit
25 required under this section shall also be submitted to the

1. *Congressional Oversight Panel established under section*
2 *125.*

3 (e) *TERMINATION.*—*Any oversight, reporting, or audit*
4 *requirement under this section shall terminate on the later*
5 *of—*

6 (1) *the date that the last troubled asset acquired*
7 *by the Secretary under section 101 has been sold or*
8 *transferred out of the ownership or control of the Fed-*
9 *eral Government; or*

10 (2) *the date of expiration of the last insurance*
11 *contract issued under section 102.*

12 **SEC. 117. STUDY AND REPORT ON MARGIN AUTHORITY.**

13 (a) *STUDY.*—*The Comptroller General shall undertake*
14 *a study to determine the extent to which leverage and sud-*
15 *den deleveraging of financial institutions was a factor be-*
16 *hind the current financial crisis.*

17 (b) *CONTENT.*—*The study required by this section*
18 *shall include—*

19 (1) *an analysis of the roles and responsibilities*
20 *of the Board, the Securities and Exchange Commis-*
21 *sion, the Secretary, and other Federal banking agen-*
22 *cies with respect to monitoring leverage and acting to*
23 *curtail excessive leveraging;*

24 (2) *an analysis of the authority of the Board to*
25 *regulate leverage, including by setting margin re-*

1 *quirements, and what process the Board used to de-*
2 *cide whether or not to use its authority;*

3 *(3) an analysis of any usage of the margin au-*
4 *thority by the Board; and*

5 *(4) recommendations for the Board and appro-*
6 *priate committees of Congress with respect to the ex-*
7 *isting authority of the Board.*

8 *(c) REPORT.—Not later than June 1, 2009, the Comp-*
9 *troller General shall complete and submit a report on the*
10 *study required by this section to the Committee on Banking,*
11 *Housing, and Urban Affairs of the Senate and the Com-*
12 *mittee on Financial Services of the House of Representa-*
13 *tives.*

14 *(d) SHARING OF INFORMATION.—Any reports required*
15 *under this section shall also be submitted to the Congres-*
16 *sional Oversight Panel established under section 125.*

17 **SEC. 118. FUNDING.**

18 *For the purpose of the authorities granted in this Act,*
19 *and for the costs of administering those authorities, the Sec-*
20 *retary may use the proceeds of the sale of any securities*
21 *issued under chapter 31 of title 31, United States Code, and*
22 *the purposes for which securities may be issued under chap-*
23 *ter 31 of title 31, United States Code, are extended to in-*
24 *clude actions authorized by this Act, including the payment*
25 *of administrative expenses. Any funds expended or obligated*

1 *by the Secretary for actions authorized by this Act, includ-*
2 *ing the payment of administrative expenses, shall be deemed*
3 *appropriated at the time of such expenditure or obligation.*

4 **SEC. 119. JUDICIAL REVIEW AND RELATED MATTERS.**

5 *(a) JUDICIAL REVIEW.—*

6 *(1) STANDARD.—Actions by the Secretary pursu-*
7 *ant to the authority of this Act shall be subject to*
8 *chapter 7 of title 5, United States Code, including*
9 *that such final actions shall be held unlawful and set*
10 *aside if found to be arbitrary, capricious, an abuse of*
11 *discretion, or not in accordance with law.*

12 *(2) LIMITATIONS ON EQUITABLE RELIEF.—*

13 *(A) INJUNCTION.—No injunction or other*
14 *form of equitable relief shall be issued against the*
15 *Secretary for actions pursuant to section 101,*
16 *102, 106, and 109, other than to remedy a viola-*
17 *tion of the Constitution.*

18 *(B) TEMPORARY RESTRAINING ORDER.—*

19 *Any request for a temporary restraining order*
20 *against the Secretary for actions pursuant to*
21 *this Act shall be considered and granted or de-*
22 *nyied by the court within 3 days of the date of*
23 *the request.*

24 *(C) PRELIMINARY INJUNCTION.—Any re-*
25 *quest for a preliminary injunction against the*

1 *Secretary for actions pursuant to this Act shall*
2 *be considered and granted or denied by the court*
3 *on an expedited basis consistent with the provi-*
4 *sions of rule 65(b)(3) of the Federal Rules of*
5 *Civil Procedure, or any successor thereto.*

6 (D) *PERMANENT INJUNCTION.—Any request*
7 *for a permanent injunction against the Secretary*
8 *for actions pursuant to this Act shall be consid-*
9 *ered and granted or denied by the court on an*
10 *expedited basis. Whenever possible, the court*
11 *shall consolidate trial on the merits with any*
12 *hearing on a request for a preliminary injunc-*
13 *tion, consistent with the provisions of rule*
14 *65(a)(2) of the Federal Rules of Civil Procedure,*
15 *or any successor thereto.*

16 (3) *LIMITATION ON ACTIONS BY PARTICIPATING*
17 *COMPANIES.—No action or claims may be brought*
18 *against the Secretary by any person that divests its*
19 *assets with respect to its participation in a program*
20 *under this Act, except as provided in paragraph (1),*
21 *other than as expressly provided in a written contract*
22 *with the Secretary.*

23 (4) *STAYS.—Any injunction or other form of eq-*
24 *uitable relief issued against the Secretary for actions*
25 *pursuant to section 101, 102, 106, and 109, shall be*

1 *automatically stayed. The stay shall be lifted unless*
2 *the Secretary seeks a stay from a higher court within*
3 *3 calendar days after the date on which the relief is*
4 *issued.*

5 **(b) RELATED MATTERS.—**

6 **(1) TREATMENT OF HOMEOWNERS' RIGHTS.—**

7 *The terms of any residential mortgage loan that is*
8 *part of any purchase by the Secretary under this Act*
9 *shall remain subject to all claims and defenses that*
10 *would otherwise apply, notwithstanding the exercise*
11 *of authority by the Secretary under this Act.*

12 **(2) SAVINGS CLAUSE.—***Any exercise of the au-*

13 *thority of the Secretary pursuant to this Act shall not*
14 *impair the claims or defenses that would otherwise*
15 *apply with respect to persons other than the Sec-*
16 *retary. Except as established in any contract, a*
17 *servicer of pooled residential mortgages owes any duty*
18 *to determine whether the net present value of the pay-*
19 *ments on the loan, as modified, is likely to be greater*
20 *than the anticipated net recovery that would result*
21 *from foreclosure to all investors and holders of bene-*
22 *ficial interests in such investment, but not to any in-*
23 *dividual or groups of investors or beneficial interest*
24 *holders, and shall be deemed to act in the best inter-*
25 *ests of all such investors or holders of beneficial inter-*

1 gram (in this section referred to as the "Special Inspector
2 General"), who shall be appointed by the President, by and
3 with the advice and consent of the Senate.

4 (2) The appointment of the Special Inspector General
5 shall be made on the basis of integrity and demonstrated
6 ability in accounting, auditing, financial analysis, law,
7 management analysis, public administration, or investiga-
8 tions.

9 (3) The nomination of an individual as Special In-
10 spector General shall be made as soon as practicable after
11 the establishment of any program under sections 101 and
12 102.

13 (4) The Special Inspector General shall be removable
14 from office in accordance with the provisions of section 3(b)
15 of the Inspector General Act of 1978 (5 U.S.C. App.).

16 (5) For purposes of section 7324 of title 5, United
17 States Code, the Special Inspector General shall not be con-
18 sidered an employee who determines policies to be pursued
19 by the United States in the nationwide administration of
20 Federal law.

21 (6) The annual rate of basic pay of the Special Inspec-
22 tor General shall be the annual rate of basic pay for an
23 Inspector General under section 3(e) of the Inspector Gen-
24 eral Act of 1978 (5 U.S.C. App.).

1 (c) *DUTIES.*—(1) *It shall be the duty of the Special*
2 *Inspector General to conduct, supervise, and coordinate au-*
3 *dits and investigations of the purchase, management, and*
4 *sale of assets by the Secretary of the Treasury under any*
5 *program established by the Secretary under section 101,*
6 *and the management by the Secretary of any program es-*
7 *tablished under section 102, including by collecting and*
8 *summarizing the following information:*

9 (A) *A description of the categories of troubled as-*
10 *sets purchased or otherwise procured by the Secretary.*

11 (B) *A listing of the troubled assets purchased in*
12 *each such category described under subparagraph (A).*

13 (C) *An explanation of the reasons the Secretary*
14 *deemed it necessary to purchase each such troubled*
15 *asset.*

16 (D) *A listing of each financial institution that*
17 *such troubled assets were purchased from.*

18 (E) *A listing of and detailed biographical infor-*
19 *mation on each person or entity hired to manage such*
20 *troubled assets.*

21 (F) *A current estimate of the total amount of*
22 *troubled assets purchased pursuant to any program*
23 *established under section 101, the amount of troubled*
24 *assets on the books of the Treasury, the amount of*

1 troubled assets sold, and the profit and loss incurred
2 on each sale or disposition of each such troubled asset.

3 (G) A listing of the insurance contracts issued
4 under section 102.

5 (2) The Special Inspector General shall establish,
6 maintain, and oversee such systems, procedures, and con-
7 trols as the Special Inspector General considers appropriate
8 to discharge the duty under paragraph (1).

9 (3) In addition to the duties specified in paragraphs
10 (1) and (2), the Inspector General shall also have the duties
11 and responsibilities of inspectors general under the Inspec-
12 tor General Act of 1978.

13 (d) *POWERS AND AUTHORITIES.*—(1) In carrying out
14 the duties specified in subsection (c), the Special Inspector
15 General shall have the authorities provided in section 6 of
16 the Inspector General Act of 1978.

17 (2) The Special Inspector General shall carry out the
18 duties specified in subsection (c)(1) in accordance with sec-
19 tion 4(b)(1) of the Inspector General Act of 1978.

20 (e) *PERSONNEL, FACILITIES, AND OTHER RE-*
21 *SOURCES.*—(1) The Special Inspector General may select,
22 appoint, and employ such officers and employees as may
23 be necessary for carrying out the duties of the Special In-
24 spector General, subject to the provisions of title 5, United
25 States Code, governing appointments in the competitive

1 *service, and the provisions of chapter 51 and subchapter*
2 *III of chapter 53 of such title, relating to classification and*
3 *General Schedule pay rates.*

4 *(2) The Special Inspector General may obtain services*
5 *as authorized by section 3109 of title 5, United States Code,*
6 *at daily rates not to exceed the equivalent rate prescribed*
7 *for grade GS-15 of the General Schedule by section 5332*
8 *of such title.*

9 *(3) The Special Inspector General may enter into con-*
10 *tracts and other arrangements for audits, studies, analyses,*
11 *and other services with public agencies and with private*
12 *persons, and make such payments as may be necessary to*
13 *carry out the duties of the Inspector General.*

14 *(4)(A) Upon request of the Special Inspector General*
15 *for information or assistance from any department, agency,*
16 *or other entity of the Federal Government, the head of such*
17 *entity shall, insofar as is practicable and not in contraven-*
18 *tion of any existing law, furnish such information or assist-*
19 *ance to the Special Inspector General, or an authorized des-*
20 *ignee.*

21 *(B) Whenever information or assistance requested by*
22 *the Special Inspector General is, in the judgment of the Spe-*
23 *cial Inspector General, unreasonably refused or not pro-*
24 *vided, the Special Inspector General shall report the cir-*

1 *cumstances to the appropriate committees of Congress with-*
2 *out delay.*

3 (f) *REPORTS.—(1) Not later than 60 days after the*
4 *confirmation of the Special Inspector General, and every*
5 *calendar quarter thereafter, the Special Inspector General*
6 *shall submit to the appropriate committees of Congress a*
7 *report summarizing the activities of the Special Inspector*
8 *General during the 120-day period ending on the date of*
9 *such report. Each report shall include, for the period cov-*
10 *ered by such report, a detailed statement of all purchases,*
11 *obligations, expenditures, and revenues associated with any*
12 *program established by the Secretary of the Treasury under*
13 *sections 101 and 102, as well as the information collected*
14 *under subsection (c)(1).*

15 (2) *Nothing in this subsection shall be construed to au-*
16 *thorize the public disclosure of information that is—*

17 (A) *specifically prohibited from disclosure by*
18 *any other provision of law;*

19 (B) *specifically required by Executive order to be*
20 *protected from disclosure in the interest of national*
21 *defense or national security or in the conduct of for-*
22 *ign affairs; or*

23 (C) *a part of an ongoing criminal investigation.*

1 (3) Any reports required under this section shall also
2 be submitted to the Congressional Oversight Panel estab-
3 lished under section 125.

4 (g) FUNDING.—(1) Of the amounts made available to
5 the Secretary of the Treasury under section 118,
6 \$50,000,000 shall be available to the Special Inspector Gen-
7 eral to carry out this section.

8 (2) The amount available under paragraph (1) shall
9 remain available until expended.

10 (h) TERMINATION.—The Office of the Special Inspector
11 General shall terminate on the later of—

12 (1) the date that the last troubled asset acquired
13 by the Secretary under section 101 has been sold or
14 transferred out of the ownership or control of the Fed-
15 eral Government; or

16 (2) the date of expiration of the last insurance
17 contract issued under section 102.

18 **SEC. 122. INCREASE IN STATUTORY LIMIT ON THE PUBLIC**
19 **DEBT.**

20 Subsection (b) of section 3101 of title 31, United States
21 Code, is amended by striking out the dollar limitation con-
22 tained in such subsection and inserting
23 “\$11,315,000,000,000”.

1 **SEC. 123. CREDIT REFORM.**

2 (a) *IN GENERAL.*—Subject to subsection (b), the costs
3 of purchases of troubled assets made under section 101(a)
4 and guarantees of troubled assets under section 102, and
5 any cash flows associated with the activities authorized in
6 section 102 and subsections (a), (b), and (c) of section 106
7 shall be determined as provided under the Federal Credit
8 Reform Act of 1990 (2 U.S.C. 661 et. seq.).

9 (b) *COSTS.*—For the purposes of section 502(5) of the
10 Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5))—

11 (1) the cost of troubled assets and guarantees of
12 troubled assets shall be calculated by adjusting the
13 discount rate in section 502(5)(E) (2 U.S.C.
14 661a(5)(E)) for market risks; and

15 (2) the cost of a modification of a troubled asset
16 or guarantee of a troubled asset shall be the difference
17 between the current estimate consistent with para-
18 graph (1) under the terms of the troubled asset or
19 guarantee of the troubled asset and the current esti-
20 mate consistent with paragraph (1) under the terms
21 of the troubled asset or guarantee of the troubled asset,
22 as modified.

23 **SEC. 124. HOPE FOR HOMEOWNERS AMENDMENTS.**

24 Section 257 of the National Housing Act (12 U.S.C.
25 1715z-23) is amended—

26 (1) in subsection (e)—

1 (A) in paragraph (1)(B), by inserting before
2 “a ratio” the following: “, or thereafter is likely
3 to have, due to the terms of the mortgage being
4 reset,”;

5 (B) in paragraph (2)(B), by inserting be-
6 fore the period at the end “(or such higher per-
7 centage as the Board determines, in the discre-
8 tion of the Board)”;

9 (C) in paragraph (4)(A)—

10 (i) in the first sentence, by inserting
11 after “insured loan” the following: “and
12 any payments made under this para-
13 graph,”; and

14 (ii) by adding at the end the following:
15 “Such actions may include making pay-
16 ments, which shall be accepted as payment
17 in full of all indebtedness under the eligible
18 mortgage, to any holder of an existing sub-
19 ordinate mortgage, in lieu of any future ap-
20 preciation payments authorized under sub-
21 paragraph (B).”; and

22 (2) in subsection (w), by inserting after “admin-
23 istrative costs” the following: “and payments pursu-
24 ant to subsection (e)(4)(A)”.

1 **SEC. 125. CONGRESSIONAL OVERSIGHT PANEL.**

2 (a) *ESTABLISHMENT.*—There is hereby established the
3 *Congressional Oversight Panel* (hereafter in this section re-
4 *ferred to as the “Oversight Panel”*) as an establishment in
5 *the legislative branch.*

6 (b) *DUTIES.*—The Oversight Panel shall review the
7 *current state of the financial markets and the regulatory*
8 *system and submit the following reports to Congress:*

9 (1) *REGULAR REPORTS.*—

10 (A) *IN GENERAL.*—Regular reports of the
11 *Oversight Panel shall include the following:*

12 (i) *The use by the Secretary of author-*
13 *ity under this Act, including with respect to*
14 *the use of contracting authority and admin-*
15 *istration of the program.*

16 (ii) *The impact of purchases made*
17 *under the Act on the financial markets and*
18 *financial institutions.*

19 (iii) *The extent to which the informa-*
20 *tion made available on transactions under*
21 *the program has contributed to market*
22 *transparency.*

23 (iv) *The effectiveness of foreclosure*
24 *mitigation efforts, and the effectiveness of*
25 *the program from the standpoint of mini-*

1 *mizing long-term costs to the taxpayers and*
2 *maximizing the benefits for taxpayers.*

3 (B) *TIMING.*—*The reports required under*
4 *this paragraph shall be submitted not later than*
5 *30 days after the first exercise by the Secretary*
6 *of the authority under section 101(a) or 102, and*
7 *every 30 days thereafter.*

8 (2) *SPECIAL REPORT ON REGULATORY RE-*
9 *FORM.*—*The Oversight Panel shall submit a special*
10 *report on regulatory reform not later than January*
11 *20, 2009, analyzing the current state of the regulatory*
12 *system and its effectiveness at overseeing the partici-*
13 *pants in the financial system and protecting con-*
14 *sumers, and providing recommendations for improve-*
15 *ment, including recommendations regarding whether*
16 *any participants in the financial markets that are*
17 *currently outside the regulatory system should become*
18 *subject to the regulatory system, the rationale under-*
19 *lying such recommendation, and whether there are*
20 *any gaps in existing consumer protections.*

21 (c) *MEMBERSHIP.*—

22 (1) *IN GENERAL.*—*The Oversight Panel shall*
23 *consist of 5 members, as follows:*

24 (A) *1 member appointed by the Speaker of*
25 *the House of Representatives.*

1 (B) 1 member appointed by the minority
2 leader of the House of Representatives.

3 (C) 1 member appointed by the majority
4 leader of the Senate.

5 (D) 1 member appointed by the minority
6 leader of the Senate.

7 (E) 1 member appointed by the Speaker of
8 the House of Representatives and the majority
9 leader of the Senate, after consultation with the
10 minority leader of the Senate and the minority
11 leader of the House of Representatives.

12 (2) PAY.—Each member of the Oversight Panel
13 shall each be paid at a rate equal to the daily equiva-
14 lent of the annual rate of basic pay for level I of the
15 Executive Schedule for each day (including travel
16 time) during which such member is engaged in the
17 actual performance of duties vested in the Commis-
18 sion.

19 (3) PROHIBITION OF COMPENSATION OF FED-
20 ERAL EMPLOYEES.—Members of the Oversight Panel
21 who are full-time officers or employees of the United
22 States or Members of Congress may not receive addi-
23 tional pay, allowances, or benefits by reason of their
24 service on the Oversight Panel.

1 (4) *TRAVEL EXPENSES.*—Each member shall re-
2 ceive travel expenses, including per diem in lieu of
3 subsistence, in accordance with applicable provisions
4 under subchapter I of chapter 57 of title 5, United
5 States Code.

6 (5) *QUORUM.*—Four members of the Oversight
7 Panel shall constitute a quorum but a lesser number
8 may hold hearings.

9 (6) *VACANCIES.*—A vacancy on the Oversight
10 Panel shall be filled in the manner in which the origi-
11 nal appointment was made.

12 (7) *MEETINGS.*—The Oversight Panel shall meet
13 at the call of the Chairperson or a majority of its
14 members.

15 (d) *STAFF.*—

16 (1) *IN GENERAL.*—The Oversight Panel may ap-
17 point and fix the pay of any personnel as the Com-
18 mission considers appropriate.

19 (2) *EXPERTS AND CONSULTANTS.*—The Oversight
20 Panel may procure temporary and intermittent serv-
21 ices under section 3109(b) of title 5, United States
22 Code.

23 (3) *STAFF OF AGENCIES.*—Upon request of the
24 Oversight Panel, the head of any Federal department
25 or agency may detail, on a reimbursable basis, any

1 of the personnel of that department or agency to the
2 Oversight Panel to assist it in carrying out its duties
3 under this Act.

4 (e) POWERS.—

5 (1) HEARINGS AND SESSIONS.—The Oversight
6 Panel may, for the purpose of carrying out this sec-
7 tion, hold hearings, sit and act at times and places,
8 take testimony, and receive evidence as the Panel con-
9 siders appropriate and may administer oaths or af-
10 firmations to witnesses appearing before it.

11 (2) POWERS OF MEMBERS AND AGENTS.—Any
12 member or agent of the Oversight Panel may, if au-
13 thorized by the Oversight Panel, take any action
14 which the Oversight Panel is authorized to take by
15 this section.

16 (3) OBTAINING OFFICIAL DATA.—The Oversight
17 Panel may secure directly from any department or
18 agency of the United States information necessary to
19 enable it to carry out this section. Upon request of the
20 Chairperson of the Oversight Panel, the head of that
21 department or agency shall furnish that information
22 to the Oversight Panel.

23 (4) REPORTS.—The Oversight Panel shall receive
24 and consider all reports required to be submitted to
25 the Oversight Panel under this Act.

1 (f) *TERMINATION.*—*The Oversight Panel shall termi-*
2 *nate 6 months after the termination date specified in sec-*
3 *tion 120.*

4 (g) *FUNDING FOR EXPENSES.*—

5 (1) *AUTHORIZATION OF APPROPRIATIONS.*—
6 *There is authorized to be appropriated to the Over-*
7 *sight Panel such sums as may be necessary for any*
8 *fiscal year, half of which shall be derived from the ap-*
9 *plicable account of the House of Representatives, and*
10 *half of which shall be derived from the contingent*
11 *fund of the Senate.*

12 (2) *REIMBURSEMENT OF AMOUNTS.*—*An amount*
13 *equal to the expenses of the Oversight Panel shall be*
14 *promptly transferred by the Secretary, from time to*
15 *time upon the presentment of a statement of such ex-*
16 *penses by the Chairperson of the Oversight Panel,*
17 *from funds made available to the Secretary under this*
18 *Act to the applicable fund of the House of Representa-*
19 *tives and the contingent fund of the Senate, as appro-*
20 *priate, as reimbursement for amounts expended from*
21 *such account and fund under paragraph (1).*

22 **SEC. 126. FDIC AUTHORITY.**

23 (a) *IN GENERAL.*—*Section 18(a) of the Federal De-*
24 *posit Insurance Act (12 U.S.C. 1828(a)) is amended by*
25 *adding at the end the following new paragraph:*

1 “(4) *FALSE ADVERTISING, MISUSE OF FDIC*
2 *NAMES, AND MISREPRESENTATION TO INDICATE IN-*
3 *SURED STATUS.—*

4 “(A) *PROHIBITION ON FALSE ADVERTISING*
5 *AND MISUSE OF FDIC NAMES.—No person may*
6 *represent or imply that any deposit liability, ob-*
7 *ligation, certificate, or share is insured or guar-*
8 *anteed by the Corporation, if such deposit liabil-*
9 *ity, obligation, certificate, or share is not insured*
10 *or guaranteed by the Corporation—*

11 “(i) *by using the terms ‘Federal De-*
12 *posit’, ‘Federal Deposit Insurance’, ‘Federal*
13 *Deposit Insurance Corporation’, any com-*
14 *bination of such terms, or the abbreviation*
15 *‘FDIC’ as part of the business name or firm*
16 *name of any person, including any corpora-*
17 *tion, partnership, business trust, associa-*
18 *tion, or other business entity; or*

19 “(ii) *by using such terms or any other*
20 *terms, sign, or symbol as part of an adver-*
21 *tisement, solicitation, or other document.*

22 “(B) *PROHIBITION ON MISREPRESENTA-*
23 *TIONS OF INSURED STATUS.—No person may*
24 *knowingly misrepresent—*

1 “(i) that any deposit liability, obliga-
2 tion, certificate, or share is insured, under
3 this Act, if such deposit liability, obligation,
4 certificate, or share is not so insured; or

5 “(ii) the extent to which or the manner
6 in which any deposit liability, obligation,
7 certificate, or share is insured under this
8 Act, if such deposit liability, obligation, cer-
9 tificate, or share is not so insured, to the ex-
10 tent or in the manner represented.

11 “(C) *AUTHORITY OF THE APPROPRIATE*
12 *FEDERAL BANKING AGENCY.*—The appropriate
13 Federal banking agency shall have enforcement
14 authority in the case of a violation of this para-
15 graph by any person for which the agency is the
16 appropriate Federal banking agency, or any in-
17 stitution-affiliated party thereof.

18 “(D) *CORPORATION AUTHORITY IF THE AP-*
19 *PROPRIATE FEDERAL BANKING AGENCY FAILS TO*
20 *FOLLOW RECOMMENDATION.*—

21 “(i) *RECOMMENDATION.*—The Cor-
22 poration may recommend in writing to the
23 appropriate Federal banking agency that
24 the agency take any enforcement action au-
25 thorized under section 8 for purposes of en-

1 *forcement of this paragraph with respect to*
2 *any person for which the agency is the ap-*
3 *propriate Federal banking agency or any*
4 *institution-affiliated party thereof.*

5 “(ii) AGENCY RESPONSE.—If the ap-
6 propriate Federal banking agency does not,
7 within 30 days of the date of receipt of a
8 recommendation under clause (i), take the
9 enforcement action with respect to this
10 paragraph recommended by the Corporation
11 or provide a plan acceptable to the Corpora-
12 tion for responding to the situation pre-
13 sented, the Corporation may take the rec-
14 ommended enforcement action against such
15 person or institution-affiliated party.

16 “(E) ADDITIONAL AUTHORITY.—In addition
17 to its authority under subparagraphs (C) and
18 (D), for purposes of this paragraph, the Corpora-
19 tion shall have, in the same manner and to the
20 same extent as with respect to a State non-
21 member insured bank—

22 “(i) jurisdiction over—

23 “(I) any person other than a per-
24 son for which another agency is the ap-
25 propriate Federal banking agency or

1 *any institution-affiliated party thereof;*
2 *and*

3 “*(II) any person that aids or*
4 *abets a violation of this paragraph by*
5 *a person described in subclause (I);*
6 *and*

7 “*(ii) for purposes of enforcing the re-*
8 *quirements of this paragraph, the authority*
9 *of the Corporation under—*

10 “*(I) section 10(c) to conduct in-*
11 *vestigations; and*

12 “*(II) subsections (b), (c), (d) and*
13 *(i) of section 8 to conduct enforcement*
14 *actions.*

15 “*(F) OTHER ACTIONS PRESERVED.—No*
16 *provision of this paragraph shall be construed as*
17 *barring any action otherwise available, under*
18 *the laws of the United States or any State, to*
19 *any Federal or State agency or individual.”*

20 ***(b) ENFORCEMENT ORDERS.—Section 8(c) of the Fed-***
21 ***eral Deposit Insurance Act (12 U.S.C. 1818(c)) is amended***
22 ***by adding at the end the following new paragraph:***

23 “*(4) FALSE ADVERTISING OR MISUSE OF NAMES*
24 ***TO INDICATE INSURED STATUS.—***

25 “*(A) TEMPORARY ORDER.—*

1 “(i) *IN GENERAL.*—If a notice of
2 charges served under subsection (b)(1) speci-
3 fies on the basis of particular facts that any
4 person engaged or is engaging in conduct
5 described in section 18(a)(4), the Corpora-
6 tion or other appropriate Federal banking
7 agency may issue a temporary order requir-
8 ing—

9 “(I) the immediate cessation of
10 any activity or practice described,
11 which gave rise to the notice of charges;
12 and

13 “(II) affirmative action to prevent
14 any further, or to remedy any existing,
15 violation.

16 “(ii) *EFFECT OF ORDER.*—Any tem-
17 porary order issued under this subpara-
18 graph shall take effect upon service.

19 “(B) *EFFECTIVE PERIOD OF TEMPORARY*
20 *ORDER.*—A temporary order issued under sub-
21 paragraph (A) shall remain effective and en-
22 forceable, pending the completion of an adminis-
23 trative proceeding pursuant to subsection (b)(1)
24 in connection with the notice of charges—

1 “(i) until such time as the Corporation
2 or other appropriate Federal banking agen-
3 cy dismisses the charges specified in such
4 notice; or

5 “(ii) if a cease-and-desist order is
6 issued against such person, until the effec-
7 tive date of such order.

8 “(C) CIVIL MONEY PENALTIES.—Any viola-
9 tion of section 18(a)(4) shall be subject to civil
10 money penalties, as set forth in subsection (i),
11 except that for any person other than an insured
12 depository institution or an institution-affiliated
13 party that is found to have violated this para-
14 graph, the Corporation or other appropriate Fed-
15 eral banking agency shall not be required to
16 demonstrate any loss to an insured depository
17 institution.”

18 (c) UNENFORCEABILITY OF CERTAIN AGREEMENTS.—
19 Section 13(c) of the Federal Deposit Insurance Act (12
20 U.S.C. 1823(c)) is amended by adding at the end the fol-
21 lowing new paragraph:

22 “(11) UNENFORCEABILITY OF CERTAIN AGREE-
23 MENTS.—No provision contained in any existing or
24 future standstill, confidentiality, or other agreement
25 that, directly or indirectly—

1 “(A) affects, restricts, or limits the ability of
2 any person to offer to acquire or acquire,

3 “(B) prohibits any person from offering to
4 acquire or acquiring, or

5 “(C) prohibits any person from using any
6 previously disclosed information in connection
7 with any such offer to acquire or acquisition of,
8 all or part of any insured depository institution, in-
9 cluding any liabilities, assets, or interest therein, in
10 connection with any transaction in which the Cor-
11 poration exercises its authority under section 11 or
12 13, shall be enforceable against or impose any liabil-
13 ity on such person, as such enforcement or liability
14 shall be contrary to public policy.”.

15 (d) *TECHNICAL AND CONFORMING AMENDMENTS.*—
16 Section 18 of the Federal Deposit Insurance Act (12 U.S.C.
17 1828) is amended—

18 (1) in subsection (a)(3)—

19 (A) by striking “this subsection” the first
20 place that term appears and inserting “para-
21 graph (1)”; and

22 (B) by striking “this subsection” the second
23 place that term appears and inserting “para-
24 graph (2)”; and

1 (2) in the heading for subsection (a), by striking
2 “INSURANCE LOGO.—” and inserting “REPRESENTA-
3 TIONS OF DEPOSIT INSURANCE.—”.

4 **SEC. 127. COOPERATION WITH THE FBI.**

5 Any Federal financial regulatory agency shall cooper-
6 ate with the Federal Bureau of Investigation and other law
7 enforcement agencies investigating fraud, misrepresenta-
8 tion, and malfeasance with respect to development, adver-
9 tising, and sale of financial products.

10 **SEC. 128. ACCELERATION OF EFFECTIVE DATE.**

11 Section 203 of the Financial Services Regulatory Re-
12 lief Act of 2006 (12 U.S.C. 461 note) is amended by striking
13 “October 1, 2011” and inserting “October 1, 2008”.

14 **SEC. 129. DISCLOSURES ON EXERCISE OF LOAN AUTHOR-**
15 **ITY.**

16 (a) *IN GENERAL.*—Not later than 7 days after the date
17 on which the Board exercises its authority under the third
18 paragraph of section 13 of the Federal Reserve Act (12
19 U.S.C. 343; relating to discounts for individuals, partner-
20 ships, and corporations) the Board shall provide to the
21 Committee on Banking, Housing, and Urban Affairs of the
22 Senate and the Committee on Financial Services of the
23 House of Representatives a report which includes—

24 (1) the justification for exercising the authority;
25 and

1 (2) *the specific terms of the actions of the Board,*
2 *including the size and duration of the lending, avail-*
3 *able information concerning the value of any collat-*
4 *eral held with respect to such a loan, the recipient of*
5 *warrants or any other potential equity in exchange*
6 *for the loan, and any expected cost to the taxpayers*
7 *for such exercise.*

8 (b) *PERIODIC UPDATES.*—*The Board shall provide up-*
9 *dates to the Committees specified in subsection (a) not less*
10 *frequently than once every 60 days while the subject loan*
11 *is outstanding, including—*

12 (1) *the status of the loan;*

13 (2) *the value of the collateral held by the Federal*
14 *reserve bank which initiated the loan; and*

15 (3) *the projected cost to the taxpayers of the loan.*

16 (c) *CONFIDENTIALITY.*—*The information submitted to*
17 *the Congress under this section shall be kept confidential,*
18 *upon the written request of the Chairman of the Board, in*
19 *which case it shall be made available only to the Chair-*
20 *persons and Ranking Members of the Committees described*
21 *in subsection (a).*

22 (d) *APPLICABILITY.*—*The provisions of this section*
23 *shall be in force for all uses of the authority provided under*
24 *section 13 of the Federal Reserve Act occurring during the*
25 *period beginning on March 1, 2008 and ending on the after*

1 *the date of enactment of this Act, and reports described in*
2 *subsection (a) shall be required beginning not later than*
3 *30 days after that date of enactment, with respect to any*
4 *such exercise of authority.*

5 *(e) SHARING OF INFORMATION.—Any reports required*
6 *under this section shall also be submitted to the Congres-*
7 *sional Oversight Panel established under section 125.*

8 **SEC. 130. TECHNICAL CORRECTIONS.**

9 *(a) IN GENERAL.—Section 128(b)(2) of the Truth in*
10 *Lending Act (15 U.S.C. 1638(b)(2)), as amended by section*
11 *2502 of the Mortgage Disclosure Improvement Act of 2008*
12 *(Public Law 110–289), is amended—*

13 *(1) in subparagraph (A), by striking “In the*
14 *case” and inserting “Except as provided in subpara-*
15 *graph (G), in the case”; and*

16 *(2) by amending subparagraph (G) to read as*
17 *follows:*

18 *“(G)(i) In the case of an extension of credit*
19 *relating to a plan described in section 101(53D)*
20 *of title 11, United States Code—*

21 *“(I) the requirements of subparagraphs*
22 *(A) through (E) shall not apply; and*

23 *“(II) a good faith estimate of the dis-*
24 *closures required under subsection (a) shall*
25 *be made in accordance with regulations of*

1. *Program for the United States money market mutual fund industry, from funds under this Act.*

3 **(b) LIMITS ON USE OF EXCHANGE STABILIZATION**
4 *FUND.—The Secretary is prohibited from using the Ex-*
5 *change Stabilization Fund for the establishment of any fu-*
6 *ture guaranty programs for the United States money mar-*
7 *ket mutual fund industry.*

8 **SEC. 132. AUTHORITY TO SUSPEND MARK-TO-MARKET AC-**
9 **COUNTING.**

10 **(a) AUTHORITY.—***The Securities and Exchange Com-*
11 *mission shall have the authority under the securities laws*
12 *(as such term is defined in section 3(a)(47) of the Securities*
13 *Exchange Act of 1934 (15 U.S.C. 78c(a)(47)) to suspend,*
14 *by rule, regulation, or order, the application of Statement*
15 *Number 157 of the Financial Accounting Standards Board*
16 *for any issuer (as such term is defined in section 3(a)(8)*
17 *of such Act) or with respect to any class or category of*
18 *transaction if the Commission determines that is necessary*
19 *or appropriate in the public interest and is consistent with*
20 *the protection of investors.*

21 **(b) SAVINGS PROVISION.—***Nothing in subsection (a)*
22 *shall be construed to restrict or limit any authority of the*
23 *Securities and Exchange Commission under securities laws*
24 *as in effect on the date of enactment of this Act.*

1 **SEC. 133. STUDY ON MARK-TO-MARKET ACCOUNTING.**

2 (a) *STUDY.*—*The Securities and Exchange Commis-*
3 *sion, in consultation with the Board and the Secretary,*
4 *shall conduct a study on mark-to-market accounting stand-*
5 *ards as provided in Statement Number 157 of the Financial*
6 *Accounting Standards Board, as such standards are appli-*
7 *cable to financial institutions, including depository institu-*
8 *tions. Such a study shall consider at a minimum—*

9 (1) *the effects of such accounting standards on a*
10 *financial institution's balance sheet;*

11 (2) *the impacts of such accounting on bank fail-*
12 *ures in 2008;*

13 (3) *the impact of such standards on the quality*
14 *of financial information available to investors;*

15 (4) *the process used by the Financial Accounting*
16 *Standards Board in developing accounting standards;*

17 (5) *the advisability and feasibility of modifica-*
18 *tions to such standards; and*

19 (6) *alternative accounting standards to those*
20 *provided in such Statement Number 157.*

21 (b) *REPORT.*—*The Securities and Exchange Commis-*
22 *sion shall submit to Congress a report of such study before*
23 *the end of the 90-day period beginning on the date of the*
24 *enactment of this Act containing the findings and deter-*
25 *minations of the Commission, including such administra-*

1 *tive and legislative recommendations as the Commission de-*
2 *termines appropriate.*

3 **SEC. 134. RECOUPMENT.**

4 *Upon the expiration of the 5-year period beginning*
5 *upon the date of the enactment of this Act, the Director of*
6 *the Office of Management and Budget, in consultation with*
7 *the Director of the Congressional Budget Office, shall sub-*
8 *mit a report to the Congress on the net amount within the*
9 *Troubled Asset Relief Program under this Act. In any case*
10 *where there is a shortfall, the President shall submit a legis-*
11 *lative proposal that recoups from the financial industry an*
12 *amount equal to the shortfall in order to ensure that the*
13 *Troubled Asset Relief Program does not add to the deficit*
14 *or national debt.*

15 **SEC. 135. PRESERVATION OF AUTHORITY.**

16 *With the exception of section 131, nothing in this Act*
17 *may be construed to limit the authority of the Secretary*
18 *or the Board under any other provision of law.*

19 **SEC. 136. TEMPORARY INCREASE IN DEPOSIT AND SHARE**
20 **INSURANCE COVERAGE.**

21 *(a) FEDERAL DEPOSIT INSURANCE ACT; TEMPORARY*
22 *INCREASE IN DEPOSIT INSURANCE.—*

23 *(1) INCREASED AMOUNT.—Effective only during*
24 *the period beginning on the date of enactment of this*
25 *Act and ending on December 31, 2009, section*

1 11(a)(1)(E) of the Federal Deposit Insurance Act (12
2 U.S.C. 1821(a)(1)(E)) shall apply with “\$250,000”
3 substituted for “\$100,000”.

4 (2) TEMPORARY INCREASE NOT TO BE CONSID-
5 ERED FOR SETTING ASSESSMENTS.—The temporary
6 increase in the standard maximum deposit insurance
7 amount made under paragraph (1) shall not be taken
8 into account by the Board of Directors of the Cor-
9 poration for purposes of setting assessments under
10 section 7(b)(2) of the Federal Deposit Insurance Act
11 (12 U.S.C. 1817(b)(2)).

12 (3) BORROWING LIMITS TEMPORARILY LIFTED.—
13 During the period beginning on the date of enactment
14 of this Act and ending on December 31, 2009, the
15 Board of Directors of the Corporation may request
16 from the Secretary, and the Secretary shall approve,
17 a loan or loans in an amount or amounts necessary
18 to carry out this subsection, without regard to the
19 limitations on such borrowing under section 14(a)
20 and 15(c) of the Federal Deposit Insurance Act (12
21 U.S.C. 1824(a), 1825(c)).

22 (b) FEDERAL CREDIT UNION ACT; TEMPORARY IN-
23 CREASE IN SHARE INSURANCE.—

24 (1) INCREASED AMOUNT.—Effective only during
25 the period beginning on the date of enactment of this

1 Act and ending on December 31, 2009, section
2 207(k)(5) of the Federal Credit Union Act (12 U.S.C.
3 1787(k)(5)) shall apply with “\$250,000” substituted
4 for “\$100,000”.

5 (2) TEMPORARY INCREASE NOT TO BE CONSID-
6 ERED FOR SETTING INSURANCE PREMIUM CHARGES
7 AND INSURANCE DEPOSIT ADJUSTMENTS.—The tem-
8 porary increase in the standard maximum share in-
9 surance amount made under paragraph (1) shall not
10 be taken into account by the National Credit Union
11 Administration Board for purposes of setting insur-
12 ance premium charges and share insurance deposit
13 adjustments under section 202(c)(2) of the Federal
14 Credit Union Act (12 U.S.C. 1782(c)(2)).

15 (3) BORROWING LIMITS TEMPORARILY LIFTED.—
16 During the period beginning on the date of enactment
17 of this Act and ending on December 31, 2009, the Na-
18 tional Credit Union Administration Board may re-
19 quest from the Secretary, and the Secretary shall ap-
20 prove, a loan or loans in an amount or amounts nec-
21 essary to carry out this subsection, without regard to
22 the limitations on such borrowing under section
23 203(d)(1) of the Federal Credit Union Act (12 U.S.C.
24 1783(d)(1)).

1 (c) *NOT FOR USE IN INFLATION ADJUSTMENTS.*—The
2 *temporary increase in the standard maximum deposit in-*
3 *surance amount made under this section shall not be used*
4 *to make any inflation adjustment under section 11(a)(1)(F)*
5 *of the Federal Deposit Insurance Act (12 U.S.C.*
6 *1821(a)(1)(F)) for purposes of that Act or the Federal Cred-*
7 *it Union Act.*

8 **TITLE II—BUDGET-RELATED**
9 **PROVISIONS**

10 **SEC. 201. INFORMATION FOR CONGRESSIONAL SUPPORT**
11 **AGENCIES.**

12 *Upon request, and to the extent otherwise consistent*
13 *with law, all information used by the Secretary in connec-*
14 *tion with activities authorized under this Act (including*
15 *the records to which the Comptroller General is entitled*
16 *under this Act) shall be made available to congressional*
17 *support agencies (in accordance with their obligations to*
18 *support the Congress as set out in their authorizing stat-*
19 *utes) for the purposes of assisting the committees of Con-*
20 *gress with conducting oversight, monitoring, and analysis*
21 *of the activities authorized under this Act.*

1 **SEC. 202. REPORTS BY THE OFFICE OF MANAGEMENT AND**
2 **BUDGET AND THE CONGRESSIONAL BUDGET**
3 **OFFICE.**

4 (a) *REPORTS BY THE OFFICE OF MANAGEMENT AND*
5 *BUDGET.*—*Within 60 days of the first exercise of the au-*
6 *thority granted in section 101(a), but in no case later than*
7 *December 31, 2008, and semiannually thereafter, the Office*
8 *of Management and Budget shall report to the President*
9 *and the Congress—*

10 (1) *the estimate, notwithstanding section*
11 *502(5)(F) of the Federal Credit Reform Act of 1990*
12 *(2 U.S.C. 661a(5)(F)), as of the first business day*
13 *that is at least 30 days prior to the issuance of the*
14 *report, of the cost of the troubled assets; and guaran-*
15 *tees of the troubled assets, determined in accordance*
16 *with section 123;*

17 (2) *the information used to derive the estimate,*
18 *including assets purchased or guaranteed, prices paid,*
19 *revenues received, the impact on the deficit and debt,*
20 *and a description of any outstanding commitments to*
21 *purchase troubled assets; and*

22 (3) *a detailed analysis of how the estimate has*
23 *changed from the previous report.*

24 *Beginning with the second report under subsection (a), the*
25 *Office of Management and Budget shall explain the dif-*
26 *ferences between the Congressional Budget Office estimates*

1 *delivered in accordance with subsection (b) and prior Office*
2 *of Management and Budget estimates.*

3 **(b) REPORTS BY THE CONGRESSIONAL BUDGET OF-**
4 *FICE.—Within 45 days of receipt by the Congress of each*
5 *report from the Office of Management and Budget under*
6 *subsection (a), the Congressional Budget Office shall report*
7 *to the Congress the Congressional Budget Office's assessment*
8 *of the report submitted by the Office of Management and*
9 *Budget, including—*

10 **(1) the cost of the troubled assets and guarantees**
11 *of the troubled assets,*

12 **(2) the information and valuation methods used**
13 *to calculate such cost, and*

14 **(3) the impact on the deficit and the debt.**

15 **(c) FINANCIAL EXPERTISE.—In carrying out the du-**
16 *ties in this subsection or performing analyses of activities*
17 *under this Act, the Director of the Congressional Budget*
18 *Office may employ personnel and procure the services of*
19 *experts and consultants.*

20 **(d) AUTHORIZATION OF APPROPRIATIONS.—There are**
21 *authorized to be appropriated such sums as may be nec-*
22 *essary to produce reports required by this section.*

1 **SEC. 203. ANALYSIS IN PRESIDENT'S BUDGET.**

2 (a) *IN GENERAL.*—Section 1105(a) of title 31, United
3 States Code, is amended by adding at the end the following
4 new paragraph:

5 “(35) as supplementary materials, a separate
6 analysis of the budgetary effects for all prior fiscal
7 years, the current fiscal year, the fiscal year for which
8 the budget is submitted, and ensuing fiscal years of
9 the actions the Secretary of the Treasury has taken or
10 plans to take using any authority provided in the
11 Emergency Economic Stabilization Act of 2008, in-
12 cluding—

13 “(A) an estimate of the current value of all
14 assets purchased, sold, and guaranteed under the
15 authority provided in the Emergency Economic
16 Stabilization Act of 2008 using methodology re-
17 quired by the Federal Credit Reform Act of 1990
18 (2 U.S.C. 661 et seq.) and section 123 of the
19 Emergency Economic Stabilization Act of 2008;

20 “(B) an estimate of the deficit, the debt held
21 by the public, and the gross Federal debt using
22 methodology required by the Federal Credit Re-
23 form Act of 1990 and section 123 of the Emer-
24 gency Economic Stabilization Act of 2008;

25 “(C) an estimate of the current value of all
26 assets purchased, sold, and guaranteed under the

1 *authority provided in the Emergency Economic*
2 *Stabilization Act of 2008 calculated on a cash*
3 *basis;*

4 *“(D) a revised estimate of the deficit, the*
5 *debt held by the public, and the gross Federal*
6 *debt, substituting the cash-based estimates in*
7 *subparagraph (C) for the estimates calculated*
8 *under subparagraph (A) pursuant to the Federal*
9 *Credit Reform Act of 1990 and section 123 of the*
10 *Emergency Economic Stabilization Act of 2008;*
11 *and*

12 *“(E) the portion of the deficit which can be*
13 *attributed to any action taken by the Secretary*
14 *using authority provided by the Emergency Eco-*
15 *nomics Stabilization Act of 2008 and the extent*
16 *to which the change in the deficit since the most*
17 *recent estimate is due to a reestimate using the*
18 *methodology required by the Federal Credit Re-*
19 *form Act of 1990 and section 123 of the Emer-*
20 *gency Economic Stabilization Act of 2008.”*

21 *(b) CONSULTATION.—In implementing this section, the*
22 *Director of Office of Management and Budget shall consult*
23 *periodically, but at least annually, with the Committee on*
24 *the Budget of the House of Representatives, the Committee*

1 on the Budget of the Senate, and the Director of the Con-
2 gressional Budget Office.

3 (c) *EFFECTIVE DATE.*—This section and the amend-
4 ment made by this section shall apply beginning with re-
5 spect to the fiscal year 2010 budget submission of the Presi-
6 dent.

7 **SEC. 204. EMERGENCY TREATMENT.**

8 All provisions of this Act are designated as an emer-
9 gency requirement and necessary to meet emergency needs
10 pursuant to section 204(a) of S. Con. Res. 21 (110th Con-
11 gress), the concurrent resolution on the budget for fiscal year
12 2008 and rescissions of any amounts provided in this Act
13 shall not be counted for purposes of budget enforcement.

14 **TITLE III—TAX PROVISIONS**

15 **SEC. 301. GAIN OR LOSS FROM SALE OR EXCHANGE OF CER-**
16 **TAIN PREFERRED STOCK.**

17 (a) *IN GENERAL.*—For purposes of the Internal Rev-
18 enue Code of 1986, gain or loss from the sale or exchange
19 of any applicable preferred stock by any applicable finan-
20 cial institution shall be treated as ordinary income or loss.

21 (b) *APPLICABLE PREFERRED STOCK.*—For purposes of
22 this section, the term “applicable preferred stock” means
23 any stock—

24 (1) which is preferred stock in—

1 (A) the Federal National Mortgage Associa-
2 tion, established pursuant to the Federal Na-
3 tional Mortgage Association Charter Act (12
4 U.S.C. 1716 et seq.), or

5 (B) the Federal Home Loan Mortgage Cor-
6 poration, established pursuant to the Federal
7 Home Loan Mortgage Corporation Act (12
8 U.S.C. 1451 et seq.), and

9 (2) which—

10 (A) was held by the applicable financial in-
11 stitution on September 6, 2008, or

12 (B) was sold or exchanged by the applicable
13 financial institution on or after January 1,
14 2008, and before September 7, 2008.

15 (c) *APPLICABLE FINANCIAL INSTITUTION.*—For pur-
16 poses of this section:

17 (1) *IN GENERAL.*—Except as provided in para-
18 graph (2), the term “applicable financial institution”
19 means—

20 (A) a financial institution referred to in
21 section 582(c)(2) of the Internal Revenue Code of
22 1986, or

23 (B) a depository institution holding com-
24 pany (as defined in section 3(w)(1) of the Fed-

1 *eral Deposit Insurance Act (12 U.S.C.*
2 *1813(w)(1))*.

3 *(2) SPECIAL RULES FOR CERTAIN SALES.—In*
4 *the case of—*

5 *(A) a sale or exchange described in sub-*
6 *section (b)(2)(B), an entity shall be treated as an*
7 *applicable financial institution only if it was an*
8 *entity described in subparagraph (A) or (B) of*
9 *paragraph (1) at the time of the sale or ex-*
10 *change, and*

11 *(B) a sale or exchange after September 6,*
12 *2008, of preferred stock described in subsection*
13 *(b)(2)(A), an entity shall be treated as an appli-*
14 *cable financial institution only if it was an enti-*
15 *ty described in subparagraph (A) or (B) of para-*
16 *graph (1) at all times during the period begin-*
17 *ning on September 6, 2008, and ending on the*
18 *date of the sale or exchange of the preferred stock.*

19 *(d) SPECIAL RULE FOR CERTAIN PROPERTY NOT*
20 *HELD ON SEPTEMBER 6, 2008.—The Secretary of the*
21 *Treasury or the Secretary's delegate may extend the appli-*
22 *cation of this section to all or a portion of the gain or loss*
23 *from a sale or exchange in any case where—*

24 *(1) an applicable financial institution sells or*
25 *exchanges applicable preferred stock after September*

1 6, 2008, which the applicable financial institution
2 did not hold on such date, but the basis of which in
3 the hands of the applicable financial institution at
4 the time of the sale or exchange is the same as the
5 basis in the hands of the person which held such stock
6 on such date, or

7 (2) the applicable financial institution is a part-
8 ner in a partnership which—

9 (A) held such stock on September 6, 2008,
10 and later sold or exchanged such stock, or

11 (B) sold or exchanged such stock during the
12 period described in subsection (b)(2)(B).

13 (e) *REGULATORY AUTHORITY.*—The Secretary of the
14 Treasury or the Secretary's delegate may prescribe such
15 guidance, rules, or regulations as are necessary to carry out
16 the purposes of this section.

17 (f) *EFFECTIVE DATE.*—This section shall apply to
18 sales or exchanges occurring after December 31, 2007, in
19 taxable years ending after such date.

1 **SEC. 302. SPECIAL RULES FOR TAX TREATMENT OF EXECU-**
2 **TIVE COMPENSATION OF EMPLOYERS PAR-**
3 **TICIPATING IN THE TROUBLED ASSETS RE-**
4 **LIEF PROGRAM.**

5 (a) *DENIAL OF DEDUCTION.*—Subsection (m) of sec-
6 tion 162 of the Internal Revenue Code of 1986 is amended
7 by adding at the end the following new paragraph:

8 “(5) *SPECIAL RULE FOR APPLICATION TO EM-*
9 *PLOYERS PARTICIPATING IN THE TROUBLED ASSETS*
10 *RELIEF PROGRAM.*—

11 “(A) *IN GENERAL.*—In the case of an appli-
12 cable employer, no deduction shall be allowed
13 under this chapter—

14 “(i) in the case of executive remunera-
15 tion for any applicable taxable year which
16 is attributable to services performed by a
17 covered executive during such applicable
18 taxable year, to the extent that the amount
19 of such remuneration exceeds \$500,000, or

20 “(ii) in the case of deferred deduction
21 executive remuneration for any taxable year
22 for services performed during any applica-
23 ble taxable year by a covered executive, to
24 the extent that the amount of such remu-
25 nation exceeds \$500,000 reduced (but not
26 below zero) by the sum of—

1 “(I) the executive remuneration
2 for such applicable taxable year, plus

3 “(II) the portion of the deferred
4 deduction executive remuneration for
5 such services which was taken into ac-
6 count under this clause in a preceding
7 taxable year.

8 “(B) APPLICABLE EMPLOYER.—For pur-
9 poses of this paragraph—

10 “(i) IN GENERAL.—Except as provided
11 in clause (ii), the term ‘applicable em-
12 ployer’ means any employer from whom 1
13 or more troubled assets are acquired under
14 a program established by the Secretary
15 under section 101(a) of the Emergency Eco-
16 nomic Stabilization Act of 2008 if the ag-
17 gregate amount of the assets so acquired for
18 all taxable years exceeds \$300,000,000.

19 “(ii) DISREGARD OF CERTAIN ASSETS
20 SOLD THROUGH DIRECT PURCHASE.—If the
21 only sales of troubled assets by an employer
22 under the program described in clause (i)
23 are through 1 or more direct purchases
24 (within the meaning of section 113(c) of the
25 Emergency Economic Stabilization Act of

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2008), such assets shall not be taken into account under clause (i) in determining whether the employer is an applicable employer for purposes of this paragraph.

“(iii) *AGGREGATION RULES.*—Two or more persons who are treated as a single employer under subsection (b) or (c) of section 414 shall be treated as a single employer, except that in applying section 1563(a) for purposes of either such subsection, paragraphs (2) and (3) thereof shall be disregarded.

“(C) *APPLICABLE TAXABLE YEAR.*—For purposes of this paragraph, the term ‘applicable taxable year’ means, with respect to any employer—

“(i) the first taxable year of the employer—

“(I) which includes any portion of the period during which the authorities under section 101(a) of the Emergency Economic Stabilization Act of 2008 are in effect (determined under section 120 thereof), and

1 “(II) in which the aggregate
2 amount of troubled assets acquired
3 from the employer during the taxable
4 year pursuant to such authorities
5 (other than assets to which subpara-
6 graph (B)(ii) applies), when added to
7 the aggregate amount so acquired for
8 all preceding taxable years, exceeds
9 \$300,000,000, and

10 “(ii) any subsequent taxable year
11 which includes any portion of such period.

12 “(D) COVERED EXECUTIVE.—For purposes
13 of this paragraph—

14 “(i) IN GENERAL.—The term ‘covered
15 executive’ means, with respect to any appli-
16 cable taxable year, any employee—

17 “(I) who, at any time during the
18 portion of the taxable year during
19 which the authorities under section
20 101(a) of the Emergency Economic
21 Stabilization Act of 2008 are in effect
22 (determined under section 120 thereof),
23 is the chief executive officer of the ap-
24 plicable employer or the chief financial
25 officer of the applicable employer, or

1 an individual acting in either such ca-
2 pacity, or

3 “(II) who is described in clause
4 (ii).

5 “(ii) *HIGHEST COMPENSATED EMPLOY-*
6 *EES.*—An employee is described in this
7 clause if the employee is 1 of the 3 highest
8 compensated officers of the applicable em-
9 ployer for the taxable year (other than an
10 individual described in clause (i)(I)), deter-
11 mined—

12 “(I) on the basis of the share-
13 holder disclosure rules for compensa-
14 tion under the Securities Exchange Act
15 of 1934 (without regard to whether
16 those rules apply to the employer), and

17 “(II) by only taking into account
18 employees employed during the portion
19 of the taxable year described in clause
20 (i)(I).

21 “(iii) *EMPLOYEE REMAINS COVERED*
22 *EXECUTIVE.*—If an employee is a covered
23 executive with respect to an applicable em-
24 ployer for any applicable taxable year, such
25 employee shall be treated as a covered execu-

1 *tive with respect to such employer for all*
2 *subsequent applicable taxable years and for*
3 *all subsequent taxable years in which de-*
4 *ferred deduction executive remuneration*
5 *with respect to services performed in all*
6 *such applicable taxable years would (but for*
7 *this paragraph) be deductible.*

8 “(E) *EXECUTIVE REMUNERATION.*—For
9 *purposes of this paragraph, the term ‘executive*
10 *remuneration’ means the applicable employee re-*
11 *muneration of the covered executive, as deter-*
12 *mined under paragraph (4) without regard to*
13 *subparagraphs (B), (C), and (D) thereof. Such*
14 *term shall not include any deferred deduction ex-*
15 *ecutive remuneration with respect to services per-*
16 *formed in a prior applicable taxable year.*

17 “(F) *DEFERRED DEDUCTION EXECUTIVE*
18 *REMUNERATION.*—For purposes of this para-
19 *graph, the term ‘deferred deduction executive re-*
20 *muneration’ means remuneration which would*
21 *be executive remuneration for services performed*
22 *in an applicable taxable year but for the fact*
23 *that the deduction under this chapter (deter-*
24 *mined without regard to this paragraph) for*

1 *such remuneration is allowable in a subsequent*
2 *taxable year.*

3 *“(G) COORDINATION.—Rules similar to the*
4 *rules of subparagraphs (F) and (G) of paragraph*
5 *(4) shall apply for purposes of this paragraph.*

6 *“(H) REGULATORY AUTHORITY.—The Sec-*
7 *retary may prescribe such guidance, rules, or*
8 *regulations as are necessary to carry out the*
9 *purposes of this paragraph and the Emergency*
10 *Economic Stabilization Act of 2008, including*
11 *the extent to which this paragraph applies in the*
12 *case of any acquisition, merger, or reorganiza-*
13 *tion of an applicable employer.”.*

14 *(b) GOLDEN PARACHUTE RULE.—Section 280G of the*
15 *Internal Revenue Code of 1986 is amended—*

16 *(1) by redesignating subsection (e) as subsection*
17 *(f), and*

18 *(2) by inserting after subsection (d) the following*
19 *new subsection:*

20 *“(e) SPECIAL RULE FOR APPLICATION TO EMPLOYERS*
21 *PARTICIPATING IN THE TROUBLED ASSETS RELIEF PRO-*
22 *GRAM.—*

23 *“(1) IN GENERAL.—In the case of the severance*
24 *from employment of a covered executive of an appli-*
25 *cable employer during the period during which the*

1 *authorities under section 101(a) of the Emergency*
2 *Economic Stabilization Act of 2008 are in effect (de-*
3 *termined under section 120 of such Act), this section*
4 *shall be applied to payments to such executive with*
5 *the following modifications:*

6 *“(A) Any reference to a disqualified indi-*
7 *vidual (other than in subsection (c)) shall be*
8 *treated as a reference to a covered executive.*

9 *“(B) Any reference to a change described in*
10 *subsection (b)(2)(A)(i) shall be treated as a ref-*
11 *erence to an applicable severance from employ-*
12 *ment of a covered executive, and any reference to*
13 *a payment contingent on such a change shall be*
14 *treated as a reference to any payment made dur-*
15 *ing an applicable taxable year of the employer*
16 *on account of such applicable severance from em-*
17 *ployment.*

18 *“(C) Any reference to a corporation shall be*
19 *treated as a reference to an applicable employer.*

20 *“(D) The provisions of subsections*
21 *(b)(2)(C), (b)(4), (b)(5), and (d)(5) shall not*
22 *apply.*

23 *“(2) DEFINITIONS AND SPECIAL RULES.—For*
24 *purposes of this subsection:*

1 “(A) *DEFINITIONS.*—Any term used in this
2 subsection which is also used in section
3 162(m)(5) shall have the meaning given such
4 term by such section.

5 “(B) *APPLICABLE SEVERANCE FROM EM-*
6 *PLOYMENT.*—The term ‘applicable severance from
7 employment’ means any severance from employ-
8 ment of a covered executive—

9 “(i) by reason of an involuntary termi-
10 nation of the executive by the employer, or

11 “(ii) in connection with any bank-
12 ruptcy, liquidation, or receivership of the
13 employer.

14 “(C) *COORDINATION AND OTHER RULES.*—

15 “(i) *IN GENERAL.*—If a payment
16 which is treated as a parachute payment by
17 reason of this subsection is also a parachute
18 payment determined without regard to this
19 subsection, this subsection shall not apply to
20 such payment.

21 “(ii) *REGULATORY AUTHORITY.*—The
22 Secretary may prescribe such guidance,
23 rules, or regulations as are necessary—

24 “(I) to carry out the purposes of
25 this subsection and the Emergency

1 *Economic Stabilization Act of 2008,*
2 *including the extent to which this sub-*
3 *section applies in the case of any ac-*
4 *quisition, merger, or reorganization of*
5 *an applicable employer,*

6 “(II) to apply this section and
7 section 4999 in cases where one or
8 more payments with respect to any in-
9 dividual are treated as parachute pay-
10 ments by reason of this subsection, and
11 other payments with respect to such in-
12 dividual are treated as parachute pay-
13 ments under this section without re-
14 gard to this subsection, and

15 “(III) to prevent the avoidance of
16 the application of this section through
17 the mischaracterization of a severance
18 from employment as other than an ap-
19 plicable severance from employment.”.

20 (c) *EFFECTIVE DATES.*—

21 (1) *IN GENERAL.*—The amendment made by sub-
22 section (a) shall apply to taxable years ending on or
23 after the date of the enactment of this Act.

24 (2) *GOLDEN PARACHUTE RULE.*—The amend-
25 ments made by subsection (b) shall apply to payments

1 with respect to severances occurring during the period
2 during which the authorities under section 101(a) of
3 this Act are in effect (determined under section 120
4 of this Act).

5 **SEC. 303. EXTENSION OF EXCLUSION OF INCOME FROM DIS-**
6 **CHARGE OF QUALIFIED PRINCIPAL RESI-**
7 **DENCE INDEBTEDNESS.**

8 (a) *EXTENSION.*—Subparagraph (E) of section
9 108(a)(1) of the Internal Revenue Code of 1986 is amended
10 by striking “January 1, 2010” and inserting “January 1,
11 2013”.

12 (b) *EFFECTIVE DATE.*—The amendment made by this
13 section shall apply to discharges of indebtedness occurring
14 on or after January 1, 2010.

15 **DIVISION B—ENERGY IMPROVE-**
16 **MENT AND EXTENSION ACT**
17 **OF 2008**

18 **SECTION 1. SHORT TITLE, ETC.**

19 (a) *SHORT TITLE.*—This division may be cited as the
20 “Energy Improvement and Extension Act of 2008”.

21 (b) *REFERENCE.*—Except as otherwise expressly pro-
22 vided, whenever in this division an amendment or repeal
23 is expressed in terms of an amendment to, or repeal of, a
24 section or other provision, the reference shall be considered