

Summary Highlights, Economic Rescue Plan

A verbal agreement on the economic rescue bill has been reached between House and Senate leaders. Below is a preliminary summary of highlights and changes House Republicans have secured as a result of our late-week revolt.

Help for Main Street:

- If after five years, the government has a net loss as a result of the purchase program, the President is required to submit a proposal to recoup those losses from the entities that benefited from this program. *[Negotiated by House GOP]*
- Provides for warrants of non-voting stock in companies receiving assistance so that taxpayers have an opportunity to recoup any losses.
- Allows community banks to take capital losses on Government Sponsored Entity (GSE) assets against ordinary income, providing much needed relief for local banks. *[House GOP Priority]*
- Authorizes government agencies that hold mortgages to do work-outs with troubled borrowers provided such workouts do not harm the interests of taxpayers. *[Negotiated by House GOP]*

Assistance Funded By Wall Street, Not Main Street:

- Requires the establishment of an insurance guarantee program that in lieu of purchasing assets with taxpayer funds is available to insure assets at no cost to the taxpayer. Costs would be fully paid for by participating companies (i.e. those receiving the assistance). Assets insured by the program would count against the total funds the Secretary would otherwise have available to make purchases. *[House GOP Priority]*

Eliminating Special Interest Earmarks:

Prior to House Republicans stepping in, Democrats had loaded up the bill with special interest provisions. Provisions removed by House Republicans include:

- Provision to provide unions and other activist groups with proxy access for corporate boards
- Provision to mandate shareholder votes on compensation issues (union priority)
- Diversion of funds into a housing fund to support left-wing activist groups like ACORN
- A provision to allow trial judges to arbitrarily adjust mortgages, creating bonanza for trial lawyers

- A provision to require the government to sell to state and local governments at a discount homes the government acquires as a result of foreclosure

Congressional Accountability Over Expenditure of Funds:

- Of the total \$700 billion provided, \$350 billion is only available after Congress has the opportunity to rescind the funds. *[Negotiated by House GOP]*
- Establishes a bipartisan Congressional Oversight Panel (Democrat proposal was a 5-2 partisan panel).
- Established a Special Inspector General to monitor the program.
- Directs the Government Accountability Office to review and audit the program.

Corporate Accountability & Reform:

- Requires a study on the role of the mark-to-market rules and their impact on the current financial crisis. *[House GOP Priority]*
- Authorizes the SEC to suspend the mark-to-market rules. *[House GOP Priority]*
- Established workable executive compensation limits to ensure that bad actors who contributed to this crisis are not rewarded with golden parachutes or severance pay.