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KEY FINDINGS FROM THE WALL STREET BAILOUT TALLY MARCH 31, 2010

Methodology: In calculating the bailout totals, CMD's focus has been on direct and indirect support to financial institutions that had a role in causing the financial crisis. We tally programs across five federal agencies (Federal Reserve, Treasury, Federal Housing Administration, Federal Housing Finance Agency, and the FDIC) and include direct support, loans, and guarantees.

Included in our tally is the Troubled Asset Relief Program (TARP) of the U.S. Treasury, which we price at having spent \$410 billion. Unlike other bailout tallies, we exclude non-Wall Street bailout programs, including economic stimulus funds, unemployment insurance, student loan aid, the auto bailout, "cash for clunkers" or other efforts to create jobs or assist the citizenry. Also, unlike other bailout tallies, we include the vast efforts at non-Treasury agencies (like the Federal Reserve) for programs to support private banks as well as support for the mortgage and mortgage-backed securities markets through federal housing institutions like Fannie Mae and Freddy Mac – which account for 91% (\$4.2 trillion) of the disbursed funds.

1) \$4.6 TRILLION IN TAXPAYER FUNDS HAVE BEEN DISBURSED

All together, \$4.6 trillion of taxpayer funds have been disbursed in the form of direct loans to Wall Street companies and banks, purchases of toxic assets, and support for the mortgage and mortgage-backed securities markets through federal housing agencies. This is an astonishing 32% of our GDP (2008) and 130% of the federal budget (FY 2009).

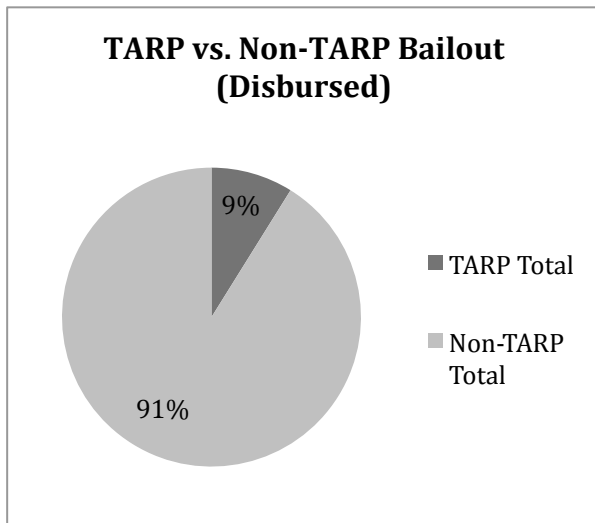
2) TARP vs. Non-TARP FUNDING

Most accountings of the financial bailout focus on the Troubled Asset Relief Program (TARP), enacted by Congress with the Emergency Economic Stabilization Act of 2008. However, a complete analysis of the activities of all the agencies involved in the bailout, including the FDIC, Federal Reserve and the Treasury, reveals that TARP, which ended up disbursing about \$410 billion, was less than a tenth of the total U.S. government effort to contain the financial crisis.

TARP funds only account for about 20% of the maximum commitments made through the bailout and less than 10% of the actual funds disbursed.

**Table 1:
TARP vs. Non-TARP Bailout Funds (in millions)**

	Maximum At-Risk	Disbursed	Outstanding
TARP	\$2,830,400	\$410,461	\$224,839
Non-TARP	\$11,036,790	\$4,215,245	\$1,765,455



3) THE FEDERAL RESERVE HAS PLAYED THE PRIMARY ROLE IN THE BAILOUT

The Federal Reserve has provided by far the bulk of the funding for the bailout in the form of loans — \$3.8 trillion in total. Little information has been disclosed about what collateral taxpayers have received in return for many of these loans. *Bloomberg News* is suing the Federal Reserve to make this information public. On March 19, 2010, Bloomberg won its suit in the Second Circuit Court of Appeals, but it is not clear if this case will continue to be litigated to the Supreme Court.

**Table 2:
U.S. Government Bailout Funds, by Agency (in millions)**

	Maximum At-Risk	Disbursed	Outstanding
Treasury	\$2,075,200	\$791,600	\$591,751
Federal Reserve	\$11,779,490	\$3,833,378	\$1,397,815
FDIC	\$12,500	\$728	\$728

4) FEDERAL SUPPORT FOR THE HOUSING MARKET IS ON THE RISE

A key component of the bailout has been the federal support for mortgages and mortgage-backed securities (MBS). While some may not consider this housing support part of a "Wall Street bailout," Wall Street firms and Main Street banks are the primary beneficiaries of these funds which are preventing the collapse of the MBS market and boosting the price of the trillions of dollars worth of mortgages and mortgage-backed securities the banks themselves still hold.

Since their effective nationalization through conservatorship in September 2008, the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, have stepped into the gap caused by a steep drop-off in demand for mortgages, repurchasing massive amounts of mortgages from lenders and taking huge losses. The losses of the GSEs result from paying banks too much for the mortgages that they have purchased. In other words, their losses are the banks' gain.

However, due to the persistent problems with falling home prices and rising foreclosures, demand for mortgage-backed securities that the GSEs bundle and sell has been weak, necessitating a massive purchase in GSE securities by both the Treasury and the Federal Reserve. The growing role of the Federal Housing Administration in guaranteeing mortgages is clearly having a detrimental effect on its balance sheet, which has as-yet-undetermined consequences for the federal budget should the agency need to be recapitalized. The FHA losses also help to subsidize the private banking system by effectively charging too little to guarantee private new mortgages issued by banks.

All together, the government has disbursed more than \$1.5 trillion in non-TARP funds to directly support the mortgage and housing market since 2007.

**Table 3:
Non-TARP Bailout: Support for Housing and Mortgage Markets (in millions)**

Active/ Inactive	Program	Agency	Max At- Risk	Current At- Risk	Disbursed	Outstanding
Active	GSE stock purchase	Treasury	unlimited	unlimited	\$125,900	\$125,900
Active	GSE direct obligation purchases	FRBNY	\$200,000	\$175,000	\$169,011	\$169,011
Active	GSE mortgage-backed securities purchase (Fed)	FRBNY	\$1,250,000	\$1,250,000	\$1,027,452	\$1,027,452
Active	GSE mortgage-backed securities purchase (Treas)	Treasury	\$314,000	\$190,351	\$220,000	\$190,351
Inactive	GSE credit facility	Treasury	\$25,000	\$0	\$0	\$0
Active	Federal Housing Administration	FHA	\$352,000	\$352,000	\$0	\$0
Totals			\$2,141,000	\$1,967,351	\$1,542,363	\$1,512,714

5) THE BAILOUT IS FAR FROM OVER

All together, \$4.6 trillion of taxpayer funds have been disbursed in our tally of the Wall Street Bailout. Of that, about \$2 trillion remains outstanding. Many of these programs have “buy and hold” strategies with securities that have maturities of up to 30 years. The Federal Reserve in particular is likely to continue holding more than a trillion in these troubled assets for years to come with unknown consequences for taxpayers.