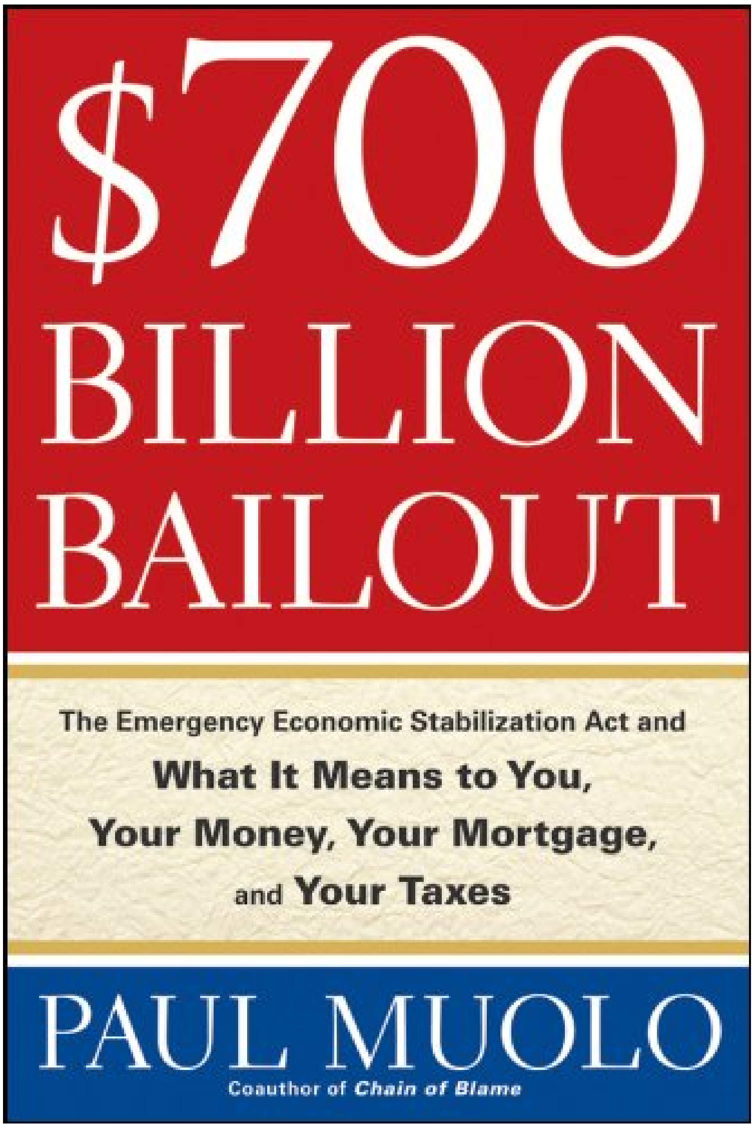
$700 Billion Bailout: The Emergency Economic Stabilization Act and What It Means to You, Your Money, Your Mortgage and Your Taxes

Paul Muolo



#3469580 in eBooks 2008-12-11 2008-12-11File Name: B001OWDXQ6 | File size: 21.Mb

Paul Muolo : $700 Billion Bailout: The Emergency Economic Stabilization Act and What It Means to You, Your Money, Your Mortgage and Your Taxes before purchasing it in order to gage whether or not it would be worth my time, and all praised $700 Billion Bailout: The Emergency Economic Stabilization Act and What It Means to You, Your Money, Your Mortgage and Your Taxes:

0 of 0 people found the following review helpful. Three StarsBy WDPLeans left but shows that Obama was correct in loaning Wall Street and GM the money.1 of 1 people found the following review helpful. The Emergency Economic Stabilization Act in Plain EnglishBy 2014 PonyAnyone can read this book, and everyone should. The author provides details and insight into the Emergency Economic Stabilization Act of 2008 and specifically addresses it possible impact on us. In non-technical language, the author explains what seems to be a complicated financial mess.Additional information on credit default swaps and mortgage backed securities could have been helpful, but that may have taken the book away from its intended audience: the average American tax payer.11 of 12 people found the following review helpful. Biased Assessment Half the book is reprint of EESA LawBy Local WonkI read the book and was displeased with the author's assertions that the mortgage crisis was caused by Wall Street greed. Fannie Mae Freddie Mac were largely exonerated in his book from any culpability other than the fact that they bought subprime mortgages from lenders without proper oversight as to the quality of the underlying loans. However, even in that assessment his states that Fannie Freddie did so because the credit default swaps that backed up the mortgages insured them against default and were supposed to reduce the risk. To this extent, Moody's, SP and Fitch were able give good ratings to poor quality loans because of the insurance backing by AIG and other companies involved in insuring credit risk. In short, Fannie Freddie were victims of the subprime mess not catalysts for it. Also, the author completely ignores the biggest culprit in this calamity: the Federal Government.What's wrong with the author's assessment? Here goes:1. Why were subprime mortgages even offered in the first place? In 1977, President Carter signed into law the community reinvestment act which began to issue ratings, CRA ratings, based on how lending institutions issued loans to low-income areas. At face value, the act sounds good as it was believed that lenders discriminated against people of color. Lenders were not compelled to lower their lending standards to issue loans to minorities or high-risk areas (crime ridden low-income areas).2. During the Clinton administration in the 1990s, the CRA ratings of lenders took on a new dimension. If the rating was not high-enough, the bank would not be authorized to open new branches, or merge or acquire other banks until the CRA rating increased. This effectively put force of law to the CRA rating and banks naturally began to view loans to otherwise (credit) unqualified people as a cost of doing business. Voila! You now have the subprime mortgage sector created.3. In 1999, President Clinton signed into law allowing lending institutions the ability to securitize these mortgages and the SIV or structured investment vehicle was born. By 2001, SIVs were now responsible for billions in securitized mortgages. It was during the latter 90s and early 2000s that Wall Street greed now takes these products to the next level.4. From 2001-2006 over two dozen legislative attempts were made by President Bush to toughen regulation of Fannie Freddie given that they too held trillions in debt and were also securitizing the underlying loans and selling them profitably using their status as a GSE (government sponsored enterprise) to sell them abroad under the cloak of backing by the Federal Government. As early as 2001, President Bush stated that the trillions in poor-quality loans held by Fannie Freddie had the ability to turn the economy into deep recession if defaults of those loans were to increase. Each substantive legislative attempt was thwarted by filibuster by the Democrats. Rep. Barnie Frank was Fannie/Freddie's #1 recipient of campaign cash - he now chairs the house banking committee. Sen. Chris Dodd was Fannie's #1 recipient of campaign cash - he now chairs the senate banking committee. Sen. Hillary Clinton was the #4 recipient. Sen. Obama was Fannie/Freddie's #2 recipient of campaign cash. In fact, the top recipients of Fannie/Freddie's immense political clout cash were all democrats.5. In 2004, Federal Reserve Chairman Alan Greenspan encouraged Fannie/Freddie to securitize their loans further because Credit Default Swaps (CDS) reduced the underlying risk.This major problem was the result of government (Congress, Presidents, Federal Reserve) interference which came as a result of their intention to implement "fairness" into the private sector. It is completely wrong of the author to blame Wall Street as if they operated in some sort of vacuum. This was the doing of the Federal Government.Did the author mention any of the points I just now made? No, not one of them. He covers the $700 billion bailout in good detail but his huge omissions underline his bias: free pass to government progressives responsible for this fiasco.Lastly, the book is roughly 160+ pages long. The first 83 cover aspects of the $700 billion bailout and how it relates to us in the author's assessment. The remaining half of the book is a reprint of highlights of the bailout bill. He could have simply made that a PDF download or included a link to that on the internet. It was really a waste of paper and slight of hand to make the book appear to cover more detail than actually is covered.

The book is an analysis of the controversial Emergency Economic Stabilization Act and explains in easy to understand language what the bailout bill means for individuals. $700 Billion Bailout answers questions such as: What does the bill say, exactly? Who is making decisions about how the $700 billion will be spent, and what does it mean now that the government is investing directly in our banks? Whorsquo;s footing the bill? What is the impact on homeowners, businesses, retirement, and taxes? Where do I put my money in the meantime? Veteran reporter Paul Muolo shows both the challenges and opportunities of the credit crisis and proposed bailout, including its impact on: Mortgages: While rates may be lower, there will be more fees imposed on mortgages. Lenders will be far more cautious in lending, and people who cannot meet their mortgages are likely to lose these homes. This may create a ldquo;contrarianrdquo; plays in foreclosures and vacation homes.. Stocks and Other Investments: Is now the time to get into the stock market or is it safer to stick with CDs, bonds, and gold? Taxes: With the tax breaks, there will be less tax revenue leading to a huge shortfall to the government over the next few years. He will offer insight into these areas and many others, including how the structure of the bailout bill allows for unprecedented authority that has altered the financial landscape, perhaps permanently. nbsp; Will the plan work, and how we can prevent this from happening again remains to be seen, but with $700 Billion Bailout Paul Muolo gives us a critical tool for deciphering perhaps the most sweeping piece of legislation since the Patriot Act.

From the Back CoverPraise for Muolo's Chain of Blame: "There's no time like the present to read this one. Talk about a whopping talemdash;and it happens to be true." ndash;USA Today "Chain of Blame offer[s] instant history on what may turn out to be the worst economic disaster of our time." ndash;Wall Street Journal "For the federal investigators now piecing together the history of who knew what when, Chain of Blame's storehouse of stories provides a good place to start." ndash;BusinessWeek Is America a sinking ship? With the economy in the midst of crisis, the United States government has approved an unprecedented $700 billion bailout of the battered financial industry. $700 Billion Bailout is an analysis of the controversial Emergency Economic Stabilization Act and explains in easy to understand language what the bailout bill means for individuals. The bill, described as the $700 billion bailout . . . and $110 billion in tax breaks, will include tax breaks shielding millions of taxpayers from the alternative minimum tax this year, increase FDIC insurance for bank deposits from $100,000 to $250,000, and provide support for Wall Street's floundering financial institutions. But what does this truly mean for people on Main Street? The book provides understandable analysis of the bill's provisions and offers "to do" and "not to do" steps on how the bailout bill impacts individuals. Whether the plan will work, and how we can prevent this from happening again remains to be seen, but with $700 Billion Bailout Paul Muolo gives us a critical tool for deciphering perhaps the most sweeping piece of legislation since the Patriot Act.About the AuthorPaul Muolo is Executive Editor of National Mortgage News and coauthor of the eye-opening Chain of Blame, which has received very strong coverage in both print and online. His freelance work has appeared in the New York Times, the Washington Post, and Barron's. Muolo has been a guest financial expert on numerous media outlets, including CNN, CNBC, ABC, and Fox Business Network.