

Sirote

SMARTAlert

Keeping you informed of noteworthy developments with the Paulson Plan/Congressional Bailout

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How to Identify and Sell "Troubled Assets" in the Economic Bailout

Sirote Mortgage & Asset Recovery Team (SMART) reports to you on the latest-breaking developments in the economic bailout legislation. The Emergency Economic Stabilization Act of 2008 was enacted on Friday, October 3rd. In upcoming weeks, the Treasury Secretary will identify and purchase "troubled assets," as described below.

How are assets purchased under the economic bailout plan? The Treasury Secretary has the authority to purchase, hold and sell troubled assets from any financial institution and to establish the Troubled Asset Relief Program (TARP).

What are troubled assets? Troubled assets are "residential or commercial mortgages and any securities, obligations or other instruments that are based on or related to such mortgages" that were "originated or issued on or before Mar. 14, 2008," that the Secretary determines the purchase of which promotes financial market stability. Troubled assets may also be any other financial instrument that the Secretary determines the purchase of which is "necessary to promote financial market stability." The purchase of this second type of troubled asset requires the Secretary to consult with the Chairman of the Board of Governors of the Federal Reserve System and to submit the determination in writing to Congressional committees.

Which entities qualify as financial institutions for purposes of selling troubled assets to the Treasury Secretary? Section 3 (5) of the Act defines "financial institution" as "any institutions, including, but not limited to, any bank, savings association, credit union, security broker or dealer, or insurance company, established and regulated under the laws of the United States, or any State, territory or possession of the United States...."

How will the Treasury Secretary determine which troubled assets to purchase? By Nov. 17, 2008, the Treasury Secretary must release guidelines on how to determine what troubled assets will be purchased and how to price or value the troubled assets.

To determine if your loans qualify as troubled assets, or if you need assistance negotiating the sale of those assets, please contact the **Sirote Mortgage & Asset Recovery Team**. Click [here](#) to learn more.

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