

 **DAY PITNEY LLP**
A L E R T

September 25, 2008

**Senate Issues Guidelines To Treasury on Credit
Legislation**

We have been advised that the following principles will guide the Senate consideration of the proposal by the Department of the Treasury to address the credit crisis. If you have any questions, please call us.

1. Requires Treasury Secretary to set standards to prevent excessive or inappropriate executive compensation for participating companies
2. To minimize risk to the American taxpayer, requires that any transaction include equity sharing
3. Requires most profits to be used to reduce the national debt
4. Treasury Secretary is prohibited from acting in an arbitrary or capricious manner or in any way that is inconsistent with existing law
5. Establishes strong oversight board with cease and desist authority
6. Requires program transparency and public accountability through regular, detailed reports to Congress disclosing exercise of the Treasury Secretary's authority
7. Establishes an independent Inspector General to monitor the use of the Treasury Secretary's authority
8. Requires GAO audits to ensure proper use of funds, appropriate internal controls, and to prevent waste, fraud, and abuse
9. Maximize and coordinate efforts to modify mortgages for homeowners at risk of foreclosure
10. Requires loan modifications for mortgages owned or controlled by the Federal Government
11. Directs a percentage of future profits to the Affordable Housing Fund and the Capital Magnet Fund to meet America's housing needs
12. Treasury Secretary's request for \$700 billion is authorized, \$250 billion available immediately and an additional \$100 billion released upon certification that funds are needed
13. The final \$350 billion is subject to a Congressional joint resolution of disapproval

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Distressed Assets Practice Group

Day Pitney's Distressed Assets Practice Group is a multi-disciplinary team serving buyers and sellers in connection with acquisitions, dispositions, restructurings, and workouts of distressed companies, including their securities and assets. The group services national and regional clients from our offices in New York, Connecticut, Massachusetts, New Jersey and Washington DC. As a result of the 2007 merger of Day, Berry & Howard and Pitney Hardin, Day Pitney has harnessed each firm's respective history of providing sophisticated distressed assets advice.

For more information about the Distressed Assets Practice Group, please contact co-chairs Robert G. Siegel and James J. Tancredi at rsiegel@daypitney.com and jjtancredi@daypitney.com.

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