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EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

October 3, 2008

The House of Representatives just overwhelmingly passed the Senate version of the Emergency Economic Stabilization Act of 2008 (the "Act"). The Act which has been alternatively criticized as a bail out for Wall Street or praised as the key to the ongoing economic stability of this country has attracted a significant amount of time and attention over the past several weeks. A bill that started as a three page summary of needs ballooned to almost 450 pages of provisions that impact almost every area of the economy.

While we have not had the time to digest the entire bill, we have felt a need to provide our clients and friends with a brief description of some of the key provisions of the final bill. As one will note, these provisions seem to go far beyond economic stabilization into areas such as requiring insurance companies to cover mental health problems, giving rum rebates for distillates imported from Puerto Rico and extending the law allowing motor sports racing tack facilities to write-off costs related to their facilities. Clearly, the Act will have a lasting impact on the economy and the way business is conducted for years to come.

Among other things and in no particular order, some of the key provisions of the Act are as follows:

- Broad authority has been granted to the Secretary of the Treasury to deal with troubled assets of financial institutions. Specifically, the Act makes up to \$700 million available to provide liquidity to the markets as well as to pay for loss mitigation as a result of troubled assets.
- FDIC deposit insurance has been increased from \$100,000 to \$250,000 for each insured account.
- Certain tax cuts that were to expire under existing legislation have been extended for an additional period of time.
- Under certain circumstances, the mark to market rules may be suspended by the Secretary of the Treasury and in addition, a study has been mandated with respect to effect and impact of the mark to market rules to which many have attributed a significant amount of the problems in financial institution balance sheets.
- Loan mitigation provisions have been included for home owners and the Act states a strong public policy that home owners should not lose their homes due to the problems that have arisen as a result of the collapse of the home mortgage market.
- Executive compensation rules have been changed with respect to institutions that receive government assistance as a result of the Act.
- Certain provisions of the tax code related to energy production and carbon mitigation have been extended for a period of time.
- Health insurance companies will be required to insure mental health problems on a similar basis as physical health problems are now insured.

As always, we are dedicated to providing the best legal counsel available. As your legal needs arise in this changing environment, please call us.

The McCarrey Law Group