

Bailout acronym soup: A handy guide

A look at some of the government's financial bailout programs

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The many government programs that have been launched since the economy began melting down last year may seem more like alphabet soup than a plan for recovery. Here's a look at some of the main programs created in response to the financial crisis, and what you should know about them.

Troubled Asset Relief Program (TARP): This extensive bailout program was originally designed to buy up the bad debt that was threatening the financial stability of some U.S. banks. The \$700 billion program quickly morphed into billions of dollars in direct government investments in financial institutions in exchange for partial ownership. Insurance giant AIG and automakers General Motors and Chrysler also have received TARP money.

Public-Private Investment Program (PPIP): In March, Treasury Secretary Timothy Geithner announced a plan to use \$75 billion to \$100 billion in TARP money, combined with private investments, for the original purpose of buying up bad debt. The aim of the program is to clean up banks' balance sheets so they can more easily make loans.

Term Asset-Backed Securities Loan Facility (TALF): The Federal Reserve and Treasury created this



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program to lend up to \$200 billion to financial institutions that offer bundled loans for small businesses and consumers. The hope is that the program will make it easier and cheaper for Americans to get student loans, car loans and other types of credit.

Temporary Liquidity Guarantee Program (TGLP): The Federal Deposit Insurance Corp. created this program in another effort to get banks to lend money more freely again. The TGLP guarantees certain types of debt issued by financial institutions, and deposits in certain accounts, such as business' payroll accounts, in the event the bank fails or files for bankruptcy. Thousands of banks are participating in the program.

Capital Assistance Program (CAP): This program also aims to ensure that financial institutions will be able to lend money. One aspect of the program evaluates banks to make sure they have enough funds to continue operating even if the economy gets worse. Another

aspect gives the government the ability to provide banks with capital if they need it to keep operating and there are no private funding options available because of the poor market.

Targeted Investment Program (TIP): This program, also run by the Treasury Department, allows the government to provide aid to a troubled financial institution if that company's problems could have a ripple effect on other aspects of the U.S. economy, such as creditors.

Homeowner Affordability and Stability Plan: This government



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program (no acronym yet) is targeted at curbing the foreclosure crisis. The program aims to help millions of families restructure their mortgages to avoid foreclosure and also provides other tools to stem the pace of foreclosures. Those elements include a plan to let judges modify mortgages in bankruptcy proceedings, and a plan to provide assistance to renters who have lost their homes in foreclosure.

Commercial Paper Funding Facility (CPFF): This program aims to make it easier for companies to get a kind of short-term loan, called commercial paper, that many companies routinely use to pay employees, purchase supplies and do other day-to-day financing activities. The government created the program, funded by the Federal Reserve Bank of New York, to purchase some commercial paper for a short period of time, in an effort to get the commercial paper market flowing again following the financial crisis last fall.

Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF): This program provides loans so some financial institutions can buy certain types of commercial paper from money market mutual funds. The goal of the program was to make it easier for the funds to pay investors who wanted to cash out, while also helping to get the market for short-term business loans flowing more normally again.

Money Market Investor Funding Facility (MMIFF): This program also was created in the fall of 2008 with the aim of keeping low-risk mutual funds operating normally

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in order to reassure investors that they could easily get their money out if they wished. The program provides financing for private companies to buy certain short-term, low-risk investments.

Sources: Subsidyscope, FDIC, Treasury Department, Federal Reserve, msnbc.com