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# Rescue bill released

## Legislation details plan to enact historic bailout of nation's financial system.

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NEW YORK (CNNMoney.com) -- The federal government would provide as much as \$700 billion in a far-reaching plan to rescue the nation's troubled financial system, according to a bill posted online by leading Democratic lawmakers on Sunday.

House Speaker Nancy Pelosi said she hopes the House will take up the bill on Monday. Sen. Majority Leader Harry Reid, D-Nev., said he believes the Senate can move on the legislation as early as Wednesday.

Pelosi said the provisions added by Democrats will protect taxpayers from having to pay for the bailout.

"We sent a message to Wall Street - the party is over," she said at a press conference with Reid and other Democratic leaders from the House and Senate.

The core of the bill is based on Treasury Secretary Henry Paulson's request for authority to purchase troubled assets from financial institutions so banks can resume lending and so the credit markets, now virtually frozen, can begin to operate more normally.

But Democrats and Republicans - concerned about the potential taxpayer cost - have added several conditions and restrictions. Key negotiators for the financial rescue plan will be busy trying to line up votes on Capitol Hill on Sunday to support the accord they reached soon after midnight.

Among the provisions of the draft bill:

- The \$700 billion would be disbursed in stages, with \$250 billion made available immediately for the Treasury's use.
- Curbs will be placed on the compensation of executives at companies that sell mortgage assets to Treasury. Among them, companies that participate will not be able to deduct the salary they pay to executives above \$500,000.
- An oversight board will be created. The board will include the Federal Reserve chairman, the Securities and Exchange Commission chairman, the Federal Home Finance Agency director and the Housing and Urban Development secretary.
- Treasury is allowed the option to take ownership stakes in participating companies under certain circumstances.
- Treasury may establish an insurance program - with risk-based premiums paid by the industry - to guarantee companies' troubled assets, including mortgage-backed securities, purchased before March 14, 2008.
- One provision requires the president to propose legislation to recoup losses from the financial industry if the rescue plan results in net losses to taxpayers five years after the plan is enacted.

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Treasury Secretary Henry Paulson first announced the administration would seek an economic bailout plan on Sept. 18, after meeting with key lawmakers in the House and Senate - a meeting that left lawmakers looking ashen when they spoke to the press afterwards.

If enacted, the rescue plan would be the most dramatic and extensive government intervention in the economy since the Great Depression. President Bush on Sept. 24 gave a prime-time address to the nation in which he urged lawmakers to pass his plan and warned that the "entire economy is in danger."

The aim of the rescue is to unfreeze the credit markets - short-term lending among banks and corporations. The core of the problem is bad real estate loans that have led to record foreclosures when the housing bubble burst and home prices declined.

In the past two weeks, the banking world and Wall Street have been reordered by a wave of collapses and corporate mergers. The most recent development was the seizure by federal regulators on Thursday night of Washington Mutual, once the nation's largest thrift and a major mortgage lender.

## Pain on Main Street, risk to taxpayers

The chill of the credit freeze has been felt far beyond Wall Street, as well. Businesses large and small have seen the cost of borrowing spike higher.

At the same time, the scale of the administration's plan - and the quick pace of the debate over it - has given pause to many Americans and lawmakers worried about its potential cost to taxpayers.

"We begin with a very important task, a task to stabilize the markets, to protect all Americans - and do it in a way that protects the taxpayer to the maximum extent possible," Paulson said early Sunday morning.

*CNN's Jessica Yellin contributed to this report.*

*An earlier version of this article incorrectly reported that Congress had publicly released the draft bill CNN obtained. ■*

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