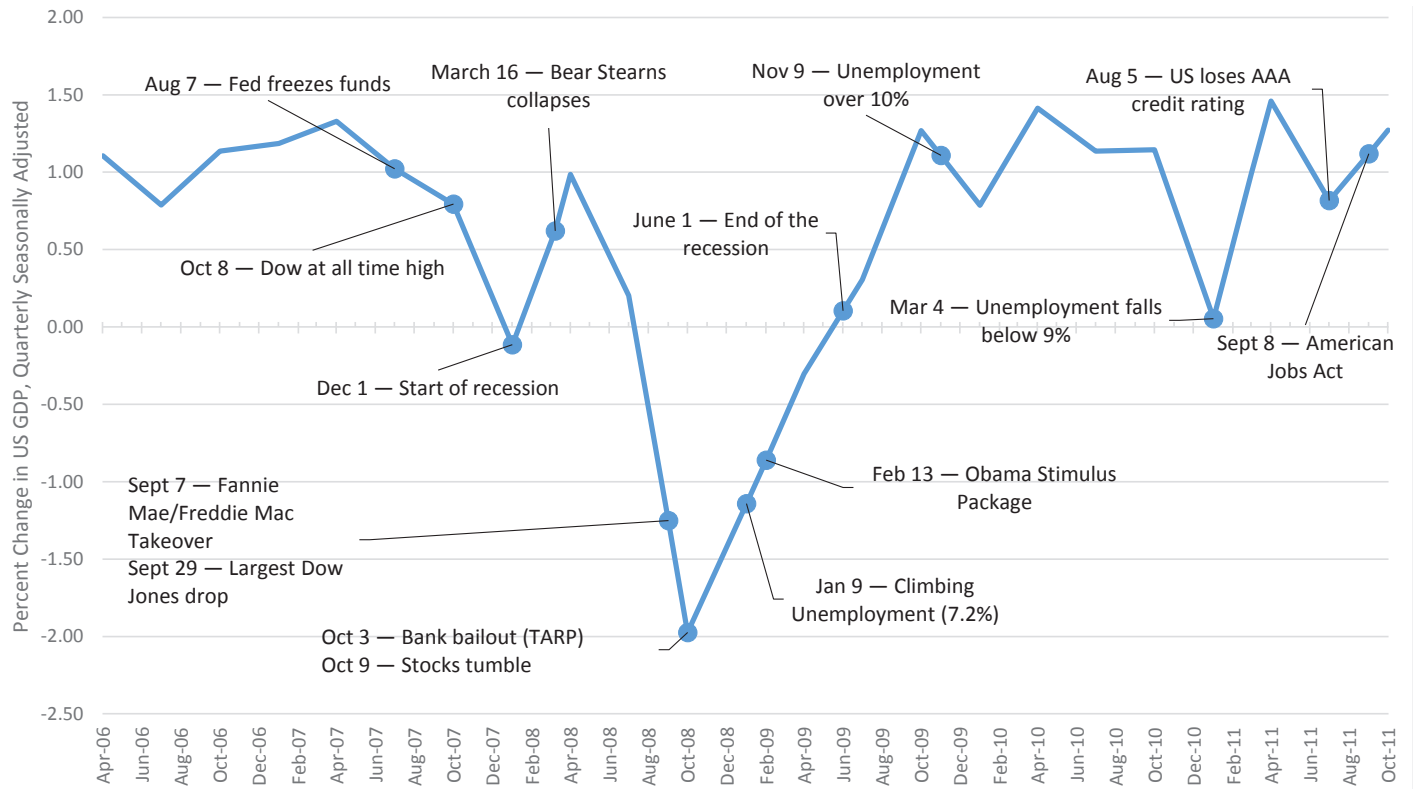


Financial Crisis Timeline



- May 2006 — Merit Financial, Inc. files for bankruptcy after a rise in mortgage rates crippled sales and hurt revenues.
- February 2007 — New Century Financial announces it will restate results for the first three quarters of 2006; several other subprime lenders file for bankruptcy. Freddie Mac announces it will stop buying subprime mortgages or related securities.
- July 23, 2007 — News outlets report that up to \$100 billion in losses could occur on subprime loans attached to national lenders.
- August 7, 2007 — The Federal Reserve freezes the federal funds rate (on interbank loans of funds held by the Fed) at 5.25 percent using open market operations. Later in August, France’s biggest mortgage bank, BNP Paribas, “barred the doors” on three funds invested in U.S. subprime mortgages.
- October 8, 2007 — The Dow Jones industrial average reaches an all-time high of 14,164.53 points.
- November 26, 2007 — Citigroup acknowledges it has a problematic \$45 billion mortgage portfolio, including 46,000 borrowers in default.
- December 1, 2007 — U.S. economy enters the Great Recession.
- December 7, 2007 — Treasury Secretary Paulson announces plan to minimize foreclosures without federal funding. *The Washington Post* reports that there were an estimated 1.2 million subprime, adjustable-rate mortgage-holders who would be eligible for fast-track consideration for refinancing or modification.
- December 29, 2007 — The U.S. Census Bureau announces new home sales in November 2007 were down 34.4 percent from November 2006, the largest year-to-year decline since 1991.

January 2008 — Bank of America acquires Countrywide Financial Corp., the nation's largest home mortgage financier.

February 9, 2008 — Bush Administration proposes a \$168 billion stimulus package, extending rebate checks to taxpayers and increasing the size of mortgages Fannie and Freddie could buy.

March 16, 2008 — Federal Reserve loans Bear Stearns money to prevent it from filing for bankruptcy; then guarantees \$29 billion of its assets to facilitate a takeover by J.P. Morgan Chase.

July 30, 2008 — President Bush signs into law a housing bill increasing the size of mortgages Fannie and Freddie could buy and giving the Treasury Department authority to buy stock in Fannie and Freddie.

May 2008 — The federal funds rate reaches two percent after a long period of rapid decline.

September 7, 2008 — The Treasury Department takes control of mortgage giants Fannie Mae and Freddie Mac. The takeover includes \$200 billion in government support.

September 15, 2008 — Lehman Brothers Holdings, Inc. files the largest bankruptcy in U.S. history.

September 16, 2008 — The U.S. government takes over failing insurance firm American International Group, Inc. AIG had guaranteed hundreds of billions of financial instruments issued by Lehman.

September 29, 2008 — Largest drop ever of the Dow Jones industrial average, to 10,365.45 points.

October 3, 2008 — Congress passes the Troubled Asset Relief Package (TARP) used to bailout failed firms like AIG and to inject liquidity into commercial and investment banks.

October 9, 2008 — Stocks begin to tumble, and the Dow Jones industrial average experiences its worst weekly decline to date. International exchanges follow suit with steep declines.

November 24, 2008 — The Treasury injects another \$20 billion into Citigroup to prevent it from failing.

November 25, 2008 — News reports reveal the government had assumed about \$7.8 trillion in financial obligations in 2008.

December 24, 2008 — The Fed approves the request of General Motors Acceptance Corporation, the nation's largest car loan financier, to become a bank holding company so that it could receive TARP funds. The Treasury then commits \$6 billion to GMAC.

January 2009 — The federal funds rate reaches 0.16 percent and continues to hover near zero through 2015.

January 9, 2009 — Unemployment begins a steep rise, topping 7.2 percent in January.

January 15, 2009 — Congress approves an additional \$350 billion known as TARP II. Bank of America asks for \$20 billion in relief for its takeover of Merrill Lynch.

February 13, 2009 — President Obama signs the American Recovery and Reinvestment Act, "the stimulus," which includes \$787 billion in tax cuts and expenditures.

April 22, 2009 — Media outlets report that financial firms lobbied to cut the costs of exiting obligations to TARP funds.

May 12, 2009 — Goldman Sachs settles a lawsuit over their subprime mortgage originations, but never acknowledges wrongdoing.

May 2009 — Government announces another aid package to GMAC. The government nears full ownership of GMAC and General Motors Corporation.

June 1, 2009 — The Great Recession ends.

November 9, 2009 — Unemployment rises above 10 percent.

January 2010 — Lending slows in response to lack of demand.

March 4, 2011 — Unemployment falls below 9 percent after a nearly two-year period of stagnation.

August 5, 2011 — Standard & Poor's downgrades the U.S. long-term credit rating from AAA to AA+ following the budget deal between Congress and the Obama Administration.

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