

January 2008 to August 2008

- January 24:** The [National Association of Realtors \(NAR\)](#) announces that 2007 had the largest drop in existing home sales in 25 years,[187] and "the first price decline in many, many years and possibly going back to the [Great Depression](#)."[188]
- February 7:** The market for auction rate securities freezes up—investors decline to bid.
- March 1–June 18:** 406 people are arrested for [mortgage fraud](#) in an [FBI](#) sting across the U.S., including buyers, sellers and others across the wide-ranging mortgage industry.[189]
- March 10:** Dow Jones Industrial Average at the lowest level since October 2006, falling more than 20% from its peak just five months prior.
- March 14:** [Bear Stearns](#) gets Fed funding as shares plummet.[190]
- March 16:** [Bear Stearns](#) is acquired for \$2 a share by [JPMorgan Chase](#) in a fire sale avoiding bankruptcy. The deal is backed by the Federal Reserve, providing up to \$30B to cover possible Bear Stearn losses.[191]
- May 6:** [UBS AG](#) Swiss bank announces plans to cut 5500 jobs by the middle of 2009.[192]
- July 11** [Indymac Bank](#), a subsidiary of Independent National Mortgage Corporation (Indymac), is placed into the receivership of the [Federal Deposit Insurance Corporation](#) by the [Office of Thrift Supervision](#). It was the fourth-largest [bank failure](#) in [United States](#) history,[197] and the second-largest failure of a regulated [thrift](#).[198][199] Before its failure, IndyMac Bank was the largest [savings and loan association](#) in the [Los Angeles](#) area and the seventh-largest [mortgage](#) originator in the United States.[200]

September 2008

- September 7:** [Federal takeover of Fannie Mae and Freddie Mac](#), which at that point owned or guaranteed about half of the U.S.'s \$12 trillion mortgage market, effectively nationalizing them. This causes panic because almost every home mortgage lender and Wall Street bank relied on them to facilitate the mortgage market and investors worldwide owned \$5.2 trillion of debt securities backed by them.[202][203]
- September 14:** [Merrill Lynch](#) is sold to [Bank of America](#) amidst fears of a liquidity crisis and [Lehman Brothers](#) collapse[204]
- September 15:** [Lehman Brothers](#) files for bankruptcy protection[205]
- September 16:** [Moody's](#) and [Standard and Poor's](#) downgrade ratings on [AIG's](#) credit on concerns over continuing losses to mortgage-backed securities, sending the company into fears of [insolvency](#).[206][207] In addition, the [Reserve Primary Fund](#) "breaks the buck" leading to a run on the money market funds. Over \$140 billion is withdrawn vs. \$7 billion the week prior. This leads to problems for the commercial paper market, a key source of funding for corporations, which suddenly could not get funds or had to pay much higher interest rates.[208]
- September 17:** The US Federal Reserve lends \$85 billion to [American International Group \(AIG\)](#) to avoid bankruptcy.
- September 18:** Treasury Secretary Henry Paulson and Fed Chairman Ben Bernanke meet with key legislators to propose a \$700 billion emergency bailout through the purchase of toxic assets. Bernanke tells them: "If we don't do this, we may not have an economy on Monday." [209]
- September 25:** [Washington Mutual](#) is seized by the [Federal Deposit Insurance Corporation](#), and its banking assets are sold to [JP MorganChase](#) for \$1.9 billion.
- September 29:** [Emergency Economic Stabilization Act](#) is defeated 228-205 in the [United States House of Representatives](#); [Federal Deposit Insurance Corporation](#) announces that [Citigroup Inc.](#) would acquire banking operations of [Wachovia](#).[211]

October 2008

- October 1:** The U.S. Senate passes [HR1424](#), their version of the \$700 billion bailout bill.[\[213\]](#)
- October 3:** President [George W. Bush](#) signs the [Emergency Economic Stabilization Act](#), creating a \$700 billion [Troubled Assets Relief Program](#) to purchase failing bank assets.[\[216\]](#) It contains easing of the accounting rules that forced companies to collapse because of the existence of toxic mortgage-related investments.[\[217\]](#) Also key to winning GOP support was a decision by the Securities and Exchange Commission to ease [mark-to-market](#) accounting rules that require financial institutions to show the deflated value of assets on their balance sheets."[\[178\]](#)[\[218\]](#)
- October 6–10:** Worst week for the stock market in 75 years. The Dow Jones loses 22.1 percent, its worst week on record, down 40.3 percent since reaching a record high of 14,164.53 October 9, 2007. The Standard & Poor's 500 index loses 18.2 percent, its worst week since 1933, down 42.5 percent in since its own high October 9, 2007.[\[220\]](#)
- October 6:** [Fed](#) announces that it will provide \$900 billion in short-term cash loans to banks.[\[221\]](#)
- October 7:** [Fed](#) makes emergency move to lend around \$1.3 trillion directly to companies outside the financial sector.[\[222\]](#)
- October 11:** The Dow Jones Industrial Average caps its worst week ever with its highest volatility day ever recorded in its 112 year history. Over the last eight trading days, the DJIA has dropped 22% amid worries of worsening credit crisis and global recession. Paper losses now on US stocks now total \$8.4 trillion from the market highs of the previous year.[\[87\]](#)
- October 14:** The US taps into the \$700 billion available from the Emergency Economic Stabilization Act and announces the injection of \$250 billion of public money into the US banking system. The form of the rescue will include the US government taking an equity position in banks that choose to participate in the program in exchange for certain restrictions such as executive compensation. Nine banks agreed to participate in the program and will receive half of the total funds: 1) Bank of America, 2) JPMorgan Chase, 3) Wells Fargo, 4) Citigroup, 5) Merrill Lynch, 6) Goldman Sachs, 7) Morgan Stanley, 8) Bank of New York Mellon and 9) State Street. Other US financial institutions eligible for the plan have until November 14 to agree to the terms.[\[87\]](#)
- October 21:** The US Federal Reserve announces that it will spend \$540 billion to purchase short-term debt from money market mutual funds. The large amount of redemption requests during the credit crisis have caused the money market funds to scale back lending to banks contributing to the credit freeze on interbank lending markets. This government is hoping the injection will help unfreeze the credit markets making it easier for businesses and banks to obtain loans. The structure of the plan involves the Fed setting up four special purpose vehicles that will purchase the assets.[\[87\]](#)

November 2008

- November 4:** Federal Reserve loans \$133 billion through various credit facilities, 39% of which goes to two foreign institutions-German Irish Bank Depfa and Dexia Credit of Belgium.[165]
- November 12:** Treasury Secretary Paulson abandons plan to buy toxic assets under the \$700 billion Troubled Asset Relief Program (TARP). Mr. Paulson said the remaining \$410 billion in the fund would be better spent on recapitalizing financial companies.[87]
- November 15:** The group of 20 of the world's largest economies meets in Washington DC and releases a statement of the meeting. Although no detailed plans were agreed upon, the meeting focused on implementing policies consistent with five principles: strengthening transparency and accountability, improving regulation, promoting market integrity, reinforcing cooperation and reforming international institutions.[87]
- November 17:** The Treasury gives out \$33.6 billion to 21 banks in the second round of disbursements from the \$700 billion bailout fund. This payout brings the total to \$158.56 billion so far.[228]
- November 24:** The US government agrees to rescue Citigroup after an attack by investors causes the stock price to plummet 60% over the last week under a detailed plan that including injecting another \$20 billion of capital into Citigroup bringing the total infusion to \$45 billion.[228]
- November 25:** The US Federal Reserve pledges \$800 billion more to help revive the financial system. \$600 billion will be used to buy mortgage bonds issued or guaranteed by Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.[228]
- November 28:** The Bank for International Settlements (BIS), the global organization behind the Basel Accord, issues a consultative paper providing supervisory guidance on the valuation of assets. The paper provides ten principles that should be used by banks to value assets at fair market value.[228]