Government Ownership Exit Act of 2009
Section-by-Section
June 11, 2009

Section 1. Short Title

The title of this bill is the Government Ownership Exit Act of 2009

Section 2. Definitions

Defines the term "ownership interest" as any non-mortgage related troubled asset purchased through the Troubled Asset Relief Program (TARP). These assets include warrants, preferred stock, or common stock of private entities.

Section 3. Re-Privatization of Private Entities

- Prohibits the Treasury from purchasing additional ownership interests of private entities upon enactment of the legislation. This section also requires the Treasury to sell the government's currently held ownership interests by July 1, 2010. If there is a reasonable expectation the assets will appreciate in value, the Secretary of Treasury may waive the requirement to sell for up to one year. Beyond July 1, 2011, Congress would have to grant authority for additional waivers.

- Prohibits government officials from influencing significant management decisions of companies owned in part by the federal government. This section establishes criminal and civil penalties for violations.

- Prohibits Treasury from "recycling" TARP money and requires that all proceeds from the sale of assets be used to reduce the national debt and ensures that nothing in this bill would inhibit the FDIC from stabilizing the national banking system.

Section 4. Oversight by Financial Stability Oversight Board

Tasks the Financial Stability Oversight Board, which was created as part of the Emergency Economic Stabilization Act of 2008, with reviewing the implementation of the divestiture process.

Section 5. Reports Required

Requires the Treasury Secretary to report to Congress on the divestiture process. It also requires the Treasury Secretary to report to Congress on any ownership interests owned by the federal government and loans and loan guarantees made by the Federal Reserve.

Section 6. Plan for Government Sponsored Enterprises

Requires the Secretary of Treasury to submit to congress within 90 days a plan to end the conservatorship and government ownership of Fannie Mae and Freddie Mac