

Stimulus Meant to Encourage the Market to Take Risks and Go into Debt to Save the Economy

Financial Sector Could Not Secure New Loans to Stay in Business

2010 – Present

US Priority to Encourage Home Ownership in Minority Markets (American Dream Fund)

2001 to 2007

Housing Prices Started to Fall and Interest Rates Started to Climb

The Financial Symbols of the Global Economy Destroyed

Lower Key Interest Rate from 6.5% to 1% Over a Sustained Period of Time to Stimulate Consumption & Investment

Moral Hazards Created as No Downside to Taking Huge Risks in Credit Market

Securities Designed to Strike a Winning Combination of High Ratings and High Yield

Stimulus Injections in the Form of Bailouts to Purchase Troubled Assets in the Financial System

The Solution is the Problem – The Crisis was Never Solved

Governments Creating More Debt than Ever as Debt to GDP Reaches and Surpasses 100%

Securitization of Mortgages

US Government Guarantees Mortgages and Bank Deposits (Greed is No Longer Balanced Against Fear)

Key Interest Rate Dropped to Almost Zero to Restore Confidence and Increase Credit

AAA Ratings Removed as Most Investors Never Looked Beyond the Ratings to Understand the Underlying Risks

AAA Ratings on these Securities as Assume Real Estate Values Only Go Up

Alcohol Does Not Sober One Up, Rather Simply Leads to a Bigger Hangover

Investors Stopped Buying These Securities While Investors and Banks Refused to Lend

US Economy Slumping into Recession from the Burst of the Dot Com Bubble

What Will Burst this New Global Stimulus Bubble? Who Will Bailout Nations?

2008-2009

Quantitative Easing is Adopted and Rating Agencies Give US Government AAA Rating

Falling Real Estate Prices Made these Mortgage-Backed Securities Increasingly Worthless