



**DEPARTMENT OF THE TREASURY**  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

April 15, 2009

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
Washington, DC 20515

Dear Madam Speaker:

Upon taking office, President Obama committed to increased transparency, accountability and oversight in our government's approach to stabilizing the financial system. I am writing today to update you on the significant steps the Department of Treasury (Treasury) has taken over the past three months to fulfill the that commitment. In that spirit, I am also attaching to this letter Treasury's third monthly Lending and Intermediation Survey and Snapshot, covering the month of February, which we released today.

### **Overview**

Over the course of the last three months, the Treasury Department has outlined a series of new programs to help get our financial system back to the business of providing credit to working families and viable businesses so that our economy can recover and grow. Given that the road to recovery requires the confidence of the American people, increased transparency and accountability are key elements to our overall strategy of implementing our financial stability programs under the Emergency Economic Stabilization Act (EESA) Treasury is committed to addressing the crisis and making sure Americans understand exactly what policies we are undertaking and why.

In its most recent report, the Government Accountability Office recognized our progress, noting "Treasury continues to improve the integrity, accountability and transparency of the EESA program." GAO also noted that "Treasury continues to take significant steps to address all the recommendations from GAO's December and January reports."

### **Improved Communications and Availability of Information**

Treasury has launched a reinvigorated public communications initiative designed to more directly communicate how our policies will stabilize the financial system and restore the flow of credit to consumers and businesses. A key element to this enhanced public outreach effort is providing user-friendly resources online. Last month, Treasury launched a new website- [www.FinancialStability.gov](http://www.FinancialStability.gov) that details financial stability programs in a simplified and straightforward manner.

Specifically, [FinancialStability.gov](http://www.FinancialStability.gov) lists how taxpayer dollars are spent, what conditions are placed on institutions in exchange for government assistance, and the results achieved by the stability programs. Visitors can find lists of all the investments Treasury has made, the terms of those

investments, which institutions are participating in Treasury's programs, and all of the detailed contracts defining those investments. In addition, Treasury's detailed monthly lending and intermediation survey and Snapshot, which is attached to this letter, is also posted on the site.

The new website features also include:

- Interactive map illustrating state-by-state bank and financial institution funding.
- A "decoder" tool that translates frequently used financial language and Financial Stability Plan program names into real terms.
- Simplified economic data to help users better understand and monitor the economic environment and learn more about the impact of the Administration's efforts.
- Search function for various Financial Stability Plan program participants and contracts awarded under the program.

In addition, together with the Department of Housing and Urban Development, Treasury launched a web site for homeowners seeking help with their mortgage payments. This site, *MakingHomeAffordable.gov*, has had over 3 million visitors since March 19, 2009. This website is designed specifically for the public to understand the many new programs Treasury and other agencies have launched to help homeowners stay in their homes and to stabilize housing markets. Treasury has launched an important new foreclosure prevention program using resources from EESA to encourage long-term, sustainable loan modifications. This new website gives homeowners the information they need to learn about the program.

### **Measuring Effectiveness of the Programs**

Treasury has taken a number of steps to better measure whether financial stability programs are increasing the flow of credit to consumers and businesses.

#### *Lending Snapshot*

One important element of our commitment to greater transparency and communication is the monthly lending and intermediation Survey and Snapshot, which Treasury launched in January 2009. Treasury undertook this important initiative to help the public easily assess the lending and intermediation activities of banks participating in the Capital Purchase Program (CPP), which Treasury launched in October 2008 to stabilize financial markets by investing in viable banks across the country.

The survey and Snapshot capture data from the 21 largest recipients of investments under the CPP during this unprecedented financial markets crisis. It contains quantitative information on three major categories of lending – consumer, commercial, and other financial activities – based on banks' internal reporting, as well as commentary to explain changes in lending levels for each category. In addition, the survey contains a qualitative section that provides market color on lending demand and credit standards generally to help Treasury and the public meaningfully and accurately interpret the quantitative data.

On February 17, 2009, Treasury published the results of this initial survey in a Snapshot, covering the period between October and December 2008 (the first three months of the CPP program).

Treasury published its second Snapshot on March 15, 2009, covering the month of January. Today, Treasury published its third monthly survey and Snapshot, covering February 2009, which demonstrates that the largest CPP banks continue to lend and refinance despite the increasingly severe headwinds posed by this economic downturn. Absent Treasury capital provided through the CPP, lending levels would likely have been lower.

In March 2009, Treasury expanded our monthly survey to include all banks participating in the CPP, including more than 500 small and community banks across the country. Treasury has sent out a streamlined survey to these banks that will measure their consumer and commercial lending activities. These initial survey responses are due to Treasury on April 30, 2009 and results will be posted to [FinancialStability.gov](http://FinancialStability.gov). In addition to this latest measure, Treasury plans to add a component on small business lending activities in the Survey sent to the top 21 CPP banks. We are continuing to work on improving the lending survey.

### Tracking Taxpayer Funds in FSP

Efforts are underway under the Obama Administration's new Financial Stability Plan (FSP) to further enhance the public's understanding of banks' lending activities during this crisis by requiring companies receiving government funds under new FSP programs to more robustly report to Treasury on their use of that capital.

The following are some of the requirements Treasury has set out for institutions participating in the FSP:

- **Intended Use of Capital Assistance Program (CAP) Funds:** All CAP participants must submit a plan for how they intend to use that capital to preserve and strengthen their lending capacity compared to what would have been possible without government capital assistance. These plans will be submitted during the application process, and Treasury will make these reports public upon completion of the capital investment in the firm.
- **Impact on Lending:** CAP recipients must detail in monthly reports submitted to Treasury their lending broken out by category, showing the volume of new loans they provided to businesses and consumers and how many asset-backed and mortgage-backed securities they purchased, accompanied by a description of the lending environment in the communities and markets they serve. This report will include a comparison to their most rigorous estimate of what their lending likely would have been in the absence of government support. For public companies, similar reports are filed on an 8K simultaneously with the filing of their 10-Q or 10-K reports. These reports will be posted on Treasury's [FinancialStability.gov](http://FinancialStability.gov) website so that they can be viewed by outside and independent experts.

### Measuring the Local Impact of CPP

Treasury has developed an interactive map illustrating the state-by-state locations across country where Treasury has invested in banks through the Capital Purchase Program. This map complements the weekly Transaction Report and is designed to help the public know the impact of the CPP by seeing how many banks we have invested in, in which states and in what amounts. Users can easily click across the map to each state to see exactly which banks in their communities

are participating in the CPP. The CPP map is available at:  
<http://www.financialstability.gov/impact/index.html>.

### *Measuring the Economic Impact of our Programs*

Treasury publishes regularly updated key metrics showing the impact of our programs on credit markets. These inter-active metrics are on the Treasury website at  
<http://www.financialstability.gov/impact/data.htm>.

### **Publishing Dividends Received**

In providing capital to hundreds of banks across the country, the CPP helped prevent severe damage to the stability of the financial system, enabling institutions to continue to lend despite the growing recession. Treasury also established strong taxpayer protections to ensure that taxpayers receive a return on these long term investments. Under the terms of all CPP investment agreements, Treasury is scheduled to receive at least a 5 percent annual dividend in quarterly payments from each participating institution, a rate that later steps up to 9%. As of today, Treasury had received \$2,518,531,260 in dividend payments under the CPP. Going forward, Treasury will begin publishing these dividend payments on a monthly basis so the American people can see and evaluate the dividend income they are receiving from these investments. In addition to dividends, Treasury takes warrants in every institution in which it invests to ensure that taxpayers benefit from any appreciation in the value of these companies.

### **Making Investment Contracts Public**

To give the American people better access to information about where their tax dollars are spent and under what terms and conditions, Treasury announced on January 28, 2009, that it would begin posting all of its investment contracts on Treasury's website within five to ten business days of each transaction's closing. Treasury is in the process of posting all the contracts signed prior to January 28 to the website as well. As of today, Treasury has posted 242 CPP contracts on *Financialstability.gov*, in addition to terms and program guidelines for all programs under the EESA.

### **Reporting Requirements**

EESA requires the Treasury to make numerous other reports on its implementation. Treasury has completed each of these required reports on time and these reports will continue to be a priority for Treasury. All of these reports are posted on *Financialstability.gov* and are transmitted to the relevant committees on their required due dates.

Below is a description of the reports that Treasury has issued and made available on *Financialstability.gov*:

- *Transaction Report*: Transaction reports are due within two business days of completing each transaction (such as an investment or spending on the new Housing program). We have published 30 Transaction Reports covering each transaction, including today. These reports are an important source of information to Congress and the public on all of

Treasury's investments under the EESA, including the weekly investments made by Treasury in banks across the country through the Capital Purchase Program (CPP).

- *Tranche Report*: Treasury is required to publish a Tranche Report to Congress within seven days of each \$50 billion commitment that is made. The comprehensive report must provide details on the following topics: the transactions made to date, the impact on the financial system, the challenges that remain, and additional actions that may be necessary to address those challenges. To date, Treasury has published 5 Tranche Reports
- *105 Reports*: Section 105 of the EESA requires Treasury to provide a detailed report on the overall program within 60 days of the first exercise of the TARP purchase authority and then monthly thereafter. We have published 5 such update reports, with the most recent having been transmitted to Congress on April 10, 2009.
- *Section 102 Report*: Section 102 of the EESA requires Treasury to provide a report on an insurance program designed under the TARP. Treasury has published the insurance program report on *FinancialStability.gov*.

These reports can be found at: <http://www.financialstability.gov/latest/reportsanddocs.html>

### **Procurement Contracts**

As part of Treasury's transparency and accountability efforts, all investment contracts and agreements related to the Financial Stability Plan have also been posted online at [http://www.financialstability.gov/impact/contracts\\_list.htm](http://www.financialstability.gov/impact/contracts_list.htm). Similarly, Treasury is committed to keeping taxpayers informed about all other EESA expenditures and activities and publishes information regarding our contracting of services from private firms. Vendor contracts are available on Treasury's website at <http://www.financialstability.gov/impact/procurement-contracts-agreements.html>.

### **Compliance and Oversight**

Congressional committees are the traditional bodies of oversight and Treasury has participated in multiple Congressional hearings since the EESA was passed. In addition, the Congress established four additional avenues of oversight: one, the Financial Stability Oversight Board; two, the Special Inspector General; three, the Government Accountability Office; and four, the Congressional Oversight Panel. We have productive working relationships with all of these bodies and appreciate their important role. We are all working toward the same goal - economic recovery. Below, I will briefly review Treasury's interaction with each body.

The Financial Stability Oversight Board (FSOB) is chaired by Federal Reserve Chairman Ben Bernanke. EESA requires the Board to meet once a month, but it has met 12 times since the law was signed, with numerous staff calls and briefings between meetings. We have also posted the bylaws and minutes of the Board meetings on Treasury's website.

Second, on December 8, 2008, the Senate confirmed Neil Barofsky as the Special Inspector General. The Assistant Secretary for Financial Stability meets weekly with the Special Inspector General and our staffs meet regularly.

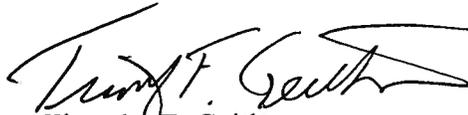
Third, the law calls for the Government Accountability Office (GAO) to establish a physical presence at Treasury to monitor the program and we provided workspace for our auditors within days of the President signing the law. Treasury has participated in numerous briefings with the GAO and our respective staffs are meeting almost daily for program updates and to review contracts. Treasury published Summaries of our progress meeting GAO's recommendations on Treasury's website at: <http://www.financialstability.gov/about/transparencyaccountability.html>.

Finally, the law called for the establishment of a Congressional Oversight Panel to review EESA. I met with the Panel within days of taking office as Secretary and Treasury staff has met with the Panel numerous times. We have made every effort to be robustly responsive to the Panel's questions by sending detailed responses to their questions, (<http://www.financialstability.gov/latest/reportsanddocs.html>). Treasury is committed to building this important relationship further, and in my most recent response to the Panel's questions, dated April 3, 2009, I offered the Panel the opportunity for briefings with staff on both a weekly basis and on specific policy initiatives as they are announced.

### **Conclusion**

I want to ensure you and the American people that Treasury is committed to an open and transparent program with appropriate oversight. Treasury has made considerable progress in ensuring the transparency and accountability of our EESA programs. We are committed to continuing to enhance our communications with the public and Congress on the importance of these critical programs. Treasury looks forward to continuing to work with our four oversight bodies -- the Financial Stability Oversight Board, the Inspector General, the Comptroller General, and the Congressional Oversight Panel. Transparency will not only give the American people comfort in our stewardship of these funds, it will give the markets confidence that we are stabilizing and strengthening the financial system.

Sincerely,



Timothy F. Geithner

### **Attachments:**

April 15, 2009 Treasury Lending and Intermediation Snapshot  
February 2009 Lending and Intermediation Survey Submissions



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

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April 15, 2009

The Honorable Daniel K. Inouye  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

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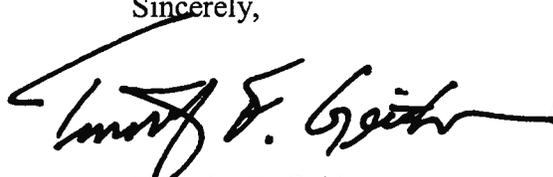
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Sincerely,

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Timothy F. Geithner

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WASHINGTON, D.C.

SECRETARY OF THE TREASURY

April 15, 2009

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

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As part of Treasury's transparency and accountability efforts, all investment contracts and agreements related to the Financial Stability Plan have also been posted online at [http://www.financialstability.gov/impact/contracts\\_list.htm](http://www.financialstability.gov/impact/contracts_list.htm). Similarly, Treasury is committed to keeping taxpayers informed about all other EESA expenditures and activities and publishes information regarding our contracting of services from private firms. Vendor contracts are available on Treasury's website at <http://www.financialstability.gov/impact/procurement-contracts-agreements.html>.

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Second, on December 8, 2008, the Senate confirmed Neil Barofsky as the Special Inspector General. The Assistant Secretary for Financial Stability meets weekly with the Special Inspector General and our staffs meet regularly.

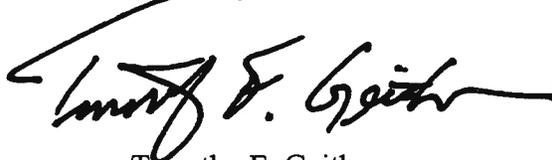
Third, the law calls for the Government Accountability Office (GAO) to establish a physical presence at Treasury to monitor the program and we provided workspace for our auditors within days of the President signing the law. Treasury has participated in numerous briefings with the GAO and our respective staffs are meeting almost daily for program updates and to review contracts. Treasury published Summaries of our progress meeting GAO's recommendations on Treasury's website at: <http://www.financialstability.gov/about/transparencyaccountability.html>.

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### **Conclusion**

I want to ensure you and the American people that Treasury is committed to an open and transparent program with appropriate oversight. Treasury has made considerable progress in ensuring the transparency and accountability of our EESA programs. We are committed to continuing to enhance our communications with the public and Congress on the importance of these critical programs. Treasury looks forward to continuing to work with our four oversight bodies -- the Financial Stability Oversight Board, the Inspector General, the Comptroller General, and the Congressional Oversight Panel. Transparency will not only give the American people comfort in our stewardship of these funds, it will give the markets confidence that we are stabilizing and strengthening the financial system.

Sincerely,



Timothy F. Geithner

### **Attachments:**

April 15, 2009 Treasury Lending and Intermediation Snapshot  
February 2009 Lending and Intermediation Survey Submissions



**DEPARTMENT OF THE TREASURY**  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

April 15, 2009

The Honorable John Boehner  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Boehner:

Upon taking office, President Obama committed to increased transparency, accountability and oversight in our government's approach to stabilizing the financial system. I am writing today to update you on the significant steps the Department of Treasury (Treasury) has taken over the past three months to fulfill the that commitment. In that spirit, I am also attaching to this letter Treasury's third monthly Lending and Intermediation Survey and Snapshot, covering the month of February, which we released today.

**Overview**

Over the course of the last three months, the Treasury Department has outlined a series of new programs to help get our financial system back to the business of providing credit to working families and viable businesses so that our economy can recover and grow. Given that the road to recovery requires the confidence of the American people, increased transparency and accountability are key elements to our overall strategy of implementing our financial stability programs under the Emergency Economic Stabilization Act (EESA) Treasury is committed to addressing the crisis and making sure Americans understand exactly what policies we are undertaking and why.

In its most recent report, the Government Accountability Office recognized our progress, noting "Treasury continues to improve the integrity, accountability and transparency of the EESA program." GAO also noted that "Treasury continues to take significant steps to address all the recommendations from GAO's December and January reports."

**Improved Communications and Availability of Information**

Treasury has launched a reinvigorated public communications initiative designed to more directly communicate how our policies will stabilize the financial system and restore the flow of credit to consumers and businesses. A key element to this enhanced public outreach effort is providing user-friendly resources online. Last month, Treasury launched a new website- [www.FinancialStability.gov](http://www.FinancialStability.gov) that details financial stability programs in a simplified and straightforward manner.

Specifically, *FinancialStability.gov* lists how taxpayer dollars are spent, what conditions are placed on institutions in exchange for government assistance, and the results achieved by the stability programs. Visitors can find lists of all the investments Treasury has made, the terms of those investments, which institutions are participating in Treasury's programs, and all of the detailed contracts defining those investments. In addition, Treasury's detailed monthly lending and intermediation survey and Snapshot, which is attached to this letter, is also posted on the site.

The new website features also include:

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In addition, together with the Department of Housing and Urban Development, Treasury launched a web site for homeowners seeking help with their mortgage payments. This site, *MakingHomeAffordable.gov*, has had over 3 million visitors since March 19, 2009. This website is designed specifically for the public to understand the many new programs Treasury and other agencies have launched to help homeowners stay in their homes and to stabilize housing markets. Treasury has launched an important new foreclosure prevention program using resources from EESA to encourage long-term, sustainable loan modifications. This new website gives homeowners the information they need to learn about the program.

### **Measuring Effectiveness of the Programs**

Treasury has taken a number of steps to better measure whether financial stability programs are increasing the flow of credit to consumers and businesses.

#### *Lending Snapshot*

One important element of our commitment to greater transparency and communication is the monthly lending and intermediation Survey and Snapshot, which Treasury launched in January 2009. Treasury undertook this important initiative to help the public easily assess the lending and intermediation activities of banks participating in the Capital Purchase Program (CPP), which Treasury launched in October 2008 to stabilize financial markets by investing in viable banks across the country.

The survey and Snapshot capture data from the 21 largest recipients of investments under the CPP during this unprecedented financial markets crisis. It contains quantitative information on three major categories of lending – consumer, commercial, and other financial activities – based on banks' internal reporting, as well as commentary to explain changes in lending levels for each category. In addition, the survey contains a qualitative section that provides market color on lending demand and credit standards generally to help Treasury and the public meaningfully and accurately interpret the quantitative data.

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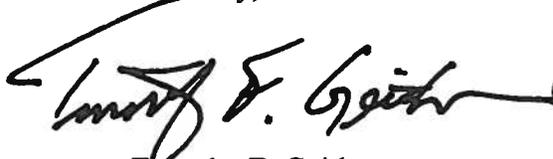
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Timothy F. Geithner

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April 15, 2009 Treasury Lending and Intermediation Snapshot  
February 2009 Lending and Intermediation Survey Submissions



**DEPARTMENT OF THE TREASURY**  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

April 15, 2009

The Honorable Dave Camp  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Camp:

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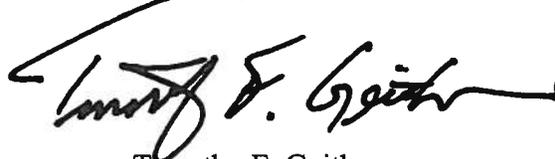
Third, the law calls for the Government Accountability Office (GAO) to establish a physical presence at Treasury to monitor the program and we provided workspace for our auditors within days of the President signing the law. Treasury has participated in numerous briefings with the GAO and our respective staffs are meeting almost daily for program updates and to review contracts. Treasury published Summaries of our progress meeting GAO's recommendations on Treasury's website at: <http://www.financialstability.gov/about/transparencyaccountability.html>.

Finally, the law called for the establishment of a Congressional Oversight Panel to review EESA. I met with the Panel within days of taking office as Secretary and Treasury staff has met with the Panel numerous times. We have made every effort to be robustly responsive to the Panel's questions by sending detailed responses to their questions, (<http://www.financialstability.gov/latest/reportsanddocs.html>). Treasury is committed to building this important relationship further, and in my most recent response to the Panel's questions, dated April 3, 2009, I offered the Panel the opportunity for briefings with staff on both a weekly basis and on specific policy initiatives as they are announced.

## **Conclusion**

I want to ensure you and the American people that Treasury is committed to an open and transparent program with appropriate oversight. Treasury has made considerable progress in ensuring the transparency and accountability of our EESA programs. We are committed to continuing to enhance our communications with the public and Congress on the importance of these critical programs. Treasury looks forward to continuing to work with our four oversight bodies -- the Financial Stability Oversight Board, the Inspector General, the Comptroller General, and the Congressional Oversight Panel. Transparency will not only give the American people comfort in our stewardship of these funds, it will give the markets confidence that we are stabilizing and strengthening the financial system.

Sincerely,

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Timothy F. Geithner

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April 15, 2009 Treasury Lending and Intermediation Snapshot  
February 2009 Lending and Intermediation Survey Submissions



**DEPARTMENT OF THE TREASURY**  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

April 15, 2009

The Honorable Chuck Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Senator Grassley:

Upon taking office, President Obama committed to increased transparency, accountability and oversight in our government's approach to stabilizing the financial system. I am writing today to update you on the significant steps the Department of Treasury (Treasury) has taken over the past three months to fulfill the that commitment. In that spirit, I am also attaching to this letter Treasury's third monthly Lending and Intermediation Survey and Snapshot, covering the month of February, which we released today.

### **Overview**

Over the course of the last three months, the Treasury Department has outlined a series of new programs to help get our financial system back to the business of providing credit to working families and viable businesses so that our economy can recover and grow. Given that the road to recovery requires the confidence of the American people, increased transparency and accountability are key elements to our overall strategy of implementing our financial stability programs under the Emergency Economic Stabilization Act (EESA) Treasury is committed to addressing the crisis and making sure Americans understand exactly what policies we are undertaking and why.

In its most recent report, the Government Accountability Office recognized our progress, noting "Treasury continues to improve the integrity, accountability and transparency of the EESA program." GAO also noted that "Treasury continues to take significant steps to address all the recommendations from GAO's December and January reports."

### **Improved Communications and Availability of Information**

Treasury has launched a reinvigorated public communications initiative designed to more directly communicate how our policies will stabilize the financial system and restore the flow of credit to consumers and businesses. A key element to this enhanced public outreach effort is providing user-friendly resources online. Last month, Treasury launched a new website- [www.FinancialStability.gov](http://www.FinancialStability.gov) that details financial stability programs in a simplified and straightforward manner.

Specifically, *FinancialStability.gov* lists how taxpayer dollars are spent, what conditions are placed on institutions in exchange for government assistance, and the results achieved by the stability programs. Visitors can find lists of all the investments Treasury has made, the terms of those investments, which institutions are participating in Treasury's programs, and all of the detailed contracts defining those investments. In addition, Treasury's detailed monthly lending and intermediation survey and Snapshot, which is attached to this letter, is also posted on the site.

The new website features also include:

- Interactive map illustrating state-by-state bank and financial institution funding.
- A "decoder" tool that translates frequently used financial language and Financial Stability Plan program names into real terms.
- Simplified economic data to help users better understand and monitor the economic environment and learn more about the impact of the Administration's efforts.
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In addition, together with the Department of Housing and Urban Development, Treasury launched a web site for homeowners seeking help with their mortgage payments. This site, *MakingHomeAffordable.gov*, has had over 3 million visitors since March 19, 2009. This website is designed specifically for the public to understand the many new programs Treasury and other agencies have launched to help homeowners stay in their homes and to stabilize housing markets. Treasury has launched an important new foreclosure prevention program using resources from EESA to encourage long-term, sustainable loan modifications. This new website gives homeowners the information they need to learn about the program.

### **Measuring Effectiveness of the Programs**

Treasury has taken a number of steps to better measure whether financial stability programs are increasing the flow of credit to consumers and businesses.

#### *Lending Snapshot*

One important element of our commitment to greater transparency and communication is the monthly lending and intermediation Survey and Snapshot, which Treasury launched in January 2009. Treasury undertook this important initiative to help the public easily assess the lending and intermediation activities of banks participating in the Capital Purchase Program (CPP), which Treasury launched in October 2008 to stabilize financial markets by investing in viable banks across the country.

The survey and Snapshot capture data from the 21 largest recipients of investments under the CPP during this unprecedented financial markets crisis. It contains quantitative information on three major categories of lending – consumer, commercial, and other financial activities – based on banks' internal reporting, as well as commentary to explain changes in lending levels for each category. In addition, the survey contains a qualitative section that provides market color on lending demand and credit standards generally to help Treasury and the public meaningfully and accurately interpret the quantitative data.

On February 17, 2009, Treasury published the results of this initial survey in a Snapshot, covering the period between October and December 2008 (the first three months of the CPP program). Treasury published its second Snapshot on March 15, 2009, covering the month of January. Today, Treasury published its third monthly survey and Snapshot, covering February 2009, which demonstrates that the largest CPP banks continue to lend and refinance despite the increasingly severe headwinds posed by this economic downturn. Absent Treasury capital provided through the CPP, lending levels would likely have been lower.

In March 2009, Treasury expanded our monthly survey to include all banks participating in the CPP, including more than 500 small and community banks across the country. Treasury has sent out a streamlined survey to these banks that will measure their consumer and commercial lending activities. These initial survey responses are due to Treasury on April 30, 2009 and results will be posted to [FinancialStability.gov](http://FinancialStability.gov). In addition to this latest measure, Treasury plans to add a component on small business lending activities in the Survey sent to the top 21 CPP banks. We are continuing to work on improving the lending survey.

### *Tracking Taxpayer Funds in FSP*

Efforts are underway under the Obama Administration's new Financial Stability Plan (FSP) to further enhance the public's understanding of banks' lending activities during this crisis by requiring companies receiving government funds under new FSP programs to more robustly report to Treasury on their use of that capital.

The following are some of the requirements Treasury has set out for institutions participating in the FSP:

- ***Intended Use of Capital Assistance Program (CAP) Funds:*** All CAP participants must submit a plan for how they intend to use that capital to preserve and strengthen their lending capacity compared to what would have been possible without government capital assistance. These plans will be submitted during the application process, and Treasury will make these reports public upon completion of the capital investment in the firm.
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Treasury has developed an interactive map illustrating the state-by-state locations across country where Treasury has invested in banks through the Capital Purchase Program. This map complements the weekly Transaction Report and is designed to help the public know the impact of

the CPP by seeing how many banks we have invested in, in which states and in what amounts. Users can easily click across the map to each state to see exactly which banks in their communities are participating in the CPP. The CPP map is available at: <http://www.financialstability.gov/impact/index.html>.

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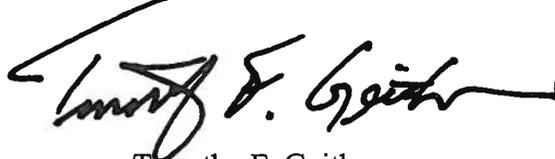
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WASHINGTON, D.C.

SECRETARY OF THE TREASURY

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The Honorable Kent Conrad  
Chairman  
Committee on the Budget  
United States Senate  
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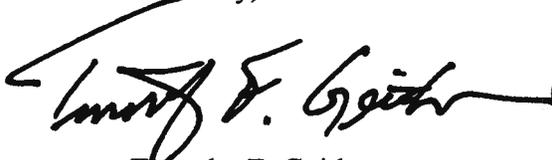
Third, the law calls for the Government Accountability Office (GAO) to establish a physical presence at Treasury to monitor the program and we provided workspace for our auditors within days of the President signing the law. Treasury has participated in numerous briefings with the GAO and our respective staffs are meeting almost daily for program updates and to review contracts. Treasury published Summaries of our progress meeting GAO's recommendations on Treasury's website at: <http://www.financialstability.gov/about/transparencyaccountability.html>.

Finally, the law called for the establishment of a Congressional Oversight Panel to review EESA. I met with the Panel within days of taking office as Secretary and Treasury staff has met with the Panel numerous times. We have made every effort to be robustly responsive to the Panel's questions by sending detailed responses to their questions, (<http://www.financialstability.gov/latest/reportsanddocs.html>). Treasury is committed to building this important relationship further, and in my most recent response to the Panel's questions, dated April 3, 2009, I offered the Panel the opportunity for briefings with staff on both a weekly basis and on specific policy initiatives as they are announced.

## Conclusion

I want to ensure you and the American people that Treasury is committed to an open and transparent program with appropriate oversight. Treasury has made considerable progress in ensuring the transparency and accountability of our EESA programs. We are committed to continuing to enhance our communications with the public and Congress on the importance of these critical programs. Treasury looks forward to continuing to work with our four oversight bodies -- the Financial Stability Oversight Board, the Inspector General, the Comptroller General, and the Congressional Oversight Panel. Transparency will not only give the American people comfort in our stewardship of these funds, it will give the markets confidence that we are stabilizing and strengthening the financial system.

Sincerely,

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Timothy F. Geithner

## Attachments:

April 15, 2009 Treasury Lending and Intermediation Snapshot  
February 2009 Lending and Intermediation Survey Submissions



**DEPARTMENT OF THE TREASURY**

WASHINGTON, D.C.

SECRETARY OF THE TREASURY

April 15, 2009

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

Dear Senator McConnell:

Upon taking office, President Obama committed to increased transparency, accountability and oversight in our government's approach to stabilizing the financial system. I am writing today to update you on the significant steps the Department of Treasury (Treasury) has taken over the past three months to fulfill the that commitment. In that spirit, I am also attaching to this letter Treasury's third monthly Lending and Intermediation Survey and Snapshot, covering the month of February, which we released today.

**Overview**

Over the course of the last three months, the Treasury Department has outlined a series of new programs to help get our financial system back to the business of providing credit to working families and viable businesses so that our economy can recover and grow. Given that the road to recovery requires the confidence of the American people, increased transparency and accountability are key elements to our overall strategy of implementing our financial stability programs under the Emergency Economic Stabilization Act (EESA) Treasury is committed to addressing the crisis and making sure Americans understand exactly what policies we are undertaking and why.

In its most recent report, the Government Accountability Office recognized our progress, noting "Treasury continues to improve the integrity, accountability and transparency of the EESA program." GAO also noted that "Treasury continues to take significant steps to address all the recommendations from GAO's December and January reports."

**Improved Communications and Availability of Information**

Treasury has launched a reinvigorated public communications initiative designed to more directly communicate how our policies will stabilize the financial system and restore the flow of credit to consumers and businesses. A key element to this enhanced public outreach effort is providing user-friendly resources online. Last month, Treasury launched a new website- [www.FinancialStability.gov](http://www.FinancialStability.gov) that details financial stability programs in a simplified and straightforward manner.

Specifically, *FinancialStability.gov* lists how taxpayer dollars are spent, what conditions are placed on institutions in exchange for government assistance, and the results achieved by the stability programs. Visitors can find lists of all the investments Treasury has made, the terms of those investments, which institutions are participating in Treasury's programs, and all of the detailed contracts defining those investments. In addition, Treasury's detailed monthly lending and intermediation survey and Snapshot, which is attached to this letter, is also posted on the site.

The new website features also include:

- Interactive map illustrating state-by-state bank and financial institution funding.
- A "decoder" tool that translates frequently used financial language and Financial Stability Plan program names into real terms.
- Simplified economic data to help users better understand and monitor the economic environment and learn more about the impact of the Administration's efforts.
- Search function for various Financial Stability Plan program participants and contracts awarded under the program.

In addition, together with the Department of Housing and Urban Development, Treasury launched a web site for homeowners seeking help with their mortgage payments. This site, *MakingHomeAffordable.gov*, has had over 3 million visitors since March 19, 2009. This website is designed specifically for the public to understand the many new programs Treasury and other agencies have launched to help homeowners stay in their homes and to stabilize housing markets. Treasury has launched an important new foreclosure prevention program using resources from EESA to encourage long-term, sustainable loan modifications. This new website gives homeowners the information they need to learn about the program.

### **Measuring Effectiveness of the Programs**

Treasury has taken a number of steps to better measure whether financial stability programs are increasing the flow of credit to consumers and businesses.

#### *Lending Snapshot*

One important element of our commitment to greater transparency and communication is the monthly lending and intermediation Survey and Snapshot, which Treasury launched in January 2009. Treasury undertook this important initiative to help the public easily assess the lending and intermediation activities of banks participating in the Capital Purchase Program (CPP), which Treasury launched in October 2008 to stabilize financial markets by investing in viable banks across the country.

The survey and Snapshot capture data from the 21 largest recipients of investments under the CPP during this unprecedented financial markets crisis. It contains quantitative information on three major categories of lending – consumer, commercial, and other financial activities – based on banks' internal reporting, as well as commentary to explain changes in lending levels for each category. In addition, the survey contains a qualitative section that provides market color on lending demand and credit standards generally to help Treasury and the public meaningfully and accurately interpret the quantitative data.

On February 17, 2009, Treasury published the results of this initial survey in a Snapshot, covering the period between October and December 2008 (the first three months of the CPP program). Treasury published its second Snapshot on March 15, 2009, covering the month of January. Today, Treasury published its third monthly survey and Snapshot, covering February 2009, which demonstrates that the largest CPP banks continue to lend and refinance despite the increasingly severe headwinds posed by this economic downturn. Absent Treasury capital provided through the CPP, lending levels would likely have been lower.

In March 2009, Treasury expanded our monthly survey to include all banks participating in the CPP, including more than 500 small and community banks across the country. Treasury has sent out a streamlined survey to these banks that will measure their consumer and commercial lending activities. These initial survey responses are due to Treasury on April 30, 2009 and results will be posted to [FinancialStability.gov](http://FinancialStability.gov). In addition to this latest measure, Treasury plans to add a component on small business lending activities in the Survey sent to the top 21 CPP banks. We are continuing to work on improving the lending survey.

### *Tracking Taxpayer Funds in FSP*

Efforts are underway under the Obama Administration's new Financial Stability Plan (FSP) to further enhance the public's understanding of banks' lending activities during this crisis by requiring companies receiving government funds under new FSP programs to more robustly report to Treasury on their use of that capital.

The following are some of the requirements Treasury has set out for institutions participating in the FSP:

- ***Intended Use of Capital Assistance Program (CAP) Funds:*** All CAP participants must submit a plan for how they intend to use that capital to preserve and strengthen their lending capacity compared to what would have been possible without government capital assistance. These plans will be submitted during the application process, and Treasury will make these reports public upon completion of the capital investment in the firm.
- ***Impact on Lending:*** CAP recipients must detail in monthly reports submitted to Treasury their lending broken out by category, showing the volume of new loans they provided to businesses and consumers and how many asset-backed and mortgage-backed securities they purchased, accompanied by a description of the lending environment in the communities and markets they serve. This report will include a comparison to their most rigorous estimate of what their lending likely would have been in the absence of government support. For public companies, similar reports are filed on an 8K simultaneously with the filing of their 10-Q or 10-K reports. These reports will be posted on Treasury's *FinancialStability.gov* website so that they can be viewed by outside and independent experts.

### *Measuring the Local Impact of CPP*

Treasury has developed an interactive map illustrating the state-by-state locations across country where Treasury has invested in banks through the Capital Purchase Program. This map complements the weekly Transaction Report and is designed to help the public know the impact of

the CPP by seeing how many banks we have invested in, in which states and in what amounts. Users can easily click across the map to each state to see exactly which banks in their communities are participating in the CPP. The CPP map is available at:  
<http://www.financialstability.gov/impact/index.html>.

### *Measuring the Economic Impact of our Programs*

Treasury publishes regularly updated key metrics showing the impact of our programs on credit markets. These inter-active metrics are on the Treasury website at  
<http://www.financialstability.gov/impact/data.htm>.

### **Publishing Dividends Received**

In providing capital to hundreds of banks across the country, the CPP helped prevent severe damage to the stability of the financial system, enabling institutions to continue to lend despite the growing recession. Treasury also established strong taxpayer protections to ensure that taxpayers receive a return on these long term investments. Under the terms of all CPP investment agreements, Treasury is scheduled to receive at least a 5 percent annual dividend in quarterly payments from each participating institution, a rate that later steps up to 9%. As of today, Treasury had received \$2,518,531,260 in dividend payments under the CPP. Going forward, Treasury will begin publishing these dividend payments on a monthly basis so the American people can see and evaluate the dividend income they are receiving from these investments. In addition to dividends, Treasury takes warrants in every institution in which it invests to ensure that taxpayers benefit from any appreciation in the value of these companies.

### **Making Investment Contracts Public**

To give the American people better access to information about where their tax dollars are spent and under what terms and conditions, Treasury announced on January 28, 2009, that it would begin posting all of its investment contracts on Treasury's website within five to ten business days of each transaction's closing. Treasury is in the process of posting all the contracts signed prior to January 28 to the website as well. As of today, Treasury has posted 242 CPP contracts on *Financialstability.gov*, in addition to terms and program guidelines for all programs under the EESA.

### **Reporting Requirements**

EESA requires the Treasury to make numerous other reports on its implementation. Treasury has completed each of these required reports on time and these reports will continue to be a priority for Treasury. All of these reports are posted on *Financialstability.gov* and are transmitted to the relevant committees on their required due dates.

Below is a description of the reports that Treasury has issued and made available on *Financialstability.gov*:

- *Transaction Report*: Transaction reports are due within two business days of completing each transaction (such as an investment or spending on the new Housing program). We

have published 30 Transaction Reports covering each transaction, including today. These reports are an important source of information to Congress and the public on all of Treasury's investments under the EESA, including the weekly investments made by Treasury in banks across the country through the Capital Purchase Program (CPP).

- *Tranche Report*: Treasury is required to publish a Tranche Report to Congress within seven days of each \$50 billion commitment that is made. The comprehensive report must provide details on the following topics: the transactions made to date, the impact on the financial system, the challenges that remain, and additional actions that may be necessary to address those challenges. To date, Treasury has published 5 Tranche Reports
- *105 Reports*: Section 105 of the EESA requires Treasury to provide a detailed report on the overall program within 60 days of the first exercise of the TARP purchase authority and then monthly thereafter. We have published 5 such update reports, with the most recent having been transmitted to Congress on April 10, 2009.
- *Section 102 Report*: Section 102 of the EESA requires Treasury to provide a report on an insurance program designed under the TARP. Treasury has published the insurance program report on *FinancialStability.gov*.

These reports can be found at: <http://www.financialstability.gov/latest/reportsanddocs.html>

## **Procurement Contracts**

As part of Treasury's transparency and accountability efforts, all investment contracts and agreements related to the Financial Stability Plan have also been posted online at [http://www.financialstability.gov/impact/contracts\\_list.htm](http://www.financialstability.gov/impact/contracts_list.htm). Similarly, Treasury is committed to keeping taxpayers informed about all other EESA expenditures and activities and publishes information regarding our contracting of services from private firms. Vendor contracts are available on Treasury's website at <http://www.financialstability.gov/impact/procurement-contracts-agreements.html>.

## **Compliance and Oversight**

Congressional committees are the traditional bodies of oversight and Treasury has participated in multiple Congressional hearings since the EESA was passed. In addition, the Congress established four additional avenues of oversight: one, the Financial Stability Oversight Board; two, the Special Inspector General; three, the Government Accountability Office; and four, the Congressional Oversight Panel. We have productive working relationships with all of these bodies and appreciate their important role. We are all working toward the same goal - economic recovery. Below, I will briefly review Treasury's interaction with each body.

The Financial Stability Oversight Board (FSOB) is chaired by Federal Reserve Chairman Ben Bernanke. EESA requires the Board to meet once a month, but it has met 12 times since the law was signed, with numerous staff calls and briefings between meetings. We have also posted the bylaws and minutes of the Board meetings on Treasury's website.

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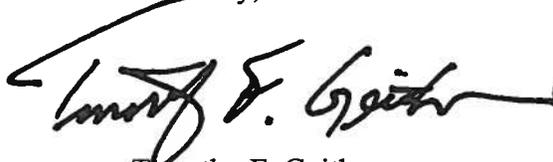
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