

Minutes of the Financial Stability Oversight Board Meeting June 22, 2015

A meeting of the Financial Stability Oversight Board (“Board”) was held at 3:00 p.m. (EDT) on Monday, June 22, 2015, at the offices of the Department of Treasury (“Treasury”).

MEMBER REPRESENTATIVES

PARTICIPATING:

Mr. Wilcox, Division Director, Federal Reserve Board (Chairperson)

Mr. Carpenter, Acting Assistant Secretary for Financial Markets, Department of Treasury

Mr. Golding, Principal Deputy Assistant Secretary, Office of Housing, Department of Housing and Urban Development

Ms. Williams, Deputy Chief of Staff, Securities and Exchange Commission

Mr. Ugoletti, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

AGENCY OFFICIALS

PARTICIPATING:

Ms. Florman, Chief of Staff, Office of Financial Stability, Department of the Treasury

Mr. Warden, Deputy Chief Financial Officer, Office of Financial Stability, Department of the Treasury

Mr. Montano, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Mr. Roberts, Financial Analyst, Office of Financial Stability, Department of the Treasury

Mr. Leventis, Principal Economist, Federal Housing Finance Agency

Ms. Nolan, Supervisory Financial Analyst, Federal Reserve Board

The meeting was called to order by Mr. Wilcox at approximately 3:05 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on May 21, 2015, which had been circulated in advance of the meeting. Upon a motion duly made and seconded, the Representatives voted to approve the minutes of the meeting, subject to such technical revisions as may be received from the Representatives.

Treasury officials then provided an update on the programs established by Treasury under the Troubled Asset Relief Program (“TARP”). Discussion during the meeting focused on the Capital Purchase Program (“CPP”); the Community Development Capital Initiative (“CDCI”); and the Making Home Affordable (“MHA”) and Hardest Hit Fund (“HHF”) initiatives. Among the materials distributed in advance of the meeting was the latest monthly report issued by Treasury under Section 105(a) of the Emergency Economic Stabilization Act (“105(a) report”),

which contains information concerning the programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP. Throughout the meeting, Representatives raised and discussed various matters on behalf of the Members with respect to the effects of the policies and programs established under TARP.

Using prepared materials, Treasury officials provided Representatives with an update on recent developments in the TARP program. As of June 1, Treasury had disbursed a total of approximately \$428.0 billion, including \$411.7 billion under TARP investment programs and \$16.3 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$441.9 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$780 million, all associated with CPP and CDCI.

As of the meeting date, Treasury’s remaining aggregate CPP investment was approximately \$314 million in 25 institutions, of which approximately \$125 million was its common stock holding in First BanCorp (“FBP”). Treasury officials reported that since the last Oversight Board meeting, five institutions had exited the CPP program. Officials then noted that on May 19, Treasury announced its completion of an auction to sell its preferred stock in five institutions, for aggregate gross proceeds of approximately \$15.4 million.

Treasury officials then briefly discussed the CDCI program, noting that 64 institutions remained in the program.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA’s Home Affordable Modification Program (“HAMP”). Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA’s inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that some 15,000 new permanent HAMP modifications were initiated in April 2015. As of April 2015, there were approximately 982,000 active permanent HAMP modifications. Officials also reported that through April, approximately 135,000 homeowners had experienced their first interest rate step-up and at this stage there did not appear to be a notable performance impact on these modifications.

Treasury officials then discussed recent changes to, and funding disbursed by HHF programs in the 19 eligible jurisdictions. Officials briefly described recent program changes in the District of Columbia, Arizona, and New Jersey, to better assist at-risk borrowers. Since the inception of HHF, participating housing finance agencies have drawn approximately \$5.2 billion in Hardest Hit Fund assistance, or 68 percent of the total program allocation amount of \$7.6 billion, and have disbursed approximately \$4.2 billion. Officials also noted that some 239,000 borrowers had been assisted since the beginning of the program.

Officials from the Federal Housing Finance Agency (“FHFA”) then briefed members on the developments in the housing and finance markets.

The information reviewed included data related to mortgage rates and Treasury yields, housing price indices and sales, and refinancing activities. During this discussion, FHFA officials also presented data related to delinquencies, GSE foreclosure prevention actions, and re-default experience on GSE-modified mortgages.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the timing of the next quarterly report.

The meeting was adjourned at approximately 3:45 p.m. (EDT).

[signed electronically]

William F. Treacy,
Executive Director