

## Minutes of the Financial Stability Oversight Board Meeting November 29, 2016

A meeting of the Financial Stability Oversight Board (“Board”) was held at 10:00 a.m. (EDT) on Thursday, November 29, 2016, via conference call.

### MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Perry, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

Ms. Moore, Special Advisor, Federal Housing Finance Agency

### STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and Secretary

### AGENCY OFFICIALS PARTICIPATING:

Ms. Rollins, Deputy Assistant Secretary for Capital Markets, Department of the Treasury

Mr. McArdle, Deputy Assistant Secretary, Office of Financial Stability, Department of the Treasury

Mr. Rasetti, Chief Finance and Operations, Office of Financial Stability, Department of the Treasury

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

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

Ms. Johnson-Kutch, Acting Chief Homeownership Officer, Office of Financial Stability, Department of the Treasury

Ms. Nolan, Project Manager, Federal Reserve Board

The meeting was called to order by Mr. Wilcox at approximately 10:02 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on October 18, 2016, 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 (“Monthly 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 a report on recent developments in the TARP program. As of October 31, Treasury had disbursed a total of approximately \$434.3 billion, including \$411.7 billion under TARP investment programs and nearly \$22.6 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$442.3 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$460 million, all associated with CPP and CDCI.

Treasury officials then provided the Representatives with an update on recent developments in the CPP. As of the meeting date, Treasury’s remaining aggregate CPP investment was about \$210 million in 12 institutions, of which about \$125 million was its common stock holding in First BanCorp (“FBP”).

Treasury officials then provided an update regarding the progress of the CDCI early repurchase option, part of ongoing efforts to wind down the TARP program. As of the meeting date, Treasury had received proposals from 43 CDCI institutions. Of these proposals, bids from 12 banks and 15 credit unions had been accepted by Treasury, together representing about 70 percent of remaining CDCI investments. Officials estimated that, across these 27 institutions, the median bid-to-outstanding-investment ratio was about 70 percent. Seven of these accepted transactions had been closed as of the meeting date. Officials then noted that proposals must be received by the extended deadline of December 19, and accepted applicants are expected to close on the repurchase transaction in December 2016 or January 2017.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA’s Home Affordable Modification Program (“HAMP”). Using prepared materials, 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 nearly 6,700 new permanent HAMP modifications were initiated in September 2016, as well as 3,100 Streamline modifications. As of September 2016, there were nearly 972,000 active permanent HAMP modifications. Officials also reported that through September, homeowners with HAMP modifications who had experienced one or more interest rate step-ups did not appear to experience a notable change in performance.

Treasury officials described efforts taken to remind the public that applications to MHA will cease on December 30, 2016. In that context, officials briefly summarized the recent Joint Federal Housing Agencies Workshop Summit, at which regulators discussed how principles of MHA programs can continue to be followed after MHA.

Treasury officials then discussed recent changes to, and funding disbursed by, HHF programs in the 19 eligible jurisdictions. Officials briefly noted recent program changes in two states--Oregon and Nevada--to better assist at-risk borrowers. Since the inception of HHF, participating housing finance agencies had disbursed an estimated \$5.6 billion under the program out of a total committed of \$9.6 billion.

Using prepared materials, Treasury officials then briefed Representatives on the Office of Financial Stability's Agency Financial Report for Fiscal Year 2016, which describes the activities and financial results for the TARP through the fiscal year ended September 30, 2016. As part of this discussion, officials discussed Treasury's administrative aspects of the Office of Financial Stability covered in the Agency Financial Report, including staffing and related operational expenses.

Staff of the Oversight Board then discussed the timing of the next quarterly report, and activities of the Oversight Board for the remainder of 2016.

The meeting was adjourned at approximately 10:25 a.m. (EDT).

[ signed electronically ]

Mr. Gonzalez, General Counsel and Secretary