

Minutes of the Financial Stability Oversight Board Meeting December 18, 2015

A meeting of the Financial Stability Oversight Board (“Board”) was held at 10:00 a.m. (EDT) on Friday, December 18 2015, at the offices of the Department of Treasury (“Treasury”).

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Green, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

Mr. Liftik, Deputy Chief of Staff, Securities and Exchange Commission

Ms. Moore, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

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

Mr. Colbert, Senior Advisor, Office of Legislative Affairs, 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

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 10:05 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on November 20, 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 a report on recent developments in the TARP program. As of November 30, Treasury had disbursed a total of approximately \$430.4 billion, including \$411.7 billion under TARP investment programs and nearly \$18.7 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$442.0 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$710 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 \$263 million in 18 institutions, of which

approximately \$125 million was its common stock holding in First BanCorp (“FBP”).

Treasury officials then briefly discussed the CDCI program, noting that some 59 institutions remained in the program with a total investment of approximately \$445 million. In addition, officials reported that Liberty County Teachers Federal Credit Union had made a partial repurchase.

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 7,800 new permanent HAMP modifications were initiated in October 2015. As of October 2015, there were nearly 984,000 active permanent HAMP modifications in place. Officials also reported that through October, 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 then discussed recent changes to, and funding disbursed by, HHF programs in the 19 eligible jurisdictions. Officials briefly noted recent program changes in three states--Rhode Island, South Carolina, and Oregon--to better assist at-risk borrowers. Since the inception of HHF, participating housing finance agencies had disbursed an estimated \$4.7 billion in Hardest Hit Fund assistance, or some

70 percent of the original program allocations. Officials also noted that some 257,000 borrowers had been assisted since the beginning of the program.

Officials from Treasury's Office of Legislative Affairs then provided an update on the TARP- HHF related provision in the Omnibus Bill (Consolidated Appropriations Act), just signed into law by President Obama. The amended provision enables Treasury to extend HHF program funding beyond 2017 with a maximum remaining amount of \$2 billion, and puts a firm end to new homeowner assistance actions under MHA on December 31, 2016.

Officials from the Federal Housing Finance Agency ("FHFA") then briefed members on developments in the housing and housing 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, foreclosure prevention actions undertaken by the two mortgage government-sponsored enterprises (GSEs), and re-default experience on GSE-modified mortgages.

Staff of the Oversight Board provided members with an update regarding the Oversight Board's quarterly to report Congress for the period ending September 30, 2015.

The meeting was adjourned at approximately 10:50 a.m. (EDT).

[signed electronically]

Mr. Gonzalez, General Counsel and
Secretary