

Minutes of the Financial Stability Oversight Board Meeting January 21, 2014

A meeting of the Financial Stability Oversight Board (“Oversight Board”) was held at 3:00 p.m. (EDT) on Thursday, January 21, 2014, by teleconference.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury

Mr. Golding, Senior Advisor to the Secretary, Department of Housing and Urban Development

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

Mr. Ugoletti, Senior Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Acting Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

Mr. McArdle, Chief Homeownership Preservation Officer, Office of Financial Stability, Department of the Treasury

Ms. Uy, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Mr. Roberts, Chief Reporting Officer, Office of Financial Stability, Department of the Treasury

Mr. Nixon, Senior Housing Policy Advisor, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

Ms. Carter, Senior Supervisory Financial Analyst, Federal Reserve Board

The meeting was called to order by Mr. Treacy at approximately 3:00 p.m. (EDT).

At the outset of the meeting, Mr. Treacy noted that, in accordance with the bylaws of the Oversight Board, each Member had designated an official of the same agency to serve as that Member's Representative on the Oversight Board (“Representative”). A brief discussion among the Representatives then ensued regarding the governance needs of the Oversight Board.

The Representatives then discussed the position of Chairperson of the Oversight Board. Following this discussion, the Representatives, with Mr. Wilcox abstaining, adopted the

following resolution on behalf of the Members:

RESOLUTION TO ELECT A CHAIRPERSON

“Whereas, Section 104 of the Emergency Economic Stabilization Act of 2008 provides for the election by members of the Financial Stability Oversight Board (“Oversight Board”) of a Chairperson from among the members of the Oversight Board other than the Secretary of the Treasury,

Therefore, after discussion among the representatives of the Oversight Board members and on motion duly made, seconded and carried, it was Resolved, that the representative of the Chair of the Board of Governors of the Federal Reserve System, Mr. Wilcox, is hereby elected Chairperson of the Oversight Board.”

On behalf of the Members, the Representatives then considered draft minutes for the meeting of the Oversight Board on December 19, 2013, 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”); the Automotive Industry Financing Program (“AIFP”); 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 then provided Representatives with an update on Treasury’s progress in winding down assets currently held under TARP. Officials reported that Treasury had disbursed \$422.2 billion and collected \$432.8 billion under all TARP investment programs as of January 16, 2014, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury officials also reported that approximately \$12.4 billion remained outstanding under all TARP investment programs. Treasury had also disbursed \$10.49 billion to at-risk borrowers under its TARP housing-related programs, representing approximately 27 percent of authorized funds of \$38.49 billion.

Treasury officials then provided the Representatives with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income. As of the meeting date, eighty-five institutions remained in the program, with approximately

\$225 billion total proceeds collected by Treasury to date. Three institutions had fully exited the program since the December meeting. Treasury's remaining CPP investments totaled approximately \$2.09 billion as of the meeting date. Officials noted that the institution with the largest outstanding CPP investment (Banco Popular), had announced a proposal to repay Treasury contingent on regulatory approval. Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership.

Treasury officials then provided the Representatives with an update on the AIFP. Officials reviewed Treasury's sale in December of all remaining common shares of New GM. Officials noted that Treasury has a remaining investment in Old GM of \$1.7 billion that is expected to be written off or liquidated in the near term.

Treasury officials also provided the Representatives with an update on Treasury's investment in Ally Financial, Inc. ("Ally"). As announced to the public on January 16, Treasury expects to sell 410,000 shares of Ally common stock in a private offering at \$7,375 per share, from which Treasury expects to recover approximately \$3.0 billion of its original TARP investment. At the conclusion of this sale, Treasury would continue to own roughly 37 percent of common stock in the company.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") HHF.

Treasury officials reported that, through November, approximately 1.9 million homeowner assistance actions had been provided to at-risk borrowers since MHA's inception. New assistance actions averaged 14,000 per month over the fourth quarter of 2013, with volume relatively stable over the past year. Treasury officials also discussed the proportion of MHA assistance actions taken by servicers of mortgages guaranteed by the Government Sponsored Enterprises ("GSEs") in comparison with MHA actions taken with respect to non-GSE mortgages. Officials noted that there had been a significant increase in the share of HAMP modifications on non-GSE-mortgages relative to such HAMP actions on GSE-guaranteed mortgages. Officials indicated that the overall decline in GSE modifications under HAMP may reflect the increased use by the GSEs of their streamlined modification option, which has been made available as a default option to at-risk borrowers who did not respond to other assistance options.

Treasury officials then provided the Representatives with an update on the HHF initiative. In December, three HFAs drew a total of \$124.1 million, bringing the cumulative disbursements to \$3.23 billion by 19 HFAs under 69 active programs. Officials noted that the District of Columbia and three states – Rhode Island, Illinois, and New Jersey – had reached their program funding limits and were no longer accepting new applications. In addition, Indiana had received approval to use HHF funding for blight elimination (demolition) projects, joining other states that had previously received funding approved for blight elimination (Michigan and Ohio).

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the timing of the Oversight Board's quarterly report and the prospective schedule and attendance for future Oversight Board meetings.

The meeting was adjourned at approximately 3:30 p.m. (EDT).

[Signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary