

## Minutes of the Financial Stability Oversight Board Meeting April 25, 2014

A meeting of the Financial Stability Oversight Board (“Board”) was held at 3:00 p.m. (EDT) on Friday, April 25, 2014, by teleconference.

### MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Golding, Senior Advisor,  
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:

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. Cuttler, Attorney Advisor, Office  
of Financial Stability, Department  
of the Treasury

Mr. Roberts, Special Assistant, Office of  
Financial Stability, Department of  
the Treasury

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. Wilcox at approximately 3:00 p.m.  
(EDT).

The Representatives then considered draft minutes for the meeting of the Board on March 28, 2014, 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 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 were 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 programs. As of April 22, Treasury had disbursed a total of approximately \$423.4 billion, including \$411.7 billion under TARP investment programs and \$11.7 billion under TARP housing-related programs to assist at-risk homeowners. Total collections on all TARP investment programs were \$438.4 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs had declined to \$4.6 billion, primarily due to the Ally Financial Inc. (“Ally”) initial public offering (“IPO”) completed on April 15, which raised \$2.4 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. In early April an auction of CPP investments in four institutions was completed. Treasury also sold its CPP common shares in one bank, Hampton Roads Bankshares, Inc.

Taken together, these transactions resulted in gross proceeds of approximately \$55 million. As of April 22, the remaining CPP balance had been reduced to \$1.8 billion and sixty-two institutions remained in the program. Treasury officials then discussed the two largest remaining CPP investments, Popular and First BanCorp in Puerto Rico. Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership.

Treasury officials then briefly discussed the Community Development Capital Initiative (“CDCI”) program, noting that 68 institutions remained in the program.

Treasury officials then provided the Representatives with an update on the AIFP. As a result of the April IPO sale of 95 million shares in Ally common stock, Treasury reduced its remaining ownership interest in Ally to 17 percent. As of April 22, total cash and dividends received on Treasury’s Ally investment totaled \$17.6 billion, which exceeded the original investment by \$0.5 billion. The IPO underwriters still had an outstanding option to purchase an additional 13.4 million shares within 30 days. Treasury officials confirmed that Ally would continue to be subject to EESA restrictions on executive compensation until the last of Treasury’s shares in Ally are sold.

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”) HFF. Treasury officials reported on the homeowner

assistance actions that had been provided to at-risk borrowers since MHA's inception, including the volume of new permanent modifications, as provided in the most recent published report. Officials noted that the monthly volume had been trending slightly downward over the first three months of 2014.

Treasury officials then discussed its recently issued Supplemental Directive 14-02 ("SD 14-02"), which provided MHA servicers with administrative clarifications to the HAMP and the Second Lien Modification Program ("2MP"). This guidance established new minimum requirements for notifying MHA recipients of interest rate resets and made other changes that could expand the eligible population for Tier 2. The changes will also benefit those who experience difficulty making their Tier 1 payments following rate resets. Treasury officials noted that they are considering other possible steps within MHA to assist HAMP borrowers who might be hurt by the impending interest rate resets. Treasury officials also noted that they are taking steps within MHA to provide alternatives through HAMP Tier 2 for HAMP borrowers who might be seriously hurt by the impending interest-rate re-sets. The provisions of SD 14-02 take effect on July 1, 2014.

Treasury officials then provided an update on the HHF initiative, noting the number of active programs across HHF jurisdictions and total amount drawn under these programs. On May 8, Treasury will host a summit of the HFAs. Treasury officials also noted that Ohio's HFA, as previously announced, will cease accepting new HHF assistance applications effective April 30. Ohio is thus the fifth state to close its application process due to fully committing its HHF allocation.

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

The meeting was adjourned at approximately 3:35 p.m. (EDT).

[signed electronically]

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William F. Treacy  
Executive Director