

## Minutes of the Financial Stability Oversight Board Meeting May 16, 2014

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Friday, May 16, 2014, by teleconference.

### MEMBER REPRESENTATIVES PARTICIPATING:

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

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

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

Mr. Valverde, Senior Advisor, Office of Domestic Finance, 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, 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 2:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on April 25, 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 May 13, Treasury had disbursed a total of approximately \$423.8 billion, including \$411.7 billion under TARP investment programs and \$12.1 billion under TARP housing-related programs to assist at-risk homeowners. Total collections on all TARP investment programs were \$438.5 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was \$4.6 billion. Recent reductions in investments included \$181 million proceeds from the sale, in May, of Ally common stock by underwriters of the Ally Financial Inc. (“Ally”) April initial public offering (“IPO”) in a “green shoe” offering.

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 April, four institutions repaid all their outstanding CPP preferred shares or subordinated debentures held by Treasury for total proceeds of \$25.7 million. In addition, transactions completed with two institutions on May 14 resulted in additional repayments on CPP investments of \$3.4 million. Treasury officials then noted that fifty-seven institutions remained in the program with an outstanding balance of \$1.75 billion.

Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership, noting that On April 24, Idaho Bancorp had filed for Chapter 11 protection in the U.S. Bankruptcy Court for the District of Idaho. Treasury’s investment in Idaho Bancorp was \$6.9 million, and no repayments had been made to Treasury as of April 30, 2014. Thirty-eight institutions remained in receivership as of May 13.

Treasury officials then provided the Representatives with an update on the AIFP. As reported at the last meeting, the Ally’s IPO was completed on April 15, which raised \$2.4 billion. Subsequently, on May 13, the underwriters of the April IPO exercised their option to purchase an additional 7.2 million shares of Ally common stock from Treasury at \$25.00 resulting in additional proceeds of \$181 million in a green shoe offering. After giving effect to this sale, Treasury continued to hold approximately 16 percent of Ally’s common stock. Treasury officials then

discussed the earnings reported by Ally in its first-quarter report.

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 on the homeowner assistance actions that had been provided to at-risk borrowers since MHA’s inception, including the continuing inflow of new permanent modifications and other borrower assistance actions, as described in the most recent monthly MHA Performance Report. Treasury officials then provided an update on the HHF initiative, noting that some 188,000 homeowners had been assisted since the beginning of the initiative drawn under these programs.

On May 8, Treasury held its Fifth Annual Hardest Hit Fund Summit in Washington, D.C., which brought together representatives from the 19 HFAs, including the 18 states and the District of Columbia, major servicers, Fannie Mae, Freddie Mac, and FHFA. As part of this discussion, FHFA officials summarized key aspects of the agency’s recently-updated strategic plan. For their part, HUD officials described FHA’s recently-proposed Homeowners Armed With Knowledge (“HAWK”) pilot program which allows FHA borrowers to qualify for a reduced mortgage insurance premium when borrowers agree to HUD-approved housing counseling.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the preparations underway to complete the

Oversight Board’s next quarterly report.

The meeting was adjourned at approximately 2:20 p.m. (EDT).

[signed electronically]

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William F. Treacy,  
Executive Director