

## Minutes of the Financial Stability Oversight Board Meeting June 27, 2014

A meeting of the Financial Stability Oversight Board (“Board”) was held at 10:00 a.m. (EDT) on Friday, June 27, 2014, at the offices of the Department of Treasury (“Treasury”).

### 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  
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. Valverde, Senior Advisor, Office of Domestic Finance, 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 10:10 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on May 16, 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 June 24, Treasury had disbursed a total of approximately \$424.1 billion, including \$411.7 billion under TARP investment programs and \$12.4 billion under TARP housing-related programs to assist at-risk homeowners. Total collections on all TARP investment programs were \$438.7 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was \$4.3 billion, split about evenly between bank programs (CPP and the Community Development Capital Initiative) and Ally Financial, Inc. (“Ally”).

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. Officials noted that Banco Popular, Treasury’s single largest remaining CPP investment, announced in mid-June that it had received regulatory approval to fully repay its CPP investment totaling \$935 million. Banco Popular indicated that the repayment would be funded from a combination of internal liquidity and issuance of approximately \$400 million of debt securities. The expected repayment by Banco Popular will significantly reduce remaining CPP investments, to less than \$700 million. Treasury officials then noted that forty-nine institutions remained in the CPP. 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 noted that Treasury’s investment in Ally Financial Inc. (“Ally”) remained unchanged since the April IPO and subsequent exercise of common stock options by Ally’s underwriters in May. As a result of these transactions, Treasury continued to hold approximately 16 percent of Ally’s common stock. Treasury officials then noted that, today, Ally’s common shares were included for the first time in the Russell 3000 Index.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program (“HAMP”) and the Hardest Hit Fund (“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 had observed a slowing in the rate of new HAMP modifications since the beginning of 2014, to an average of 12,000 per month.

Representatives and officials then engaged in a roundtable discussion regarding the current state of the housing markets and the effect of the programs established under TARP in providing support to the housing market and assistance to at-risk mortgage borrowers. As part of this discussion, officials from the Federal Housing Finance Agency (“FHFA”) briefed members on developments in the housing and housing finance markets. The information reviewed included data related to mortgage rates and Treasury yields, delinquencies and re-default rates of modified mortgages, refinancing activity, trends in house price indices, and sales of new and existing homes. During this discussion, FHFA officials also presented data related to the foreclosure prevention actions taken by the Government Sponsored Enterprises.

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 10:50 a.m. (EDT).

[signed electronically]

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Mr. Gonzalez, General Counsel and  
Secretary