

Minutes of the Financial Stability Oversight Board Meeting July 31, 2015

A meeting of the Financial Stability Oversight Board (“Board”) was held at 11:00 a.m. (EDT) on Friday, July 31, 2015, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Carpenter, Acting Assistant Secretary for Financial Markets, Department of Treasury

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

Ms. Williams, 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:

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

Ms. Johnson-Kutch, Deputy Director, Office of Financial Stability, Department of the Treasury

Ms. Nolan, Supervisory Financial Analyst, Federal Reserve Board

The meeting was called to order by Mr. Wilcox at approximately 11:00 a.m. (EDT). Mr. Wilcox welcomed Mr. Green and Ms. Moore as new Representatives on the Oversight Board. Oversight Board staff briefly outlined the principal responsibilities, activities, and practices the Oversight Board has followed to meet its mandate under the Emergency Economic Stabilization Act of 2008, including the special ethics requirements that apply to Representatives and agency staff regarding the information they receive by virtue of their participation in the Oversight Board.

The Representatives then considered draft minutes for the meeting of the Board on June 22, 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 an update on recent developments in the TARP program. As of July 31, Treasury had disbursed a total of approximately \$428.7 billion, including \$411.7 billion under TARP investment programs and \$17.0 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$441.9 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$740 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 approximately \$286 million in 22 institutions, of which approximately \$125 million was its common stock holding in First BanCorp (“FBP”). Treasury officials reported that three institutions exited the program during July. Officials then noted that Grand Financial Corporation and Allegiance Bancshares, Inc. had exited the program by completing a full repurchase at par and Suburban Illinois Bancorp, Inc. exited the program through restructuring.

Treasury officials then briefly discussed the CDCI program, noting that 64 institutions remained in the program

Treasury officials then provided an update on the TARP housing initiatives, including the MHA’s Home Affordable Modification Program (“HAMP”). 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 some 11,000 new permanent HAMP modifications were initiated in May 2015. As of May 2015, there were approximately 984,000 active permanent HAMP modifications. Officials also reported that through May, homeowners with HAMP modifications who had experienced their first interest rate 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 Nevada and North Carolina, to better assist at-risk borrowers. Since the inception of HHF, participating housing finance agencies have disbursed an estimated \$4.3 billion in Hardest Hit Fund assistance, or 63 percent of the total program allocations. Officials also noted that some 243,000 borrowers had been assisted since the beginning of the program.

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

The meeting was adjourned at approximately 11:30 a.m. (EDT).

[signed electronically]

Mr. Gonzalez, General Counsel and
Secretary