

Minutes of the Financial Stability Oversight Board Meeting August 19, 2014

A meeting of the Financial Stability Oversight Board (“Board”) was held at 5:30 p.m. (EDT) on Tuesday, August 19, 2014, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

Mr. Ugoletti, Special Advisor, Federal Housing Finance Agency (Interim Chair)

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

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

Mr. Montano, Deputy Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Mr. Roberts, Special Assistant, 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

Mr. Collender, Principal Policy Analyst, Federal Housing Finance Agency

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

The meeting was called to order by Mr. Ugoletti at approximately 5:30 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on July 31, 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 August 18, Treasury had disbursed a total of approximately \$424.8 billion, including \$411.7 billion under TARP investment programs and \$13.1 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$439.8 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was \$3.25 billion of which approximately one-third related to bank programs (CPP and the Community Development Capital Initiative) and two-thirds related to 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. Forty-four institutions remained in the CPP with an aggregate investment of less than \$700 million. The largest remaining investment—associated with First Bancorp, Puerto Rico—accounted for roughly one third of the remaining CPP balance. Treasury officials then provided a brief update regarding CPP institutions in bankruptcy or whose depository institution was in receivership.

Treasury officials then provided the Representatives with an update on the AIFP. As announced earlier this week, Treasury planned to sell additional shares of Ally through its first pre-defined written trading plan. Treasury continued to hold approximately 16 percent of Ally’s common stock.

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 MHA Performance Report, now being produced quarterly. Officials also noted their planned launch in September of an online mobile application designed to facilitate borrowers’ access to MHA program information on mobile devices. Treasury

officials then discussed the general status of, and funding drawn, by HHF programs, noting that interest had been expressed by additional state housing finance agencies in using HHF funding for blight elimination including on the part of eligible jurisdictions in the South.

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

The meeting was adjourned at approximately 6:00 p.m. (EDT).

Mr. Gonzalez, General Counsel and
Secretary