

## Minutes of the Financial Stability Oversight Board Meeting September 22, 2014

A meeting of the Financial Stability Oversight Board (“Board”) was held at 3:00 p.m. (EDT) on Tuesday, September 22, 2014, at the offices of the Department of Treasury (“Treasury”).

### MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Rutherford, Acting Under Secretary for Domestic Finance, Department of Treasury

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, Deputy 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

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. Leventis, Principal Economist, Federal Housing Finance Agency

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

The meeting was called to order by Mr. Ugoletti at approximately 3:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on August 19, 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 September 18, Treasury had disbursed a total of approximately \$425.2 billion, including \$411.7 billion under TARP investment programs and \$13.5 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$440.0 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was \$2.9 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. As announced on September 9, Treasury initiated its first pre-arranged written trading plan to sell a portion of its common-share holdings in First BanCorp (“FBP”). Treasury continued to own approximately 19.7 million common shares in FBP, the

largest remaining CPP investment at \$240 million. By comparison, the aggregate CPP investment in the other 42 remaining institutions was less than \$400 million. Officials then noted that Treasury would continue to reduce remaining CPP investments through repayments, auctions, and restructurings.

Treasury officials then provided the Representatives with an update on the AIFP. On September 12, Treasury announced that it had completed its first pre-arranged trading plan for the sale of 8,890,000 shares of Ally Financial, Inc. (“Ally”), as announced in August, earlier than expected due to favorable market conditions, receiving proceeds of approximately \$218.7 million. At the same time, Treasury announced it would initiate its second pre-arranged trading plan to sell additional shares. Treasury continued to own 66.2 million shares of common stock, or approximately 13.8 percent of Ally.

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—at an average pace of 10,000 to 11,000 per month—and other borrower assistance actions, as described in the most recent MHA Performance Report, now being produced quarterly. Officials then noted planned administrative clarifications to MHA designed to make MHA programs more efficient. Treasury officials then discussed the general status of, and

funding drawn, by HHF programs, noting that funding to provide assistance under these programs continued to increase relative to one year ago. In August, four HFAs drew \$161 million and since inception the 19 HFAs had drawn a total of \$4.4 billion.

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 informed the Representatives that the Report of the Oversight Board for the Second Quarter of 2014 had been unanimously approved and transmitted to the Congress, and discussed the timing of the next quarterly report.

The meeting was adjourned at approximately 3:30 p.m. (EDT).

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Mr. Gonzalez, General Counsel and  
Secretary