

Minutes of the Financial Stability Oversight Board Meeting October 20, 2014

A meeting of the Financial Stability Oversight Board (“Board”) was held at 3:00 p.m. (EDT) on Monday, October 20, 2014, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Rutherford, Acting 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
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, Acting 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. Wilcox at approximately 3:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on September 22, 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 October 17, Treasury had disbursed a total of approximately \$425.5 billion, including \$411.7 billion under TARP investment programs and \$13.8 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. Treasury’s remaining aggregate CPP investment in 42 institutions was approximately \$610 million. This included Treasury’s common stock holdings in First BanCorp (“FBP”), the largest remaining CPP investment totaling \$220 million as of October 16. Officials then noted that the first trading plan for the sale of a portion of FBP common stock was continuing, and that results of the sale would be available after the conclusion of the 90-day trading plan, in December.

Treasury officials then provided the Representatives with an update on the AIFP. Treasury officials noted that the sale of approximately 20 million shares of Ally Financial, Inc. (“Ally”), recently completed under two trading plans, had resulted in proceeds of \$465 million. After the sales, Treasury owned 54.9 million shares of common stock, or approximately 11.4 percent of Ally.

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 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, as described in the most recent MHA Performance Report, which since May is being produced on a quarterly basis. Officials noted that the volume of monthly modifications continued to trend gradually downward, most recently, some 9,700 non-GSE modifications in August. Officials then noted upcoming announcements to further streamline administrative requirements under the MHA programs to enhance their efficiency going forward.

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. For example, in September two HFAs drew \$95 million in new funds. Since the inception of HHF, the 19 HFAs had drawn a total of \$4.5 billion and had assisted 212,000 homeowners. Alabama recently became the 6th state to approve HHF funding for blight elimination.

Staff of the Oversight Board then discussed the timing of the next quarterly report.

The meeting was adjourned at approximately 3:20 p.m. (EDT).

Mr. Gonzalez, General Counsel and Secretary