

Minutes of the Financial Stability Oversight Board Meeting November 20, 2015

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Friday, November 20, 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. Liftik, 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:

Mr. McArdle, Deputy Assistant Secretary, Office of Financial Stability, Department of the Treasury

Mr. Rasetti, Chief Financial Officer, Office of Financial Stability, Department of the Treasury

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. Roberts, Financial Analyst, 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 2:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on October 30, 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 a report on recent developments in the TARP program. As of October 30, Treasury had disbursed a total of approximately \$430.6 billion, including \$411.7 billion under TARP investment programs and nearly \$18.3 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$442.0 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$710 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 about \$263 million in 18 institutions, of which

approximately \$125 million was its common stock holding in First BanCorp (“FBP”).

Treasury officials then briefly discussed the CDCI program, noting that Independent Employers Group Federal Credit Union and Bethex Federal Credit Union had recently repaid their CDCI investments and exited the program. As of the meeting date, 59 institutions remained in the program with a total investment of approximately \$445 million.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA’s Home Affordable Modification Program (“HAMP”). Using prepared materials, 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 nearly 9,500 new permanent HAMP modifications were initiated in September 2015. As of September 2015, there were nearly 985,000 active permanent HAMP modifications. Officials also reported that through September, homeowners with HAMP modifications who had experienced their first interest rate step-up did not appear to experience a notable change in performance, including the small number who had already experienced their second step-up.

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 four states--Alabama, Kentucky, Michigan and Nevada--to better assist at-risk

borrowers. Since the inception of HHF, participating housing finance agencies had disbursed an estimated \$4.6 billion in Hardest Hit Fund assistance, or some 69 percent of the total program allocations. Officials also noted that some 254,000 borrowers had been assisted since the beginning of the program.

Using prepared materials, Treasury officials then briefed Representatives on the Office of Financial Stability's Agency Financial Report for Fiscal Year 2015, which describes the activities and financial results for the TARP through the fiscal year ended September 30, 2015. As part of this discussion, official also discussed Treasury's administrative aspects of the Office of Financial Stability covered in the Agency Financial Report, including staffing and related operational expenses.

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

The meeting was adjourned at approximately 2:20 p.m. (EDT).

[signed electronically]

Mr. Gonzalez, General Counsel and Secretary