

Minutes of the Financial Stability Oversight Board Meeting November 25, 2013

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Monday, November 25, 2013, by teleconference.

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Lew
Mr. Donovan
Ms. White
Mr. DeMarco

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Massad, Assistant Secretary for Financial Stability, Department of the Treasury
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
Ms. Uy, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

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

Mr. Golding, Senior Advisor to the Secretary, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

Mr. Ugoletti, Senior Advisor, Federal Housing Finance Agency

Ms. Williams, Deputy Chief of Staff, Securities and Exchange Commission

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

Chairperson Bernanke called the meeting to order at approximately 2:00 p.m. (EDT).

The Board then considered draft minutes for the meeting of the Board on October 21, 2013, which had been circulated in advance of the meeting. Upon a motion duly made and seconded, the Members voted to approve the minutes of the meeting, subject to such technical revisions as may be received from the Members.

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 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, Members raised and discussed various matters with respect to the effects of the policies and programs established under TARP.

Using prepared materials, Treasury officials then provided Members with an update on TARP programs and their expected lifetime costs. As of November 25, 2013, Treasury had disbursed \$421.6 billion and collected \$431.3 billion under all TARP investment programs, including the proceeds of non-TARP common shares in American International Group. Total collections of \$8.6 billion since the last meeting were predominantly the result of repayments on AIFP investments, including approximately \$6 billion attributable to repayments under the Ally transaction previously discussed with Members.

As of November 25, 2013, Treasury’s remaining outstanding investment under TARP investment programs was \$14.0 billion. Under its TARP housing-related programs, Treasury had disbursed \$9.9 billion to assist at-risk mortgage borrowers.

Treasury officials then provided the Members 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. Members and officials also discussed the prospects for additional repayments under the program. As of November 20, 2013, Treasury had outstanding CPP investments totaling \$2.17 billion in 89 institutions. Officials noted that Treasury will continue to liquidate CPP investments through regular auctions, restructurings and warrant repurchases. Treasury officials reported that since the last Oversight Board meeting, 14 institutions had exited the CPP program including 11 through auctions. On October 21, Treasury held an auction for its preferred stock in seven institutions, receiving aggregate gross proceeds of \$66.1 million. In addition, on November 4, Treasury commenced an auction for its preferred stock in seven institutions generating aggregate gross proceeds of \$49.3 million.

Treasury officials then provided Members with an update on the AIFP, beginning with the status of Treasury’s investment in Ally Financial (“Ally”). Last week, Treasury’s outstanding investment in Ally was reduced as Ally paid \$5.9 billion to repurchase all outstanding Mandatory Convertible Preferred (“MCP”) securities held by Treasury and to terminate Treasury’s Share Adjustment Right (“SAR”), as previously discussed with Members. At about the same time, the company completed a \$1.3 billion private placement of Ally common shares with various investors. Earlier in November, Ally had received notification that the Board of Governors of the Federal Reserve did not object to its revised Comprehensive Capital Analysis and Review (“CCAR”) plan, which satisfied a key closing condition related to the

private placement of Ally common stock, the repurchase of the MCP securities and payment for the elimination of the SAR.

Officials also provided an update on the bankruptcy proceeding of Ally's non-bank mortgage affiliate, Residential Capital LLC ("ResCap"), noting that ResCap was expected to emerge from bankruptcy by the end of the 2013. Officials indicated that, after giving effect to these transactions, Treasury had so far received income and recoveries representing roughly 70 percent of its original \$16.3 billion investment in Ally.

On November 21st, Treasury announced the start of a fourth pre-arranged trading plan for sales of GM stock, having received total net proceeds of approximately \$2.6 billion from the sales of GM common stock under the just-completed third pre-arranged trading plan. Treasury anticipates that it will complete the sale of its remaining shares of GM stock through this fourth trading plan, market conditions permitting, by the end of 2013.

Treasury officials then provided an update on the MHA and other related housing initiatives, including Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") Hardest-Hit Fund ("HHF"). Treasury officials reported the results of Treasury's MHA programs through September 2013, noting that 1.8 million homeowner assistance actions had been taken since the initiation of the MHA program, including approximately 13,000 new permanent HAMP modifications that were initiated during the month.

Treasury officials also provided the Members with an update on the HHF initiative. They reported that four HFAs drew a total of \$103.5 million in October, bringing to more than \$3 billion the amount drawn by the 19 HFAs to assist at-risk mortgage borrowers since the program's inception. Treasury officials also noted that implementation of HFA programs to reduce urban blight in Michigan and Ohio was progressing well.

Treasury officials reported to Members that they expected to publish the Office of Financial Stability's TARP Agency Financial Report for fiscal year 2013 in mid-December.

Staff of the Oversight Board then provided Members with an update on administrative matters. Staff discussed, among other topics, the timing of the Oversight Board's report to Congress for the quarter ending September 30, 2013, and planning for 2014 monthly meetings of the Oversight Board.

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

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary