

Minutes of the Financial Stability Oversight Board Meeting February 25, 2015

A meeting of the Financial Stability Oversight Board (“Board”) was held at 4:00 p.m. (EDT) on Wednesday, February 25, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Carpenter, Acting Assistant Secretary for Financial Markets, Department of the 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, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Mr. Roberts, Special Assistant, 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 4:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on January 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”); 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 February 23, Treasury had disbursed a total of approximately \$426.9 billion, including \$411.7 billion under TARP investment programs and \$15.2 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$441.7 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was \$870 million associated with bank programs (CPP and the Community Development Capital Initiative).

Treasury officials then provided the Representatives with an update on the CPP. As of the meeting date, Treasury’s remaining aggregate CPP investment in 32

institutions was approximately \$420 million. The largest remaining CPP investment was Treasury’s common stock holdings in First BanCorp (“FBP”), amounting to \$186 million as of January 31. Officials noted that the sale of FBP common stock was continuing under a second pre-arranged written trading plan.

Officials also noted that Treasury had issued a letter to certain CPP institutions (and posted it on the Treasury website) stating that it plans to move on to the next phase of CPP auctions that will require less individual institution documentation.

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 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 some 10,700 new permanent HAMP modifications were initiated in December 2014. Treasury officials noted the recent enhancements to MHA programs that increase pay-for-performance incentives for homeowners in HAMP. As of December 2014, there were 968,202 active permanent modifications.

Treasury officials then discussed the general status of, and funding drawn by HHF programs. Officials briefly described recent program changes in Alabama and Florida, to better assist at-

risk borrowers. Since the inception of HHF, the 19 eligible HHF jurisdictions had drawn a total of approximately \$5.0 billion under the program, out of a total committed amount of \$7.6 billion.

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

The meeting was adjourned at approximately 4:15 p.m. (EDT).

Mr. Gonzalez, General Counsel and
Secretary