

Minutes of the Financial Stability Oversight Board Meeting May 21, 2015

A meeting of the Financial Stability Oversight Board (“Board”) was held at 11:00 a.m. (EDT) on Thursday, May 21, 2015, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

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:

Ms. Florman, Chief of Staff, 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 11:02 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on April 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 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 the CPP and CDCI.

Treasury's remaining aggregate CPP investment at the end of April was approximately \$329 million in 30 institutions, of which approximately \$125 million was its common stock holding in First BanCorp ("FBP"). Officials then noted that on May 21, Treasury announced its completion of an auction to sell its warrant positions in nine institutions, for aggregate gross proceeds of approximately \$50.9 million. As of April 30, Treasury's remaining aggregate CDCI investment in 64 institutions was approximately \$455 million.

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. Treasury officials noted that some 8,300 new permanent HAMP modifications were initiated in March 2015. As of March 2015, there were more than

974,000 active permanent HAMP modifications in place.

Treasury officials then discussed recent changes to, and funding drawn by, HHF programs in the 19 eligible jurisdictions. Officials briefly described a recent change Florida made to its Down Payment Assistance program. Since the inception of HHF, participating housing finance agencies have drawn approximately \$5.1 billion in Hardest Hit Fund assistance, or 67 percent of the total program allocation amount of \$7.6 billion. Officials also noted that some 236,000 borrowers had been assisted since the beginning of the program.

Treasury officials then provided the Representatives with an update on the FHA Short Refinance Program. Officials briefly discussed changes, which occurred in March, to the letter of credit between Treasury and Citibank by which Treasury provides loss protection to FHA for loans made under the program. Officials indicated that the maximum support provided by the letter of credit was reduced from \$1 billion to \$100 million and the availability period under the letter of credit (and the program) was extended by approximately two years to June 2017. As of this meeting, approximately \$145,000 (a total of three claims) had been disbursed under the FHA Short Refinance Program to assist at-risk homeowners.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the status of the Oversight Board's quarterly report for the period ending March 31, 2015.

The meeting was adjourned at approximately 11:20 p.m. (EDT).

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary