

**Minutes of the Financial Stability Oversight Board Meeting  
December 16, 2016**

A meeting of the Financial Stability Oversight Board (“Board”) was held at 10:00 a.m. (EDT) on Thursday, December 16, 2016, at the offices of the Department of the Treasury (“Treasury”).

**MEMBER REPRESENTATIVES  
PARTICIPATING:**

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

Ms. Perry, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

Ms. Moore, Special Advisor, Federal Housing Finance Agency

Mr. Liftik, Deputy Chief of Staff, Securities and Exchange Commission

**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

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

Ms. Johnson-Kutch, Chief Homeownership Officer, Office of Financial Stability, Department of the Treasury

The meeting was called to order by Mr. Wilcox at approximately 10:00 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on November 29, 2016, 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 (“Monthly 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 November 30, 2016, Treasury had disbursed a total of approximately \$434.7 billion, including \$411.7 billion under TARP investment programs and nearly \$22.9 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were \$442.3 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$400 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 aggregate CPP investment remained at \$210 million in 12 institutions, of which about \$125 million was its common stock holding in First BanCorp, San Juan, Puerto Rico.

Treasury officials then reported on Treasury’s most recent progress under the CDCI early repurchase option, part of Treasury’s ongoing efforts to wind down the TARP program. Officials reported that, during the month of November 2016, Treasury completed repurchases for five institutions, totaling approximately \$51.6 million. Cumulatively, as of the meeting date, Treasury had completed eight early repurchases by institutions, representing more than 50 percent of the outstanding portfolio when the

early repurchase option was announced. Officials noted that additional repurchase transactions are expected to close through January 2017.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA’s Home Affordable Modification Program (“HAMP”). Treasury officials reported that as of November 30, 2016, \$23.7 billion of MHA funds have been committed for existing MHA transactions. Of this amount, \$16 billion has been disbursed and \$7.8 billion is committed for the payment of future financial incentives. Officials then discussed recent borrower assistance actions under HAMP, noting that more than 8,900 new permanent HAMP modifications were initiated in November 2016, as well as 14,000 trial modifications. In addition, more than 1,600 new FHA-HAMP permanent modifications and some 4,500 new short-sale transactions were completed during the month. As of December, there were more than 969,000 active permanent HAMP modifications.

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 DC, Nevada and Florida. Approximately \$7 billion of the total \$9.6 billion in HHF funds had been drawn through the end of November 2016.

Representatives and officials then engaged in a roundtable discussion regarding the current state of the housing markets and the effect of the programs established under TARP in providing support to the housing market and assistance to at-risk mortgage borrowers. As a part of this discussion, officials from the

Federal Housing Finance Agency (“FHFA”) briefed members on developments in the housing and housing and finance markets. The information reviewed included

data related to mortgage rates and Treasury yields, housing price indices and sales, and

refinancing activities. During this discussion,

FHFA officials also presented data related to delinquencies, GSE foreclosure prevention actions, and re-default experience on GSE-modified mortgages. FHFA officials also summarized key aspects of the new Flex Modification Program proposed by the Government Sponsored Enterprises, intended to succeed HAMP and MHA in providing assistance to struggling mortgage borrowers.

Using prepared materials, Treasury officials then briefed Representatives on the Office of Financial Stability's Agency Financial Report for Fiscal Year 2016, which describes the activities and financial results for the TARP through the fiscal year ended September 30, 2016. As part of this discussion, officials 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 the timing of the next quarterly report, and activities of the Oversight Board for the remainder of 2016.

The meeting was adjourned at approximately 10:25 a.m. (EDT).

[signed electronically] \_\_\_\_\_

Mr. Gonzalez, General Counsel and Secretary