

Minutes of the Financial Stability Oversight Board Meeting**March 30, 2017**

A meeting of the Financial Stability Oversight Board (the “Board”) was held at 3:00 p.m. (EDT) on March 30, 2017, at the offices of the Department of the Treasury (“Treasury”).

MEMBER REPRESENTATIVES**PARTICIPATING:**

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

Ms. Rollins, Acting Assistant Secretary for Financial Markets, Office of Financial Stability, Department of the Treasury

Mr. Usowski, Deputy Assistant Secretary Office of Economic Affairs, Department of Housing and Urban Development

Ms. Moore, Special Advisor, Federal Housing Finance Agency

Ms. Klima, Co-Chief of Staff, Securities and Exchange Commission

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

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

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

Ms. Perkovich, Budget Director, Office of Financial Stability, Department of the Treasury

Mr. Leventis, Principal Economist, Federal Housing Finance Agency

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

The meeting was called to order by Mr. Wilcox at approximately 3:00 p.m. (EDT).

The Representatives first considered draft minutes for the meeting of the Board on Wednesday, February 22, 2017, which had been circulated to participants in advance of the meeting.

Upon a motion duly made and seconded, the Representatives voted to approve the February meeting minutes, 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”). Throughout the discussion, officials 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”), containing information concerning the

programs established by Treasury under TARP. It also contains aggregate information regarding allocated and disbursed amounts under TARP.

During 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 February 28, 2017, Treasury had disbursed a total of approximately \$436 billion, an increase of \$358 million from the previous month. The total amount disbursed included nearly \$412 billion under TARP investment programs and nearly \$24 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were more than \$442 billion.

Treasury officials then provided the Representatives with an update on recent developments in the CPP. As of March 2, 2017, \$227 billion had been collected in total from the program. Treasury's aggregate CPP investment remained at approximately \$193 million in ten institutions. Since the last meeting, Citizens Commerce Bancshares, Inc. was sold for nearly \$5 million in principal on the original investment of approximately \$6 million.

Treasury officials then provided an update on the CDCI program. Officials reported that since the last meeting, Treasury had completed a full repurchase for one institution, totaling approximately \$5 million. 27 institutions remain in the portfolio, totaling approximately \$98 million.

Treasury officials next provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"), for which the application period closed at the end of December, 2016. Treasury officials reported that as of February 28, 2017, there were more than 2.8 million total MHA homeowner assistance actions, including nearly 1.5 million total HAMP Tier 1 modifications and more than 0.2 million total HAMP Tier 2 modifications. More than 2,300 new permanent HAMP Tier 1 modifications and more than 3,400 new permanent HAMP Tier 2 modifications had been initiated, in addition to more than 3,600 new permanent Streamline HAMP modifications.

As February 2017, thirty-two HAMP vintages have experienced an interest rate step-up. Twenty vintages have experienced a second step-up. Treasury officials noted that there does not appear to be a notable performance impact for the modifications that have experienced one or two step-ups. The percentage of modifications disqualifying in the months following the reset remains consistent with the months leading up to the reset, at less than or equal to one percent.

Next, Treasury officials discussed recent changes to, and funding disbursed by, HHF programs in the 19 eligible jurisdictions. Approximately \$5.9 billion in HHF program funds had been disbursed through the end of February 2017. There were no HFA program changes in the month of February, 2017. Officials noted that HFA funds can be utilized through the end of 2021.

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 changes in mortgage rates and Treasury yields, housing price indices, home sales and refinancing activities. FHFA officials also presented data related to delinquencies, GSE foreclosure prevention actions, and re-defaults on GSE-modified mortgages.

Staff of the Oversight Board then discussed the timing of the next quarterly report, as well as activities to be completed during the remainder of 2017.

The meeting was adjourned at approximately 3:45 p.m. (EDT).

[signed electronically]
Mr. Gonzalez, General Counsel and
Secretary