

**Minutes of the Financial Stability Oversight Board Meeting
June 20, 2017**

A meeting of the Financial Stability Oversight Board (the “Board”) was held at 3:00 p.m. (EDT) on Tuesday, June 20, 2017, at the offices of the Department of the Treasury (“Treasury”).

**MEMBER REPRESENTATIVES
PARTICIPATING:**

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

Ms. Moore, Special Advisor, Federal Housing Finance Agency

Ms. Klima, Chief Counsel, 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. Johnson-Kutch, Director of Policy and Programs, 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 reviewed draft minutes for the meeting of the Board on Wednesday, May 24, 2017, which had been circulated in advance of the meeting. The Representatives voted to approve the minutes of the meeting upon a motion duly made and seconded, subject to any future technical revisions as may be received from the Representatives.

Next, Treasury officials updated the Representatives on the status of programs established by Treasury under the Troubled Asset Relief Program (“TARP”). The discussion 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. The latest monthly report issued by Treasury under Section 105(a) of the Emergency Economic Stabilization Act (“Monthly Report”), had been included in the materials distributed in advance of the meeting. The report contained

information concerning the programs established by Treasury under TARP and aggregate information regarding allocated and disbursed amounts under TARP. Throughout the meeting, the Representatives raised and discussed issues related to policies and programs established under TARP.

Treasury officials next provided the Representatives with a report on recent developments in the TARP program, using prepared materials. As of May 31, 2017, Treasury had disbursed a total of nearly \$437.1 billion, which was \$211 million more than the total dispersed at the prior month's end. The \$437.1 billion dispersed included approximately \$411.7 billion under TARP investment programs and more than \$25.4 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were about \$442.5 billion.

Next, Treasury officials provided the Representatives with an update on the status of the eight institutions in the CPP portfolio. There were no changes to the number of institutions in the CPP portfolio during May.

Treasury officials next reported on CDCI program status. In the month of May, Treasury completed a repurchase of one institution for more than \$4.2 million. Giving effect to that transaction, 26 institutions remained in the portfolio, for a total invested amount of approximately \$94 million. During this discussion, Treasury officials, using prepared materials, summarized the historical awards received by these 26 institutions between 2010 and 2016 under several CDFI grant programs proposed for

elimination in the Administration's FY2018 budget proposal. Treasury officials indicated that it would require additional individualized analysis to assess the potential effects on the 26 CDCI institutions should these eliminations be adopted as proposed.

Treasury officials provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Treasury officials reported that as of April 30, 2017, there had been nearly 2.9 million total MHA homeowner assistance actions, including nearly 1.5 million HAMP Tier 1 modifications, more than 200,000 total HAMP Tier 2 modifications, and more than 40,000 Streamline HAMP modifications. Also of April 30, 2017, more than 15,000 active trial HAMP modifications were in place, as well as nearly 953,000 active permanent HAMP modifications (including HAMP Tier 1, Tier 2 and Streamline HAMP modifications).

Treasury officials indicated that early data on the volume of recent borrower assistance actions under HAMP appeared to suggest a significant decline could take place during May, due to the diminished remaining pipeline of new HAMP applications received before MHA's year-end 2017 program deadline.

Treasury officials then discussed recent changes to the HHF programs. As of May 31, 2017, Housing Finance Agencies had disbursed approximately \$6.2 billion in program funds (\$7.0 billion in total program and administrative funds), and drawn down nearly \$8.2 billion in program funds. In the month of May, 2017, program changes were approved for California, Florida, Nevada and Oregon.

Representatives and officials then engaged in a roundtable discussion regarding the state of the current housing markets and the ability of the programs established under TARP to provide support to the housing market and assist at-risk mortgage borrowers. During that discussion, officials from the Federal Housing Finance Agency (“FHFA”) briefed members on developments in the housing and finance markets. FHFA officials presented data illustrating trends and changes in mortgage rates and Treasury yields, housing price indices, home sales and refinancing activities. Further, FHFA officials presented data related to delinquencies, GSE foreclosure prevention actions, and re-defaults on GSE-modified mortgages.

Finally, staff of the Oversight Board discussed the timing and format of the next quarterly report, as well as the activities of the Oversight Board in the coming months.

The meeting was adjourned at approximately 3:40 p.m. (EDT).

[signed electronically]

Mr. Gonzalez, General Counsel
and Secretary