

## Minutes of the Financial Stability Oversight Board Meeting February 25, 2016

A meeting of the Financial Stability Oversight Board (“Board”) was held at 11:00 a.m. (EDT) on Thursday, February 25, 2016, via conference call.

### MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Green, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

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

Ms. Moore, Special Advisor, Federal Housing Finance Agency

### STAFF PARTICIPATING:

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

Mr. Roberts, Financial Analyst, Office of Financial Stability, Department of the Treasury

Ms. Johnson-Kutch, Acting Chief, Homeownership Preservation Office, 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 11:00 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on January 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 (“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 a report on recent developments in the TARP program. As of January 31, Treasury had disbursed a total of approximately \$431.7 billion, including \$411.7 billion under TARP investment programs and \$19.3 billion under TARP housing-related programs to assist at-risk homeowners and stabilize housing markets. Total receipts on all TARP investment programs were \$442.1 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$700 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 remaining aggregate CPP investment was about \$260 million in 16 institutions, of which approximately \$125 million was its common stock holding in First BanCorp (“FBP”).

Treasury officials then briefly discussed the CDCI program, noting that some 58 institutions remained in the program with a total investment of approximately \$440 million. During these discussions, officials also presented data and briefed Representatives on

administrative costs associated with CPP and CDCI.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA’s Home Affordable Modification Program (“HAMP”). Using prepared materials, 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 nearly 8,200 new permanent HAMP modifications were initiated in December 2015. As of December 2015, there were nearly 980,000 active permanent HAMP modifications in place. Officials also reported that through January 2016, homeowners with HAMP modifications who had experienced one or more interest rate step-ups did not appear to experience a notable change in performance. Officials further noted that the Consolidated Appropriations Act, 2016 mandates that the MHA program terminate on December 31, 2016.

Treasury officials then discussed recent changes to, and funding disbursed by, HHF programs in the 19 eligible jurisdictions. Officials briefly noted there were at no program changes in January.

Since the inception of HHF, participating housing finance agencies have disbursed an estimated \$4.8 billion in Hardest Hit Fund assistance, or some 71 percent of the original total program allocations. Officials also noted that some 260,000 borrowers had been assisted since the beginning of the program. In

addition, representatives and officials engaged in a discussion regarding the allocation of \$2 billion in additional TARP funds available for HHF as authorized by the Consolidated Appropriations Act, 2016. As part of this discussion, officials briefed members on the details of phase I (formulaic) and phase II (competitive) processes for allocating the additional investment in the HHF programs.

Staff of the Oversight Board then provided members with an update regarding the Oversight Board's quarterly report to Congress for the period ending December 31, 2015.

The meeting was adjourned at approximately 11:25 a.m. (EDT).

[signed electronically]

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Jason A. Gonzalez,  
General Counsel and Secretary