

FINANCIAL STABILITY OVERSIGHT BOARD
QUARTERLY REPORT TO CONGRESS

**For the quarter ending
December 31, 2018**

**Submitted pursuant to section 104(g) of the
Emergency Economic Stabilization Act of 2008**

Statutory Members

Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System

Steven T. Mnuchin
Secretary
Department of the Treasury

Jay Clayton
Chairman
Securities and Exchange Commission

Ben Carson
Secretary
Department of Housing and
Urban Development

Joseph M. Otting
Acting Director
Federal Housing Finance Agency

Table of Contents

- I. Introduction3**
- II. The Effects and Costs of EESA Programs4**
- III. Discussion of the Actions Taken by Treasury
under the EESA during the Quarterly Period.....8**
 - a. Housing Stabilization and Foreclosure Mitigation.....8
 - b. Capital and Guarantee Programs for Banking Organizations11
 - i. Capital Purchase Program Update11
 - ii. Community Development Capital Initiative.....12
- Appendix Minutes of the Financial Stability Oversight
Board Meetings during the Quarterly Period13**

I. INTRODUCTION

This quarterly report of the Financial Stability Oversight Board (“Oversight Board”), issued pursuant to section 104(g) of the Emergency Economic Stabilization Act of 2008 (“EESA”), covers the period from October 1, 2018 to December 31, 2018 (the “quarterly period”).

The Oversight Board was established by section 104 of the EESA to help oversee the Troubled Asset Relief Program (“TARP”) and other emergency authorities and facilities granted to the Secretary of the Treasury (“Secretary”) under the EESA. The Oversight Board is composed of the Secretary, the Chairman of the Board of Governors of the Federal Reserve System (“Federal Reserve Board”), the Director of the Federal Housing Finance Agency (“FHFA”), the Chairman of the Securities and Exchange Commission (“SEC”), and the Secretary of the Department of Housing and Urban Development (“HUD”). In accordance with the bylaws of the Oversight Board, each Member has designated an official of the same agency to serve as that Member’s Representative on the Oversight Board (“Representative”).¹

Through Oversight Board meetings and other activities, the Oversight Board reviews and monitors the development, implementation, and effect of the policies and programs established under TARP to restore liquidity and stability to the U.S. financial system.

The Oversight Board met three times during the quarterly period, specifically on October 16, November 27, and December 20, 2018. As reflected in the minutes of the Oversight Board’s meetings,² the Oversight Board regularly receives presentations and briefings from Treasury officials during these meetings to assist the Oversight Board in monitoring the actions taken by the Treasury Department under TARP and the Administration’s Financial Stability Plan.

¹ The respective Members named the following Representatives: Mr. Andreas Lehnert, Division Director, Federal Reserve Board; Mr. Kipp Kranbuhl, Acting Assistant Secretary for Financial Institutions, Department of the Treasury; Mr. Kurt Usowski, Deputy Assistant Secretary, Office of Economic Affairs, Department of Housing and Urban Development; Mr. Bryan Wood, Director, Office of Legislative and Intergovernmental Affairs, Securities and Exchange Commission; and Mr. Sam Valverde, Principal Advisor, Federal Housing Finance Agency.

² Approved minutes of the Oversight Board’s meetings are available at: <http://www.treasury.gov/initiatives/financial-stability/about-tarp/finsob/Pages/minutes-reports.aspx>.

II. THE EFFECTS AND COSTS OF EESA PROGRAMS

Housing Programs

As discussed further below, TARP housing-sector programs through the Hardest Hit Fund (“HHF”) will continue to provide assistance to mortgage borrowers going forward. On December 30, 2016, in accordance with the Consolidated Appropriations Act, 2016 (“the Act”), the Making Home Affordable (“MHA”) Program closed to new applications. MHA servicers were required to evaluate applications submitted before the deadline and offer Home Affordable Modification Program (“HAMP”) trial modifications to eligible applicants in accordance with program guidelines. All MHA transactions were required to be completed by December 1, 2017.

The Act also amended EESA as it relates to the HHF. The Act gave the Secretary until December 31, 2017 to commit up to \$2 billion in additional TARP funds to current HHF program participants. On February 19, 2016, Treasury announced that it would exercise its authority to obligate up to \$2 billion in additional TARP funds to the HHF, as authorized by the Act. Treasury allocated the funds among participating housing finance agencies (HFAs) in two phases of \$1 billion each, and extended the date by which states would be required to utilize their HHF funds to December 31, 2020.

With the passage of time and maturation of TARP housing-sector programs, and years of successful performance by households under their respective housing assistance actions, the focus of Oversight Board analysis of housing-sector program effects naturally must evolve. Because MHA has closed to new applications, the volume of new MHA borrower assistance actions no longer serves as a useful indicator for its assessment of program effects. Similarly, as the bulk of HAMP modifications has already seasoned beyond four years—an important benchmark in performance analysis of mortgage lending—the Oversight Board believes that further analysis of incremental HAMP interest rate resets and re-default rates at this juncture will yield relatively little additional information on the sustainability of HAMP modifications. Instead, Oversight Board evaluation of the effects of these housing-sector programs will focus on disbursement rates of TARP resources and on homeowner completion of modifications or other respective assistance actions under TARP, for example, as those actions reach the end of their subsidy or TARP program period.

Investment Programs

Repayments and recoupments of financial sector investments have brought the remaining outstanding balances of TARP investment programs to only a small fraction of their peak levels. The Capital Purchase Program (“CPP”) and the Community Development Capital Initiative (“CDCI”) remain the only TARP financial-sector programs that still have outstanding balances. Accordingly, the Oversight Board evaluation of the effects of TARP financial-sector programs focuses on Treasury’s administration of the financial-sector assets Treasury still owns, emphasizing the management of these assets toward exit strategies that protect taxpayers rather than the connection of these assets to overall conditions in financial markets. Evaluations of such efforts are integrated with broader discussion of investment program developments in section III.

Cost of TARP Programs

Treasury provides updated cost assessments for TARP programs four times per year and prepares financial statements for TARP on an annual basis in the Agency Financial Report. The most recent lifetime cost estimates of TARP that were available during the reporting period were as of September 30, 2018 (figure 1). According to these estimates, the expected cost for the housing programs is \$32.52 billion, the expected cost for the investment programs is $-\$0.28$ billion, and the expected overall cost of TARP will be approximately \$32.24 billion. Using the same assumptions, Treasury also estimated that the combined overall cost of TARP and other Treasury interests in AIG will be approximately \$14.69 billion.

The ultimate cost of TARP remains uncertain and will depend on how financial markets and the economy perform in the future. The individual TARP program lifetime costs are also as of September 30, 2018 (figure 1).

Figure 1

Treasury Estimates of the Impact of TARP Programs and Other Treasury Investments in AIG on the Federal Budget^{1,2,3}

Programs as of December 31, 2018 (dollar amounts in billions)

	<i>Obligation/ Commitment</i>	<i>Disbursed as of December 31</i>	<i>Outstanding Investment Balance as of December 31</i>	<i>Estimated Lifetime Cost as of September 30, 2018⁴</i>
<u>Part 1. Housing Programs</u>				
Making Home Affordable	\$ 23.78	\$ 19.86	n/a	\$ 22.91
Hardest Hit Fund ⁸	\$ 9.60	\$ 9.15	n/a	\$ 9.60
FHA-Refinance ⁹	\$ 0.05	\$ 0.02	n/a	\$ 0.01
Sub-total for Housing Programs	\$ 33.42	\$ 29.03	n/a	\$ 32.52
<u>Part 2. Investment Programs</u>				
Bank Support Programs:				
Capital Purchase Program (CPP) ⁵	\$ 204.89	\$ 204.89	\$ 0.02	\$ (16.32)
Targeted Investment Program (TIP)	\$ 40.00	\$ 40.00	\$ -	\$ (4.00)
Asset Guarantee Program (AGP) ⁶	\$ 5.00	\$ -	\$ -	\$ (4.00)
Community Development Capital Initiative (CDCI)	\$ 0.57	\$ 0.57	\$ 0.03	\$ 0.06
Sub-total Bank Support Programs	\$ 250.46	\$ 245.46	\$ 0.05	\$ (24.26)
Credit Market Programs:				
Public-Private Investment Program (PPIP)	\$ 18.63	\$ 18.63	\$ -	\$ (2.73)
Term Asset Backed Securities Lending Facility (TALF)	\$ 0.10	\$ 0.10	\$ -	\$ (0.61)
Purchase SBA 7(a) Securities (SBA)	\$ 0.37	\$ 0.37	\$ -	\$ (0.00)
Sub-total Credit Market Programs	\$ 19.09	\$ 19.09	\$ -	\$ (3.34)
Other Programs:				
American International Group (AIG)	\$ 67.84	\$ 67.84	\$ -	\$ 15.18
Automotive Industry Financing Program (AIFP)	\$ 79.69	\$ 79.69	\$ -	\$ 12.16
Sub-total Other Programs	\$ 147.53	\$ 147.53	\$ -	\$ 27.33
Sub-total for Investment Programs⁷	\$ 417.09	\$ 411.72	\$ 0.05	\$ (0.28)
<u>Part 3. Total for TARP Programs</u>				
Sub-total for Housing Programs	\$ 33.42	\$ 29.03	n/a	\$ 32.52
Sub-total for Investment Programs⁶	\$ 417.09	\$ 411.72	\$ 0.05	\$ (0.28)
Total for TARP Programs	\$ 450.51	\$ 440.75	\$ 0.05	\$ 32.24
Additional AIG Common Shares Held by Treasury ¹⁰	n/a	n/a	n/a	\$ (17.55)
Total for TARP Programs and Additional AIG Shares	\$ 450.51	\$ 440.75	\$ 0.05	\$ 14.69

Notes:

- ¹ For more information, see note 10 to the Monthly TARP Update: <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/daily-tarp-reports.aspx>
- ² Treasury is continuing to disburse funds related to its housing programs, and continuing to recoup its outstanding investments.
- ³ Updates regarding oversight of TARP programs can be found at <https://www.treasury.gov/initiatives/financial-stability/about-tarp/Pages/Oversight-and-Accountability.aspx>
- ⁴ Estimated lifetime cost figures for investment programs and FHA-Refinance are as of September 30, 2018. Figures include interest on reestimates. Lifetime cost information for Making Home Affordable and Hardest Hit Fund reflect the cost estimates published in the 2019 President's Budget.
- ⁵ The law creating the Small Business Lending Fund (SBLF) provided that banks could refinance securities issued under the CPP and CDCI programs with securities issued under the SBLF. A total of 137 CPP banks refinanced under the SBLF resulting in repayments of \$2.21 billion in CPP investments.
- ⁶ Estimated lifetime cost for AGP includes \$276 million for the termination fee Bank of America paid Treasury-OFS for the value received from the announcement of the negotiations on the guarantee and share losses on a pool of assets.
- ⁷ \$411.72 is the actual amount disbursed under the various TARP investment programs as opposed to obligations totaling \$412.08. This is because 28 CPP banks converted from the CPP program to the CDCI program and those conversions, totaling \$363.3 million, are not reflected as new disbursements.
- ⁸ In December, 2015, Congress passed the Consolidated Appropriations Act, 2016, which gave the Secretary of the Treasury the authority to commit up to \$2 billion in additional TARP funds to current HHF program participants. The additional \$2 billion was obligated by Treasury as of June 2016 and is included in the total amount obligated for HHF.
- ⁹ In September 2017 the letter of credit was reduced from \$100 million to \$27 million. The figures in this line also include \$18 million obligated for administrative expenses associated with the letter of credit.
- ¹⁰ As discussed in note 10 to the Monthly TARP Update, Treasury's investment in AIG common shares consisted of shares acquired in exchange for preferred stock purchased with TARP funds (TARP shares) and shares received from the trust created by the FRBNY for the benefit of Treasury as a result of its loan to AIG (non-TARP shares). Treasury managed the TARP shares and non-TARP shares together, and disposed of them pro-rata in proportion to its holdings. Only the TARP shares are included under "Other Programs—AIG" and the lifetime cost estimate shows a loss based on Treasury's cost basis in the TARP shares alone. However, a gain is shown for the non-TARP shares on the line entitled "Additional AIG Common Shares Held by Treasury" because Treasury's cost basis in such shares was deemed to be zero. When the TARP shares and non-TARP shares are considered together, Treasury's cost on a cash basis was \$28.73 per share. TARP estimates include financing costs (borrowing) from the time of initial investment through the close of the program.

III. DISCUSSION OF THE ACTIONS TAKEN BY TREASURY UNDER THE EESA DURING THE QUARTERLY PERIOD

This section provides a detailed update on the various programs, policies, financial commitments, and administrative actions taken by Treasury under EESA during the quarterly period, from October 1 to December 31, 2018, subject to review and oversight of the Oversight Board.

a. Housing Stabilization and Foreclosure Mitigation

During the quarterly period, a quarterly HAMP Performance Summary was released covering program activity during the period July 2018 through September 2018.⁶ A Performance Summary for HHF was also released covering the third quarter of 2018.⁷ In addition, housing market indicator reports on the health of the nation's housing market produced by HUD were released for each month of the quarter.⁸

i. MHA

MHA programs provide assistance actions through first and second lien permanent modifications under HAMP, Treasury FHA HAMP, RD-HAMP (administered by the Rural Development Division of the Department of Agriculture), Second Lien Modification Program ("2MP"), and other assistance provided through Home Affordable Foreclosure Alternatives ("HAFA") transactions and Home Affordable Unemployment Program ("UP") forbearance plans. For some programs, assistance includes that provided by the Government Sponsored Enterprises ("GSEs").

The Act provided that the MHA Program would terminate on December 31, 2016, except with respect to certain loan modification applications made before such date. As set forth in program guidelines, MHA servicers were required to evaluate applications submitted before the deadline and offer trial modifications to eligible applicants. All MHA trial modification transactions were required to be completed by December 1, 2017.

⁶ The MHA Program Performance Report includes data on the characteristics of permanent modifications, servicer activity, re-default rates, homeowner experience, and HAMP activity by state.

⁷ HHF Performance Summaries are available at:
<http://www.treasury.gov/initiatives/financial-stability/reports/Pages/HHF.aspx>

⁸ The National Housing Market Indicator Report incorporates key housing market statistics from government and private sector sources and is available at:
<https://www.huduser.gov/portal/ushmc/hmi-update.html>.

A total of \$22.9 billion has been committed to MHA. As of December 31, 2018, Treasury had disbursed \$19.9 billion in incentive payments for MHA, \$0.31 billion of which was disbursed during the fourth quarter of 2018.⁹ Treasury estimated that \$22.91 billion in incentive payments would ultimately be disbursed in association with all MHA assistance actions, based on actual and projected volume as of September 30, 2017.

a. HAMP

Through December 2017, more than 1.7 million HAMP permanent modifications had been completed since the start of the program. As of December 31, 2017, homeowners that received HAMP permanent modifications saved approximately \$466 per month (median savings), representing a reduction of more than one third from their before-modification mortgage payment. Since HAMP began, homeowners who received permanent modifications had saved an estimated \$55 billion in monthly mortgage payments.¹⁰

ii. HHF

As of December 31, 2018, 18 states and the District of Columbia were operating HHF programs throughout their respective jurisdictions, and collectively had drawn approximately \$9.15 billion (approximately 95.3 percent) of the \$9.60 billion allocated under the program (figure 2). Each of these eligible jurisdictions draws down funds as they are needed. The jurisdictions have until December 31, 2020, to approve assistance actions and must have no more than five percent of their allocation on hand before they can draw down additional funds.

As of December 31, 2018, HHF has disbursed funds on behalf of 89 programs. Program data have indicated over 80 percent of homeowners approved for HHF mortgage payment and reinstatement programs have received assistance due to a hardship related to either unemployment or underemployment. During the quarter, Treasury approved program changes for Ohio. Program changes are outlined each month in the Monthly Report to Congress. At this late stage of the HHF program, many of the HFAs have closed or expect to close their largest programs. Treasury has and will continue its efforts to identify best practices, share lessons learned among programs, and provide robust oversight of HFAs as the program winds down.

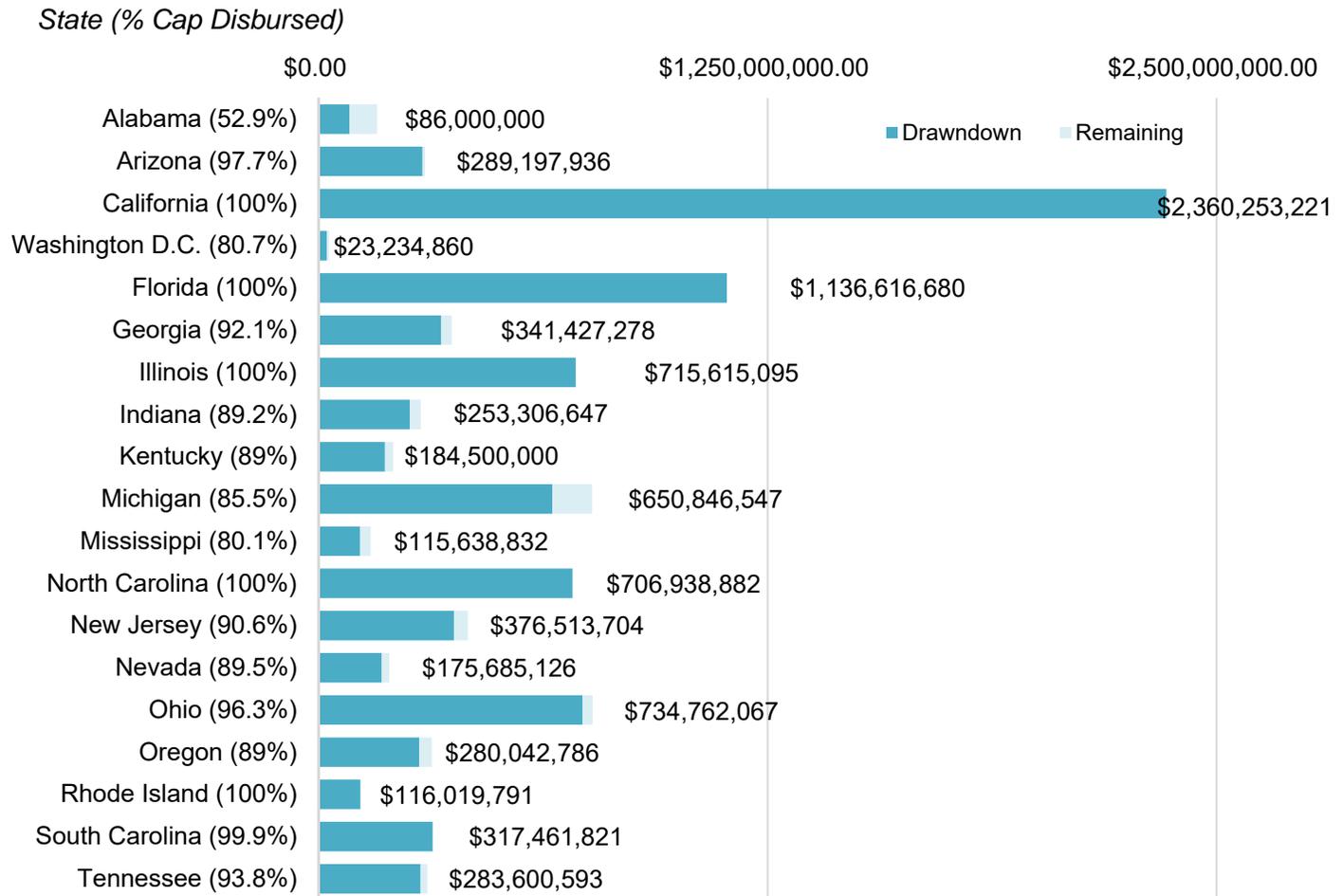
⁹ Treasury's Transactions Reports (Housing), available at: <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Housing-Transaction-Reports.aspx>, show the adjusted cap amounts for each servicer, and the total disbursements to each servicer with respect to non-GSE loans. Incentive payments for GSE loans are borne by the GSEs and not Treasury.

¹⁰ Treasury's Quarterly Making Home Affordable Program Performance Reports are available at: <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Making-Home-Affordable-Program-Performance-Report.aspx>

Figure 2

Hardest Hit Fund as of December 31, 2018

Funds Drawn as of December 31, 2018



b. Capital and Guarantee Programs for Financial Institutions*i. Update on the Capital Purchase Program (“CPP”)*

As of December 31, 2018, some 3 institutions remained in the CPP program with total outstanding CPP obligations of \$22.8 million. As of that date, Treasury had received approximately \$207.73 billion in gross proceeds from repayments and auction sales under the CPP, exceeding the \$204.89 billion in total funds initially disbursed.¹¹

These repayments and auction sales, along with dividends, interest, and fee income from participating bank organizations brought the total cash received from the CPP to \$226.8 billion.

During the quarterly period, there was no activity.

No additional CPP institutions filed for bankruptcy during the quarterly period. A total of 34 CPP recipients have been placed in receivership, bankruptcy, or have been written-off since the inception of the program (figure 3), of which 14 have exited the respective process.

¹¹ This amount received includes all proceeds received as of December 31, 2018 from CPP participants, including sales of common and preferred shares; institutions that refinanced to the Small Business Lending Fund (“SBLF”); and exchanges out of the CPP into the CDCI.

Figure 3

**CPP Investments in Bankruptcy or with Banking Subsidiary
in Receivership (cumulative since 2008)**

CPP Institutions Entered into Bankruptcy/Receivership - Realized Loss/Write-Off		
Institution Name	Bankruptcy/ Receivership	Realized Loss/ Write-Off
CIT Group Inc.*	11/1/2009	\$ 2,330,000,000.00
UCBH Holdings, Inc.	11/6/2009	\$ 298,737,000.00
Pacific Coast National Bancorp*	11/13/2009	\$ 4,120,000.00
Midwest Banc Holdings, Inc.*	5/14/2010	\$ 84,784,000.00
Sonoma Valley Bancorp	8/20/2010	\$ 8,653,000.00
Pierce County Bancorp	11/5/2010	\$ 6,800,000.00
Tifton Banking Company*	11/12/2010	\$ 3,800,000.00
Legacy Bancorp, Inc.	3/11/2011	\$ 5,498,000.00
Superior Bancorp Inc.	4/15/2011	\$ 69,000,000.00
FPB Bancorp Inc.	7/15/2011	\$ 5,800,000.00
One Georgia Bank*	7/15/2011	\$ 5,500,000.00
Integra Bank Corporation	7/29/2011	\$ 83,586,000.00
Citizens Bancorp	9/23/2011	\$ 10,400,000.00
CB Holding Corp.	10/14/2011	\$ 4,114,000.00
Tennessee Commerce Bancorp, Inc.	1/27/2012	\$ 30,000,000.00
Blue River Bancshares, Inc.	2/10/2012	\$ 5,000,000.00
Fort Lee Federal Savings Bank*	4/20/2012	\$ 1,300,000.00
Gregg Bancshares, Inc.	7/13/2012	\$ 825,000.00
GulfSouth Private Bank*	10/19/2012	\$ 7,500,000.00
Investors Financial Corporation of Pettis County, Inc.	10/19/2012	\$ 4,000,000.00
First Place Financial Corporation*	10/29/2012	\$ 72,927,000.00
Princeton National Bancorp	11/2/2012	\$ 25,083,000.00
Premier Bank Holding Company*	8/14/2012	\$ 9,500,000.00
Gold Canyon Bank*	4/5/2013	\$ 1,607,000.00
Indiana Bank Corp.*	4/9/2013	\$ 1,312,000.00
Rogers Bancshares, Inc.	7/5/2013	\$ 25,000,000.00
Anchor Bancorp Wisconsin, Inc.*	8/12/2013	\$ 104,000,000.00
TCB Holding Company	12/13/2013	\$ 11,730,000.00
Syringa Bancorp	1/31/2014	\$ 8,000,000.00
Idaho Bancorp*	4/24/2014	\$ 6,900,000.00
Rising Sun Bancorp	10/17/2014	\$ 5,983,000.00
Western Community Bancshares, Inc.	11/7/2014	\$ 7,290,000.00
Cecil Bancorp, Inc.*	6/30/2017	\$ 11,560,000.00
OneFinancial Corporation (One Bank & Trust, N.A.)**	8/15/2018	\$ 17,300,000.00
*Institution has exited the bankruptcy/receivership process		
**Institution has not entered bankruptcy/receivership but is not collectible		

ii. Update on the Community Development Capital Initiative (“CDCI”)

During the reporting period, four institutions repurchased their outstanding investments at par for a total of \$12.2 million and one institution repurchased part of their outstanding investment at par for a total of \$1.0 million. As of December 31, 2018, some 8 CDCI institutions remained in the program for a total outstanding investment of \$29.3 million.

APPENDIX A

Minutes of the Financial Stability Oversight Board Meetings
During the Quarterly Period

**Minutes of the Financial Stability Oversight Board Meeting
October 16, 2018**

A meeting of the Financial Stability Oversight Board (the “Board”) was held at 4:00 p.m. EDT on Tuesday, October 16, 2018, via teleconference.

**MEMBER REPRESENTATIVES
PARTICIPATING:**

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

Mr. Kranbuhl, Acting Assistant
Secretary for Financial
Institutions, Department of the
Treasury

Ms. Moore, Special Advisor, Federal
Housing Finance Agency

Mr. Wood, Director, Office of
Legislative and Intergovernmental
Affairs, Securities and Exchange
Commission

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and
Secretary

**AGENCY OFFICIALS
PARTICIPATING:**

Mr. Hall, Investments Manager,
Office of Financial Stability,
Department of the Treasury

Ms. Johnson-Kutch, Director of
Policy and Programs, Office of

Financial Stability, Department of the
Treasury

Mr. Gillen, Acting Budget Director, Office of
Financial Stability, Department of the
Treasury

Mr. Beirne, Counsel, Federal Reserve Board

The meeting was called to order by
Mr. Wilcox at approximately 4:06 p.m. EDT.

Upon commencement of the meeting, Representatives discussed draft minutes for the Board’s previous meeting, held on Thursday, September 20, 2018. The minutes for that meeting had been circulated and reviewed by Representatives in advance. Upon a motion duly made and seconded, the Representatives voted to approve the minutes of the meeting, subject to such technical revisions by the Representatives as deemed necessary.

Next, Treasury officials provided the Representatives with an update on the programs Treasury established under the Troubled Asset Relief Program (“TARP”). The meeting discussion predominantly 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. Included in 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 contained information related to programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP.

Throughout the meeting, Representatives raised and discussed issues relevant to the policies and programs established under TARP.

Referring to prepared materials, Treasury officials provided a report on recent developments in the TARP program. As of September 30, 2018, Treasury had disbursed a total of \$440.4 billion, including approximately \$411.7 billion under TARP investment programs and approximately \$28.6 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were approximately \$442.6 billion.

Next, Treasury officials provided the Representatives with a status update on TARP investment programs, beginning with CPP. As of September 30, some 3 institutions remained in the portfolio with a total outstanding invested amount of \$22.8 million.

Treasury officials next reported on the status of the CDCI program. During September, Treasury completed the full repurchases of Community First Guam Federal Credit Union, generating \$2.7 million in proceeds, and Union Baptist Church Federal Credit Union, generating \$0.01 million in proceeds. As of September 30, the CDCI portfolio stood at 12 institutions, with a total outstanding invested amount of roughly \$42.5 million.

Treasury officials then reported on MHA. As outlined in the Consolidated Appropriations Act, 2016, the MHA program

terminated on December 31, 2016, and servicers were required to complete all MHA transactions by December 1, 2017. As such there was no change in the number of homeowner assistance actions under MHA for September.

Treasury officials next discussed recent developments in the HHF program. As of September 30, 2018, Housing Finance Agencies in the nineteen eligible jurisdictions had disbursed approximately \$7.7 billion in program funds (\$8.6 billion in total program and administrative funds), and drawn down \$9.1 billion in total funds. During September, HHF program changes were approved for the states of Indiana, North Carolina, and Rhode Island.

Finally, staff of the Board discussed upcoming activities of the Board.

The meeting was adjourned at approximately 4:15 p.m. EDT.

(signed electronically)
Mr. Gonzalez, General Counsel and Secretary

**Minutes of the Financial Stability Oversight Board Meeting
November 27, 2018**

A meeting of the Financial Stability Oversight Board (the “Board”) was held at 3:00 p.m. EST on Tuesday, November 27, 2018, via teleconference.

**MEMBER REPRESENTATIVES
PARTICIPATING:**

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

Mr. Kranbuhl, Acting Assistant
Secretary for Financial
Institutions, Department of the
Treasury

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

Mr. Wood, Director, Office of
Legislative and Intergovernmental
Affairs, Securities and Exchange
Commission

Ms. Moore, Special Advisor, Federal
Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and
Secretary

**AGENCY OFFICIALS
PARTICIPATING:**

Ms. Johnson-Kutch, Director of Policy and
Programs, Office of Financial Stability,
Department of the Treasury

Mr. Hall, Investments Manager, Office of
Financial Stability, Department of the
Treasury

Mr. Gillen, Acting Budget Director, Office of
Financial Stability, Department of the
Treasury

Mr. Beirne, Counsel, Federal Reserve Board

The meeting was called to order by
Ms. Moore at approximately 3:10 p.m. EDT.

Upon commencement of the meeting, Representatives discussed draft minutes for the Board’s previous meeting, held on Tuesday, October 16, 2018. The minutes for that meeting had been circulated to Representatives in advance. 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 submitted by the Representatives.

Next, Treasury officials provided the Representatives with an update on the programs Treasury established under the Troubled Asset Relief Program (“TARP”). The meeting discussion predominantly 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. Included in 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 contained information related to programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP.

Throughout the meeting, Representatives raised and discussed issues relevant to the policies and programs established under TARP.

Referring to prepared materials, Treasury officials provided a report on recent developments in the TARP program. As of October 31, 2018, Treasury had disbursed a total of \$440.5 billion, including approximately \$411.7 billion under TARP investment programs and approximately \$28.7 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were approximately \$442.6 billion.

Next, Treasury officials provided the Representatives with a status update on TARP investment programs, beginning with CPP. As of October 31, some 3 institutions remained in the portfolio with a total outstanding invested amount of \$22.8 million.

Treasury officials next reported on the status of the CDCI program. During October, Treasury received full repurchases from four CDCI institutions: East End Baptist Tabernacle Federal Credit Union, generating \$7 thousand in proceeds; Community Bank of the Bay,

generating \$4.06 million in proceeds; Opportunities Credit Union, generating \$1.01 million in proceeds; and First American International Corp., generating \$7 million in proceeds. As of October 31, the CDCI portfolio stood at 8 institutions, with a total outstanding invested amount of roughly \$30.3 million.

Treasury officials then reported on MHA. As outlined in the Consolidated Appropriations Act, 2016, the MHA program terminated on December 31, 2016, and servicers were required to complete all MHA transactions by December 1, 2017. As such there was no change in the number of homeowner assistance actions under MHA for September.

Treasury officials next discussed recent developments in the HHF program. As of October 31, 2018, Housing Finance Agencies in the nineteen eligible jurisdictions had disbursed approximately \$7.8 billion in program funds (\$8.7 billion in total program and administrative funds), and drawn down \$9.1 billion in total funds. During October, there were no HHF program changes.

Finally, staff of the Board discussed upcoming activities of the Board.

The meeting was adjourned at approximately 3:16 p.m. EST.

(signed electronically)

Mr. Gonzalez, General Counsel and Secretary

**Minutes of the Financial Stability Oversight Board Meeting
December 20, 2018**

A meeting of the Financial Stability Oversight Board (the “Board”) was held at 2:00 p.m. EDT on Thursday, December 20, 2018, at the offices of the Department of the Treasury (“Treasury”).

**MEMBER REPRESENTATIVES
PARTICIPATING:**

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

Mr. Kranbuhl, Acting Assistant
Secretary for Financial
Institutions, Department of the
Treasury

Ms. Moore, Special Advisor, Federal
Housing Finance Agency

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

Mr. Wood, Director, Office of
Legislative and Intergovernmental
Affairs, Securities and Exchange
Commission

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and
Secretary

AGENCY OFFICIALS PARTICIPATING:

Ms. Johnson-Kutch, Director of Policy and
Programs, Office of Financial Stability,
Department of the Treasury

Mr. Hall, Investments Manager, Office of
Financial Stability, Department of the
Treasury

Mr. Gillen, Acting Budget Director, Office of
Financial Stability, Department of the
Treasury

Ms. Hirsch, Senior Advisor, Office of
Financial Stability, Department of the
Treasury

Mr. Doerner, Supervisory Economist, Federal
Housing Finance Agency

Mr. Beirne, Counsel, Federal Reserve Board

The meeting was called to order by
Mr. Kranbuhl at approximately 2:06 p.m. EST.

Upon commencement of the
meeting, Representatives discussed the
position of Chairperson of the Oversight
Board. Following this discussion,
Representatives, with Mr. Lehnert
abstaining, adopted the following resolution
on behalf of the Members:

**RESOLUTION TO ELECT A
CHAIRPERSON**

*“Whereas, Section 104 of the
Emergency Economic Stabilization Act of
2008 provides for the election by members
of the Financial Stability Oversight Board
(“Oversight Board”) of a Chairperson from*

among the members of the Oversight Board other than the Secretary of the Treasury,

Therefore, after discussion among the representatives of the Oversight Board members and on motion duly made, seconded and carried, it was Resolved, that the representative of the Chair of the Board of Governors of the Federal Reserve System, Mr. Lehnert, is hereby elected Chairperson of the Oversight Board.”

Representatives then discussed draft minutes for the Board’s previous meeting, held on Tuesday, November 27, 2018. The minutes for that meeting had been circulated and reviewed by Representatives in advance. Upon a motion duly made and seconded, Representatives voted to approve the minutes of the meeting, subject to such technical revisions by Representatives as deemed necessary.

Next, Treasury officials provided the Representatives with an update on the programs Treasury established under the Troubled Asset Relief Program (“TARP”). The meeting discussion predominantly 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. Included in 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 contained information related to programs

established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP.

Throughout the meeting, Representatives raised and discussed issues relevant to the policies and programs established under TARP.

Referring to prepared materials, Treasury officials provided a report on recent developments in the TARP program. As of November 30, 2018, Treasury had disbursed a total of \$440.63 billion, including approximately \$411.7 billion under TARP investment programs and approximately \$28.9 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were approximately \$443 billion.

Next, Treasury officials provided the Representatives with a status update on TARP investment programs, beginning with CPP. As of November 30, some 3 institutions remained in the portfolio with a total outstanding invested amount of \$22.8 million.

Treasury officials next reported on the status of the CDCI program. During November, Treasury completed the partial repurchase of Tri-State Bank of Memphis, generating \$1 million in proceeds. As of November 30, the CDCI portfolio stood at 8 institutions, with a total outstanding invested amount of roughly \$29.3 million.

Treasury officials then reported on MHA. As outlined in the Consolidated Appropriations Act, 2016, the MHA program terminated on December 31, 2016, and servicers were required to complete all MHA transactions by December 1, 2017. As such there was no change in the number of homeowner assistance actions under MHA for November.

Treasury officials next discussed recent developments in the HHF program. As of November 30, 2018, Housing Finance Agencies in the nineteen eligible jurisdictions had disbursed approximately \$7.9 billion in program funds (\$8.8 billion in total program and administrative funds), and drawn down \$9.1 billion in total funds. During November, HHF program changes were approved for the state of Ohio.

Representatives and officials then engaged in a roundtable discussion related to the state of the current housing markets and the ability of the programs established under TARP to provide support to the housing markets while assisting at-risk mortgage borrowers. As part of the discussion, FHFA officials provided data related to housing and mortgage market conditions.

Finally, Representatives and staff of the Board discussed the content and timing of the next quarterly report, as well as upcoming activities of the Board.

The meeting was adjourned at approximately 2:40 p.m. EST.

(electronically signed)

Mr. Gonzalez, General Counsel and
Secretary