

Minutes of the Financial Stability Oversight Board Meeting January 19, 2010

A meeting of the Financial Stability Oversight Board (“Board”) was held at 9:30 a.m. (EST) on Monday, January 19, 2010, at the offices of the Department of the Treasury (“Treasury”).

MEMBERS PRESENT:

Mr. Bernanke, Chairperson
Mr. Geithner
Mr. Donovan
Ms. Schapiro
Mr. DeMarco

STAFF PRESENT:

Mr. Treacy, Executive Director
Mr. Fallon, General Counsel
Mr. Gonzalez, Secretary

AGENCY OFFICIALS PRESENT:

Mr. Allison, Counselor to the Secretary and Assistant Secretary for Financial Stability, Department of the Treasury

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

Ms. Caldwell, Chief of Homeownership Preservation Office, Office of Financial Stability, Department of the Treasury

Ms. Ochs, Senior Advisor to the Counselor to the Secretary and Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Frisch, Program Analyst, Office of Financial Stability, Department of the Treasury

Mr. Wilcox, Deputy Director, Division of Research & Statistics, Board of Governors of the Federal Reserve System

Mr. Apgar, Senior Advisor to the Secretary, Department of Housing and Urban Development

Mr. Delfin, Special Counsel to the Chairman, Securities and Exchange Commission

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

Chairperson Bernanke called the meeting to order at approximately 9:30 a.m. (EST).

The Board first considered draft minutes for the meeting of the Board on December 21, 2009, which had been circulated in advance of the meeting. Upon a motion duly made and seconded, the Members voted to approve the minutes of the meeting, subject to such technical revisions as may be received from the Members.

Using prepared materials, officials from the Treasury then provided an update on the programs established by Treasury under the Troubled Asset Relief Program (“TARP”). Discussion during the meeting focused on Treasury’s plan to refocus the TARP on small banks, lending to small businesses, and housing-related initiatives; repayments under the Capital

Purchase Program (“CPP”) and other programs; the Legacy Securities Public-Private Investment Partnership (“S-PPIP”) Program; recent actions under the Automotive Industry Financing Program (“AIFP”); and the Home Affordable Modification Program (“HAMP”). Also included in the materials prepared for the meeting were: updates concerning the other programs established by Treasury under TARP, including the Term Asset-Backed Securities Loan Facility (“TALF”); the most recent data gathered as part of Treasury’s Monthly Lending and Intermediation Snapshots and Report; and information concerning the aggregate level and distribution of commitments and disbursements under TARP and the level of resources remaining available under TARP. During the meeting, Members raised and discussed various matters with respect to the development, ongoing implementation, and effects of the policies and programs under TARP.

Secretary Geithner initially discussed with Members the extension of the authorities provided Treasury under Emergency Economic Stabilization Act (“EESA”) through October 3, 2010; the exit strategy for TARP, which calls for the termination and winding down of many of the TARP programs established in the fall of 2008; and the refocusing of new TARP commitment on foreclosure mitigation and stabilization of the housing markets, initiatives to increase lending to small business, and measures to aid securitization markets for consumers, small businesses, and commercial mortgage loans.

Treasury officials then provided the Members with an update on the CPP and Targeted Investment Program

(“TIP”). Treasury officials noted that the final investments under the CPP were made on December 31, 2009, and the program is now in a wind-down phase. Treasury officials then discussed the approximately \$161 billion in repayments made, as of December 31, 2009, by banking organizations under the CPP and TIP, including the recently completed repayments by Citigroup, Inc., Bank of America Corporation, and Wells Fargo & Company. As part of this discussion, Treasury officials also discussed Citigroup’s termination of the package of asset guarantees and liquidity assistance provided by Treasury, the Federal Deposit Insurance Corporation, and the Federal Reserve with respect to a designated pool of \$301 billion in assets, and Treasury’s plan for disposing of the remaining Citigroup securities received by Treasury as part of this package of assistance. Treasury officials also described the upcoming Warrant Disposition Report by Treasury, which will provide an overview of the warrants received by Treasury under CPP, as of December 31, 2009, and an explanation of Treasury’s warrant disposition process and the results achieved on behalf of taxpayers.

Treasury officials then provided the Members with an update on the S-PPIP. As part of this discussion, Members and officials discussed the amount of equity capital and debt funding already provided to fund managers under the S-PPIP and the status of additional private capital raised by fund managers. Treasury officials also reviewed and discussed recent developments involving TCW Group, Inc. (“TCW”), a PPIF fund manager, including the key terms of the Winding-Up and Liquidation Agreement negotiated with TCW following the departure of certain individuals

designated as “Key Persons” under the Limited Partnership Agreement for the TCW PPIF.

Members and officials then discussed recent developments involving GMAC LLC (“GMAC”), including the \$3.8 billion of additional capital made available to GMAC under the AIFP as fulfillment of the capital buffer that GMAC required under the Supervisory Capital Assessment Program, and the restructuring of Treasury’s investment in GMAC, which resulted in an increase of Treasury’s ownership stake in GMAC from 35 percent to 56 percent. As part of this discussion, Members and officials discussed the key terms of the different classes of equity in GMAC held by Treasury and Treasury’s right to nominate two additional directors to the GMAC Board of Directors as a result of the recent restructuring and investment.

Using prepared materials, Treasury officials then provided the Members with an update regarding the HAMP. As part of this discussion, Treasury officials noted that the number of permanent modifications under the program more than doubled between November 30, and December 31, 2009, and reviewed with the Members the reasons for this acceleration. Members and officials also reviewed the performance of modifications made under the program, and data collection and reporting under the program. Officials and Members also discussed the universe of borrowers potentially eligible for HAMP, the effect of unemployment on the program, and potential ways to better assist unemployed homeowners through HAMP. Treasury officials also provided Members with an update on the Second Lien Modification Program. During this

discussion, officials from Treasury and the Department of Housing and Urban Development (“HUD”) also provided an update on the work by HUD, in consultation with Treasury, to integrate the HOPE for Homeowners program into the HAMP framework and to implement additional changes to the HOPE for Homeowners program.

Treasury officials then provided the Members with an update on Treasury’s continued efforts to assist small banks and community development financial institutions, and to help restore the flow of credit to small businesses. During this discussion, Mr. Donovan noted that HUD expected to announce a set of policy changes to strengthen the FHA’s capital reserves, while enabling the agency to continue providing access to homeownership for underserved communities.

Members and officials then engaged in a discussion regarding the Board’s quarterly report to Congress for the quarter ending December 31, 2009, which will be issued by the Board pursuant to section 104(g) of the EESA. Members and officials discussed, among other things, the timing and contents of the report.

The meeting was adjourned at approximately 10:20 a.m. (EST).

[Signed Electronically]

Jason A. Gonzalez
Secretary