

Minutes of the Financial Stability Oversight Board Meeting April 15, 2010

A meeting of the Financial Stability Oversight Board (“Board”) was held at 4:00 p.m. (EDT) on Thursday, April 15, 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. Goldstein, Under Secretary of the Treasury for Domestic Finance, Department of the Treasury

Mr. Massad, Chief Counsel, 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

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

Mr. Ugoletti, Special Advisor to the Office of the Director, Federal Housing Finance Agency

Chairperson Bernanke called the meeting to order at approximately 4:00 p.m. (EDT).

The Board first considered draft minutes for the meeting of the Board on March 18, 2010, 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 or proposed to be established by Treasury under the

Troubled Asset Relief Program (“TARP”). Discussion during the meeting focused on the Home Affordable Modification Program (“HAMP”); Treasury’s funds to provide additional help in certain states that have been particularly affected by house price declines; the Consumer Business Lending Initiative (“CBLI”); and the Community Development Capital Initiative (“CDCI”). Also included in the materials prepared for the meeting were: updates concerning the other programs established by Treasury under TARP, including the recent dividends received under the Capital Purchase Program (“CPP”); proceeds received from recent public auctions held by Treasury to sell the warrants it had received under the CPP and Targeted Investment Program (“TIP”); the amount of equity capital and debt funding provided to and invested by fund managers under the Legacy Securities Public-Private Investment Partnership (“S-PPIP”) Program; aggregate information of allocated and disbursed amounts under TARP; and the most recent data gathered as part of Treasury’s monthly HAMP report. 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.

Treasury officials first provided the Members with an update on the HAMP. As part of this discussion, Treasury officials reviewed with Members recent data for HAMP, including data showing an increase in the number of permanent modifications under the program between February 28, 2010, and March 31, 2010. Treasury officials noted that, as of the March 31, 2010, more than 1.4 million homeowners received offers for temporary modifications; permanent modifications

had been granted to more than 227,000 homeowners, and an additional 108,000 permanent modifications had been approved by servicers and were pending only borrower acceptance. Members and officials also reviewed and discussed the enhancements to HAMP announced by the Administration on March 26, 2010, which are designed to provide temporary mortgage assistance to unemployed homeowners, encourage servicers to write-down mortgage debt as part of a HAMP modification, allow more borrowers to qualify for modification through HAMP, ensure that 60-day delinquent borrowers are screened for HAMP eligibility prior to the initiation of foreclosure action, and help borrowers move to more affordable housing when a modification under HAMP is not possible. Treasury officials noted that the enhancements to HAMP will be implemented in the coming months. Treasury officials then provided Members with an update on the Second Lien Modification Program under HAMP. Treasury officials noted that Bank of America Corporation, Citigroup, Inc., JPMorgan Chase & Co., and Wells Fargo Bank, N.A., had committed to participate in the program. Treasury officials indicated that modifications of second liens had already begun in cases where these servicers hold a first-lien mortgage modified under HAMP.

Treasury officials then provided the Members with an update on the initiative announced by Treasury on February 19, 2010 (the “HFA Hardest-Hit Fund”), to help address the housing problems facing those states that have suffered an average home price drop of more than 20 percent from their respective peak. The initiative will make available up to \$1.5 billion of TARP funds to support pilot programs developed or

sponsored by Housing Finance Agencies (“HFAs”) in the eligible states to foster innovative solutions to housing problems, such as those caused by unemployment, loan-to-value ratios in excess of 100 percent, or second mortgages. Treasury officials noted that funds had been allocated among eligible states based on a formula that takes account of home price declines and unemployment in the relevant state.

Treasury officials also reviewed and discussed the establishment of an additional HFA Hardest-Hit Fund, which the Administration had announced on March 29, 2010, that will target five additional states with high shares of their population living in local areas of concentrated economic distress. Officials noted that the second HFA Hardest-Hit Fund will include up to \$600 million in funding for innovative measures to help families stay in their homes or otherwise avoid foreclosure. As with the first fund, money will be made available for programs sponsored or developed by HFAs in the targeted states.

Treasury officials then provided the Members with an update on Treasury’s pilot program under the CBLI to purchase securities backed by guaranteed portions of loans made under the 7(a) loan program established by the Small Business Administration (“SBA”). During this discussion, Treasury officials noted that, as of March 31, 2010, Treasury had purchased an aggregate amount of \$21.37 million in securities under the program.

Treasury officials then provided Members with an update on Treasury’s plan to provide lower-cost capital under TARP to qualified Community

Development Financial Institutions (“CDFIs”) under the CDCI. As part of this discussion, Members and officials discussed the number of potentially eligible institutions that may participate in the program, and the number of CDFIs participating in the CPP that have sought to exchange the capital received under the CPP for capital under the CDCI, subject to the maximum size limits established for the program.

Members and officials then engaged in a discussion regarding the aggregate level and distribution of commitments and disbursements under TARP, repayments of TARP funds, and the level of resources that remain available under TARP. During this discussion, Treasury officials noted that Treasury had entered into commitments to disburse approximately \$491.1 billion and had disbursed approximately \$381.54 billion under TARP, some of which has been repaid.

Members and officials then engaged in a discussion regarding the Board’s quarterly report to Congress for the quarter ending March 31, 2010, that will be issued by the Board pursuant to section 104(g) of the EESA. Members and officials discussed, among other things, the timing and potential contents of the report.

The meeting was adjourned at approximately 4:45 p.m. (EDT).

[Signed Electronically]

Jason A. Gonzalez
Secretary