

Minutes of the Financial Stability Oversight Board Meeting February 28, 2011

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EST) on Monday February 28, 2011, via teleconference.

MEMBERS PARTICIPATING:

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

STAFF PARTICIPATING:

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

AGENCY OFFICIALS PARTICIPATING:

Mr. Goldstein, Under Secretary of the Treasury for Domestic Finance, Department of the Treasury

Mr. Massad, Acting 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

Mr. Pendo, Director of Investments, Office of Financial Stability, Department of the Treasury

Mr. Bartley, Investment Specialist, Office of Financial Stability, Department of the Treasury

Mr. Casarella, Deputy Chief Restructuring Officer, Office of Financial Stability, Department of the Treasury

Mr. Fu, Investment Specialist, Office of Financial Stability, Department of the Treasury

Mr. Clair, Senior Advisor to the Acting Assistant Secretary for Financial Stability, Department of the Treasury

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 2:00 p.m. (EST).

The Board first considered draft minutes for the meeting of the Board on January 20, 2011, 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, 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 Automotive Industry Financing Program (“AIFP”); the American International Group, Inc. (“AIG”); the Capital Purchase Program (“CPP”); the Public Private Investment Program (“PIIP”); and the Making Home Affordable (“MHA”) program and related initiatives. Also included in the materials prepared for the meeting were updates concerning the other programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP. During the meeting, Members raised and discussed various matters with respect to the effects of the policies and programs established under TARP.

Using prepared materials, Treasury officials first updated the Members on the AIFP. As part of this discussion, Treasury officials provided an overview of the financial performance of General Motors, Inc. (“GM”) and Ally Financial, Inc. (“Ally”) during the fourth quarter of 2010 and the status of the U.S. Government investments in each company.

Treasury officials then updated the Members on AIG. As part of this discussion, officials reviewed certain staffing changes in the Office of Financial Stability (“OFS”). Officials also discussed the operating results and earnings announced by AIG for the fourth quarter of 2010, and the status of AIG’s efforts to divest various of the company’s subsidiaries or business units.

Treasury officials then provided an update on recent transactions under the

CPP, including Treasury’s recent sales of warrants received under the CPP and exchanges of Treasury’s CPP investments in certain institutions. Officials noted that, as of February 22, 2010, approximately \$30 billion of Treasury’s total investment under the CPP remained outstanding. Treasury officials also provided an update on recent exchanges of Treasury’s CPP investments in certain institutions. Members and officials also discussed the twenty-five largest remaining CPP investments, the likely pace of future CPP repayments, and the likely influence of such repayments on the ultimate return to taxpayers. As part of this discussion, Treasury also provided an overview of the status of applications filed by CPP institutions to convert Treasury’s CPP investment into an investment from Treasury’s Small Business Lending Fund (“SBLF”), a non-TARP program designed to promote small businesses.

Using prepared materials, Treasury officials then provided an update on the PIIP. Treasury officials noted that, as of December 31, 2010, the Public- Private Investment Funds (“PIIFs”) in the program had drawn-down approximately \$20.4 billion of the total capital available under the program. These investments represented approximately 69 percent of the \$29.4 billion in total purchasing power available under the program. As part of this discussion, Treasury officials reviewed with Members the returns achieved to date by the PIIFs, while noting that the funds were still in the early stages of their investment period.

Using prepared materials, Treasury officials then provided an update on MHA and other related housing initiatives, including the Home Affordable Modification Program

(“HAMP”). Among the matters discussed were: the numbers of temporary and permanent modifications made under HAMP and the status of the Second Lien Modification Program, Unemployment Forbearance Program and the Home Affordable Foreclosure Alternatives (“HAFA”) program and certain proposed legislative changes to HAMP. As part of this discussion, officials discussed Treasury’s progress in implementing certain legislative changes to HAMP under the Dodd-Frank Wall Street Reform and Consumer Protection Act, including the recent issuance and implementation of guidance to servicers under HAMP in the form of a Supplemental Directive and Treasury’s, release of a public MHA Data File, which includes characteristics of program participants to date, including financial information, mortgage loan information before and after entering HAMP, performance in a HAMP modification, and race/ethnicity data.

Using prepared materials, Treasury officials then provided the Members with an update on the Hardest-Hit Fund (“HHF”) initiative. As part of this discussion, officials reviewed the status of the programs approved under each funding of the HHF and Treasury’s progress in expanding the HHF initiative to support programs sponsored by Housing Finance Agencies (“HFAs”) in eligible states. Treasury officials noted that the five largest servicers had begun participating in the program on a pilot basis.

Using prepared materials, Treasury officials then provided the Members with an update on the expected final cost of TARP programs. As part of this discussion, officials reviewed and

discussed Treasury’s new Daily TARP Progress Report, which shows for each TARP program the amount of funds obligated, the amount actually disbursed, repayments and income received, and any losses. Treasury officials noted that the Daily TARP Progress Report did not show lifetime cost estimates for the TARP. Officials also noted that the Daily TARP Progress report was available to the public on Treasury’s website and would be updated every business day.

Members and officials then engaged in a discussion regarding the Board’s quarterly report to Congress for the quarter ending December 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 content of the report.

The meeting was adjourned at approximately 2:45 p.m. (EST).

[Signed Electronically]

Jason A. Gonzalez
Secretary