

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

A meeting of the Financial Stability Oversight Board (“Board”) was held at 4:30 p.m. (EST) on Monday March 28, 2011, at the offices of the Department of the Treasury (“Treasury”).

MEMBERS PRESENT:

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

STAFF PRESENT:

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

AGENCY OFFICIALS PRESENT:

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

Ms. Golant, Attorney-Advisor,
Office of Financial Stability,
Department of the Treasury

Ms. Singleton, Advisor, 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
4:36 p.m. (EST).

Chairperson Bernanke then
discussed his intention to fill the staff
position of General Counsel following the
resignation of Kieran J. Fallon. At the
Chairperson’s request and without
objection, the following statement was
entered into the record:

STATEMENT BY THE CHAIRPERSON TO APPOINT STAFF OF THE FINANCIAL STABILITY OVERSIGHT BOARD

*“I hereby appoint Jason A. Gonzalez to
the staff position of General Counsel of
the Financial Stability Oversight Board,
as authorized by the Amended and
Restated Bylaws of the Oversight Board.”*

The Board then considered draft
minutes for the meeting of the Board on
February 28, 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.

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”); and the Making Home Affordable (“MHA”) program and related initiatives. Among the materials distributed in advance of the meeting was the monthly report issued by Treasury under Section 105(a) of the Emergency Economic Stabilization Act (“EESA”), which contains information concerning the 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 provided an update on the expected final cost of TARP programs. Treasury officials discussed with Members the results of Treasury’s TARP Progress Report for March 9, 2011, which showed for each TARP program the amount of funds obligated, the amount actually disbursed, repayments and income received, and any losses. As part of this discussion, officials also discussed the contents and conclusions of the final Congressional Oversight Panel (“COP”) report with respect to the cost of TARP to taxpayers. By statute, the COP will terminate on April 3, 2011.

Treasury officials then updated the Members on the AIFP. As part of this discussion, Treasury officials provided an update on Ally Financial, Inc. (“Ally”).

Officials noted that on March 7, 2011, Treasury received aggregate proceeds of approximately \$2.7 billion from the sales of its holdings of Ally trust preferred shares (“TruPs”). Treasury continued to hold approximately \$5.9 billion of Ally mandatory convertible preferred stock and 74 percent of the common stock outstanding of Ally. Officials also noted that on March 22, 2011, General Motors Company (“GM”) announced the sale of all of its holdings of Ally Fixed Rate Perpetual Preferred shares in a registered public offering for a total of approximately \$1 billion.

Using prepared materials, Treasury officials then reported on the status of AIG’s ongoing efforts to repay the assistance provided to the company by the U.S. government. Members and officials discussed, among other things, AIG’s recent repayment to Treasury of approximately \$6.6 billion, drawn from the \$9.6 billion of proceeds AIG received from the March 8, 2011 closing of AIG’s previously announced sale of its entire equity holdings of MetLife, Inc. (“MetLife”). AIG received the MetLife shares last year from the sale of American Life Insurance Company (“ALICO”) to MetLife. Treasury also received from AIG approximately \$300 million previously held by AIG in anticipation of expenses related to the sale of ALICO, bringing the total amount AIG has repaid to Treasury to approximately \$6.9 billion. Officials explained that, per existing agreements with MetLife relating to the ALICO sale, the remaining \$3 billion in proceeds AIG received were placed into escrow as substitute collateral for the MetLife common equity units sold. These proceeds will be released after fulfillment of agreed-upon minimum holding periods over the next two years,

and then used to further redeem Treasury's preferred equity interests.

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 28, 2011, Treasury had received more than \$171 billion in cumulative repayments. As part of this discussion, officials also discussed Treasury's contractual right under the CPP to appoint up to two members to the board of directors of an institution upon the sixth missed quarterly dividend (or interest) payment.

Using prepared materials, Treasury officials then provided an update on the 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.

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. Treasury officials noted that pilot programs sponsored by Housing Finance Agencies ("HFAs") had begun operating in all eligible states.

Members and officials then engaged in a roundtable discussion regarding the current state of the housing markets and the effect of the programs established under TARP in providing support to the housing market and assistance to at-risk mortgage borrowers. As part of this discussion, officials from the Federal Housing Finance Agency ("FHFA") briefed members on developments in the housing and housing finance markets. The data reviewed included data related to mortgage rates and delinquencies, mortgage originations, foreclosures, housing prices and sales. During this discussion, FHFA officials also presented data related to the foreclosure prevention actions taken by the Government Sponsored Enterprises.

Members and officials then engaged in a discussion regarding the Board's quarterly report to Congress for the quarter ending March 31, 2011, 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 5:10 p.m. (EST).

[Signed Electronically]

Jason A. Gonzalez
General Counsel and Secretary