

Minutes of the Financial Stability Oversight Board Meeting May 23, 2011

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Monday, May 23, 2011, at the offices of the Federal Housing Finance Agency (“FHFA”).

MEMBERS PRESENT:

Mr. Bernanke, Chairperson
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. Hopkins, Special Assistant to the
Acting Assistant Secretary for
Financial Stability, Department of
the Treasury

Mr. Cuttler, Liaison Officer, Office of
Financial Stability, Department of
the Treasury

Ms. Golant, Attorney-Advisor, Office of
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

Mr. Ugoletti, Senior Advisor to the
Office of the Director, 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
April 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.

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 Making Home Affordable
 (“MHA”) program and related initiatives;

and the Hardest Hit Fund Initiative (“HHF”). 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, 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 daily TARP update for May 1, 2011, which showed for each TARP program the amount of funds obligated, the amount actually disbursed, repayments and income received, and any losses with regard to individual TARP investments. Officials noted that in April, four financial institutions redeemed their CPP preferred shares, generating approximately \$319 million in additional revenue under the program. As part of this discussion, Treasury officials also discussed the twenty-five largest remaining CPP investments, the likely pace of future repayments, and the influence of such repayments on the ultimate return to taxpayers. Treasury officials also provided an update on the status of applications filed by CPP institutions to convert Treasury’s CPP preferred shares or subordinated debt into comparable instruments from Treasury’s Small Business Lending Fund, a non-TARP program designed to promote small businesses. Officials also updated

the Members on the status of missed dividend or interest payments by institutions participating in the CPP and Treasury’s progress in identifying candidates to serve as directors for institutions that have missed at least six payments.

Using materials distributed at the meeting, Treasury officials then provided an update on the status of Treasury’s investments under the AIFP. As part of this discussion, officials reviewed Treasury’s current interest in Chrysler Group LLC (“Chrysler”), which included approximately \$5.1 billion in outstanding loans, approximately \$2 billion in undrawn commitments, and approximately 8.6 percent of Chrysler’s common equity. Officials noted that in April, Chrysler announced its intention to repay its outstanding loans provided by Treasury during the second quarter of 2011, subject to market and other conditions. As part of this discussion, officials also discussed Treasury’s investment in General Motors, Inc. (“GM”) and Ally Financial, Inc. (“Ally”), and the public and private options available to exit from Treasury’s investment in GM and Ally.

Using materials distributed at the meeting, Treasury officials then provided the Members with an update on the investment in AIG. As part of this discussion, officials discussed the future prospects for completion of a registered public offering by AIG and Treasury, as the selling shareholder, as contemplated under the April 5, 2011, amendment to AIG’s registration statement on form S-3 with the Securities and Exchange Commission.

Using materials distributed at the meeting, 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, Home Affordable Unemployment Program (“UP”), and the Home Affordable Foreclosure Alternatives (“HAFA”) Program. As part of this discussion, Members and officials also discussed the supplemental directive issued by Treasury on May 18, 2011, which requires each servicer subject to the directive to establish and implement a single point of contact (“SPOC”) process through which borrowers who are potentially eligible for HAMP, UP or HAFA are assigned a relationship manager to serve as the borrower’s SPOC throughout the process for addressing and resolving situations of delinquency or imminent default. Treasury officials also discussed Treasury’s progress in implementing certain legislative changes to HAMP under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Officials noted that Treasury had recently made available to consumers an online tool designed to assist homeowners in learning about the net present value NPV evaluation of the various alternative loss mitigation approaches that might be available for their mortgage.

Treasury officials then provided the Members with an update on the HHF initiative. As part of this discussion, officials reviewed the status of the programs approved under each funding of the HHF. Officials noted that approximately 70 percent of all obligated funds under the program are currently

targeted to assigning unemployed borrowers pay or reinstate their mortgages.

The meeting was adjourned at approximately 3:00 p.m. (EST).

[Signed Electronically]

Jason A. Gonzalez
General Counsel and Secretary