

## Minutes of the Financial Stability Oversight Board Meeting January 30, 2012

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Monday, January 30, 2012, via teleconference.

### MEMBERS PARTICIPATING:

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

### STAFF PARTICIPATING:

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

### AGENCY OFFICIALS PARTICIPATING:

Mr. Massad, Assistant Secretary for  
Financial Stability, Department of  
the Treasury

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

Mr. Kingsley, Chief, Homeownership  
Preservation Office, Office of  
Financial Stability, Department of  
the Treasury

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

Mr. Ryan, Chief Risk Officer,  
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  
2:05 p.m. (EDT).

The Board first considered draft  
minutes for the meeting of the Board on  
December 21, 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.

Officials from the Department of  
the Treasury (“Treasury”) then provided  
an update on the programs established by  
Treasury under the Troubled Asset Relief  
Program (“TARP”). Discussion during  
the meeting focused on the Capital  
Purchase Program (“CPP”); the American  
International Group, Inc. (“AIG”); the  
Automotive Industry Financing Program  
(“AIFP”); the Small Business  
Administration (“SBA”) 7(a) Securities  
Purchase Program; 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 (“105(a)  
report”), 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 discussed with Members Treasury's daily TARP update report as of January 1, 2012, which showed for each TARP program the amount of funds obligated, the amount actually disbursed, repayments and income received, and any gains or losses with regard to individual TARP investments.

Using prepared materials, Treasury officials then provided an update on Treasury's effort to wind down the CPP. Officials noted that, as of December 31, 2011, Treasury held investments in 371 institutions, most of which were small, community banks, and some of which had been certified by Treasury as community development financial institutions. Officials reported that in December 2011, a total of 10 institutions repurchased all or part of their outstanding CPP preferred shares or subordinated debentures from Treasury, for total proceeds of approximately \$279 million. In addition, one CPP participant institution failed. Officials also noted that in December Treasury exercised its right to elect members to the board of directors of one additional institution participating in CPP bringing Treasury's total appointments to 12 directors across seven institutions.

Treasury officials then provided an update on the AIFP, which included an update on Treasury's investment in General Motors, Inc. ("GM"). On December 16 and December 23, 2011, Treasury received payments of \$144.4 thousand and \$18.9 million

respectively, from Motors Liquidation Company ("Old GM"). These payments were made in connection with the dissolution of Old GM on December 15, 2011, as required by the Plan of Liquidation.

Using prepared materials, Treasury officials then provided the Members an update on the U.S. government's investment in AIG.

Using prepared materials, Treasury officials then provided the Members with an update on Treasury's program to purchase securities backed by guaranteed portions of loans made under the 7(a) loan program established by the Small Business Administration ("SBA"), under which Treasury had originally purchased securities with a value of approximately \$368 million. On January 24, 2012, Treasury sold the eight remaining securities in the portfolio for approximately \$63.2 million in proceeds, concluding the program. Over its period of operation Treasury's SBA 7(a) program recouped a total of \$376 million through sales of the securities along with principal and interest payments received on those securities, with a net return for the taxpayer of approximately \$8 million.

Using prepared materials, Treasury officials then provided an update on the MHA and other related housing initiatives, including the Home Affordable Modification Program ("HAMP"). Officials reported that by the end of November 2011 the cumulative number of permanent modifications that had been initiated under the program rose to nearly 910,000. Officials also provided an overview of enhancements to MHA that Treasury had announced on January 27, 2012. These enhancements

were designed to better help prevent avoidable foreclosures and strengthen hard-hit communities. These enhancements extend the final date for which servicers may accept applications for MHA to December 31, 2013. The enhancements also expand eligibility to include borrowers who cannot be successfully modified to a fixed 31 percent debt-to-income ratio, but who need a modification at a higher or lower debt-to-income ratio, and to include properties that are already occupied by a tenant and vacant properties that the borrower intends to rent. As part of this discussion, officials discussed enhancements to the HAMP program designed to further encourage principal reduction for underwater borrowers with a hardship, including increased incentive payments for investors who agree to reduce principal under the HAMP Principal Reduction Alternative. Members also discussed developments in the second lien modification program and the expected impact of second lien modifications on the overall MHA program. In this context, Members also discussed the status of the non-TARP Home Affordable Refinance Program offered by Fannie Mae and Freddie Mac.

Members and officials then engaged in a discussion regarding the Board's quarterly report to Congress for the quarter ending December 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 3:00 p.m. (EDT).

[Signed Electronically]

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Jason A. Gonzalez,  
General Counsel and Secretary