Minutes of the Financial Stability Oversight Board Meeting
February 27, 2012

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Monday, February 27, 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 2:00 p.m. (EDT).

The Board first considered draft minutes for the meeting of the Board on January 30, 2012, 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”); 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 February 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 January 31, 2012, Treasury held investments in 366 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 January 2012, a total of five institutions repurchased all or part of their outstanding CPP preferred shares or subordinated debentures from Treasury, for total proceeds of approximately $87.76 million. Treasury also disposed of warrant positions in three institutions that were received in consideration for investments made under the CPP for additional proceeds of $1.85 million and received dividend and interest income from its CPP investments of approximately $0.91 million. In addition, one CPP participant institution failed. Officials also noted that, in January, Treasury exercised its right to elect members to the board of directors of one additional institution participating in the CPP (Rogers Bancshares, Inc. of Little Rock, Arkansas). As part of this discussion, Members and officials discussed the options presently being considered by Treasury, in consultation with its financial advisor, for the management and ultimate recovery of the remaining CPP investments.

Treasury officials then provided an update on the AIFP, which included an update on Treasury’s investment in General Motors, Inc. and Ally Financial. Officials reported that Treasury continues to monitor the performance of these firms and evaluate options to exit fully from its AIFP investments.

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 an update on the MHA and other related housing initiatives, including the Home Affordable Modification Program (“HAMP”). Officials reported that by the end of December 2011 the cumulative number of permanent modifications that had been initiated under the program rose to nearly 930,000. As of that date, approximately 84 percent of eligible homeowners entering a HAMP trial modification since June 1, 2010, had received a permanent modification. Officials also reported on Treasury’s progress in developing supplemental guidance for the enhancements to HAMP announced in January 2012. Treasury expects that homeowners may be evaluated under the new program guidelines beginning in May 2012 for trials starting June 1, 2012. Officials also noted that Treasury soon expected to finalize and release the results of Treasury’s latest quarterly servicer assessments, which will summarize performance for the 10 largest MHA participating servicers based on reviews
conducted during the fourth quarter of 2011.

Treasury officials then provided an update on the Housing Finance Agency (“HFA”) Innovation Funds for the HHF initiative. Treasury continues to participate in discussion with HFAs, servicers, the GSEs and other relevant stakeholders on ways to improve the delivery of foreclosure prevention assistance.

Staff of the Oversight Board then provided Members with an update regarding the Oversight Board’s quarterly report to Congress for the quarter ending December 31, 2011, that will be issued by pursuant to section 104(g) of the EESA. Staff discussed, among other things, the timing of the report.

The meeting was adjourned at approximately 2:30 p.m. (EDT).

[Signed Electronically]

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Jason A. Gonzalez,
General Counsel and Secretary