

## Minutes of the Financial Stability Oversight Board Meeting May 21, 2012

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Monday, May 21, via teleconference.

### MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson  
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, 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  
2:05 p.m. (EDT).

The Board first considered draft  
minutes for the meeting of the Board on  
April 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 Public-  
Private Investment Program (“PPIP”); 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. Throughout the meeting, Members raised and discussed various matters with respect to the effects of the policies and programs established under TARP.

Treasury officials first discussed the latest cost estimates for TARP. As part of this discussion, Treasury officials discussed with Members Treasury's daily TARP update report as of May 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 through April 30, 2012.

Using prepared materials, Treasury officials then provided Members with an update on CPP. As part of this discussion, officials discussed the current status of repayments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income Treasury has received from the banking organizations remaining in the program. Officials noted that Treasury's plans for winding down the remaining CPP investments will continue to involve repayments and, for those institutions that are unable to repay within a specified timeframe, Treasury will consider opportunities for restructurings and conduct sales to third parties. Sales of CPP investments to third parties may include auctions of individual investments, as well as potentially combining individual investments together into auction pools.

Treasury officials then provided Members with an update on the U.S. government's investment in AIG. Officials noted that, on May 6, Treasury priced approximately 163.9 million

shares of AIG common stock in an underwritten public offering. On May 7, underwriters for the offering exercised an option to purchase additional shares, bringing the total number of shares sold as part of the offering to approximately 188.5 million. Officials noted that total Treasury received total proceeds from the public offering of approximately \$5.75 billion. Treasury continues to hold approximately 61 percent of the common stock outstanding of AIG.

Using prepared materials, Treasury officials provided an update on the AIFP. During this discussion, Members and officials discussed the voluntary petition for relief under Chapter 11 of the U.S. bankruptcy code filed on May 14 by Residential Capital LLC ("ResCap"), a non-bank subsidiary of Ally Financial, Inc. ("Ally"). In connection with the bankruptcy filing, ResCap announced it has reached agreement with certain of its key creditors, including Ally, on the terms of a prearranged plan under Chapter 11 of the U.S. bankruptcy code. Among the matters discussed were the steps taken by Ally to support the stability of ResCap and the continued operation of ResCap's mortgage servicing platform during the bankruptcy process.

Using prepared materials, Treasury officials then provided an update on the MHA and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") Hardest-Hit Fund ("HHF"). During this discussion, officials discussed the numbers of temporary and permanent modifications made under HAMP. Officials noted that approximately 86 percent of eligible

homeowners entering a HAMP trial modification since June 1, 2010, have received a permanent modification. Treasury officials also discussed Treasury's progress in expanding the population of homeowners that may be eligible for HAMP through the "HAMP Tier 2" alternative announced in January 2012. As part of this discussion, Member and officials discussed the HHF. Among the matters discussed were the approaches taken by certain HFAs to improve the take-up and performance of their respective HHF-sponsored programs.

Oversight Board staff then provided an update on the expected timing of the Oversight Board's quarterly report to Congress for the quarter ending March 31, 2012, that will be issued by the Oversight Board pursuant to section 104(g) of the EESA.

The meeting was adjourned at approximately 2:50 p.m. (EDT).

[Signed Electronically]

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Jason A. Gonzalez,  
General Counsel and Secretary