

Minutes of the Financial Stability Oversight Board Meeting January 24, 2013

A meeting of the Financial Stability Oversight Board (“Board”) was held at 3:00 p.m. (EST) on Thursday, January 24, 2013, by teleconference.

Mr. McArdle, Deputy Chief Homeownership Officer, Office of Financial Stability, Department of the Treasury

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Geithner
Ms. Walter
Mr. DeMarco

Mr. Berman, Senior Advisor to the Secretary, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

STAFF PARTICIPATING:

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

Mr. Ashton, Deputy General Counsel, Federal Reserve Board

Ms. Williams, Deputy Chief of Staff, Securities and Exchange Commission

AGENCY OFFICIALS PARTICIPATING:

Ms. Miller, Under Secretary for Domestic Finance, Department of the Treasury

Mr. Ramsay, Acting Director, Division of Trading and Markets, Securities and Exchange Commission

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, Senior Advisor to the Assistant Secretary for Financial Stability, Department of the Treasury

Chairperson Bernanke called the meeting to order at approximately 3:10 p.m. (EST). At the outset of the meeting, the Members noted Mr. Geithner’s expected departure from the Department of the Treasury (“Treasury”) and thanked him for his contributions and service to the Oversight Board.

The Board then considered draft minutes for the meeting of the Board on December 17, 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.

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 Capital Purchase Program (“CPP”); Automotive Industry Financing Program (“AIFP”); the credit market programs, including the Term Asset-Backed Securities Loan Facility (“TALF”) and Legacy Securities Public-Private Investment Program (“PPIP”); and the Making Home Affordable (“MHA”) 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.

Using prepared materials, Treasury officials then discussed with Members the latest cost estimates for TARP. Officials referred to Treasury’s daily TARP update report as of January 2, 2013, 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 investments as of December 31, 2012.

Treasury officials then provided Members with an update on the CPP. Officials discussed the current aggregate status of all repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale

of common stock, and fee income Treasury had received thus far. As part of its ongoing efforts to wind down and recover its remaining CPP investments, Treasury announced in a public release on December 18, 2012, that it intends to commence auctions of CPP securities of 53 financial institutions where the CPP securities represent a large portion of the equity capital or the CPP securities may be in arrears on dividend payments such that they would generally be considered voting securities under banking laws or regulations. Treasury expected to commence auctions of certain of these CPP securities, on or about January 28, 2013.

Using prepared materials, Treasury officials then provided the Members with an update on the credit market programs established under TARP, including the TALF and PPIP. Officials noted that, on January 15, 2013, Treasury and the Federal Reserve announced the credit protection Treasury has provided for the TALF was no longer necessary because the accumulated fees collected through TALF exceed the amount of TALF loans outstanding. The TALF remains a joint Treasury-Federal Reserve program, and the Treasury and Federal Reserve will continue to consult on the administration of the program. Treasury announced that this action amounted to the full repayment with interest of its investment through TALF. Officials then provided an update on the performance of the Public-Private Investment Funds (“PPIFs”) established under the PPIP. Officials noted that, as of December 18, all five of the then-remaining PPIFs had completed their investment periods. Only four PPIFs have not substantially wound down.

Treasury officials then provided Members with an update on the AIFP. Officials noted that, on December 19, Treasury announced that General Motors (“GM”) agreed to purchase 200 million shares of GM common stock from Treasury at \$27.50 per share for total proceeds of \$5.5 billion. Treasury further announced its intention to fully exit its remaining investment in GM within the next 12 to 15 months, in an orderly fashion, subject to market conditions. Consistent with this approach, Treasury announced on January 18 the initiation of a pre-arranged written trading plan for the sales of the remaining GM shares. As part of the discussion of AIFP, officials provided an update on Ally’s sale of its international operations and recent developments in the bankruptcy proceeding of Ally’s non-bank mortgage affiliate, Residential Capital LLC.

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”). Treasury officials noted the results of Treasury’s MHA programs, including the first results of HAMP Tier 2 activity as highlighted in Treasury’s MHA Program Performance Report as of December 2012. As part of this discussion, officials noted Treasury’s continuing outreach and borrower assistance efforts under HAMP, including exploring additional ways to reach potentially eligible borrowers. Officials also discussed the recent extension of the Mortgage Forgiveness Debt Relief Act through 2013. Using prepared materials, officials then provided an update on the HHF. Officials noted that, as of September 30, 2012, HFAs had spent

more than \$740 million in assistance and assisted more than 77,000 homeowners through locally tailored programs. Officials provided an overview of the steps taken by each of the 19 HFAs to establish the program infrastructure needed to operate these programs and the efforts made by the HFAs to meet and exchange their respective experiences with the program.

Officials from the Federal Reserve Board then provided the Members with an overview of the agreement-in-principle announced on January 7, 2013, between the Federal Reserve, the Office of the Comptroller of the Currency and ten servicers participating in the Independent Foreclosure Review (IFR). Officials noted that the agreement would replace the IFR with a broader framework that allows eligible borrowers to receive compensation more quickly. Servicers also will provide loss mitigation and other foreclosure prevention actions under the agreement.

Staff of the Oversight Board then provided Members with an update regarding the Oversight Board’s quarterly report to Congress for the quarter ending September 30, 2012, that will be issued pursuant to section 104(g) of the EESA. Staff discussed, among other things, the timing of the report.

The meeting was adjourned at approximately 3:45 p.m. (EDT).

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary