

Office of Financial Stability

Program Summary

Dollars in Billions

	Cumulative Obligated	Cumulative Disbursed (as of 4/30/17)	Cumulative Outstanding (as of 4/30/17)	Total Cumulative Income (as of 4/30/17)	Total Cash Back (as of 4/30/17)	Total Estimated Lifetime Costs (as of 11/30/16)
Bank Support Programs	250	245	0	36	275	-24
Credit Market Programs	19	19	0	5	24	-3
AIG Investment Program (AIG)	68	68	0	1	55	15 *
Automotive Industry Financing Program	80	80	0	7	71	12
Treasury Housing Programs	38	25			0	33 ***
Total**	\$455	\$437	\$0	\$49	\$425	\$32
Additional AIG Common Shares Held by Treasury	0	0	0	18	18	-18 *
Total for Programs and Shares**	\$455	\$437	\$0	\$66	\$442	\$15

* If all Treasury AIG Investments are combined, it results in a net gain of nearly \$2.4 billion on those shares.

**Totals may not foot due to rounding.

***Making Home Affordable (MHA) and Hardest Hit Fund (HHF) Estimated Lifetime Costs are as of 3/31/17.

Administrative Account Summary

Dollars in Thousands

	FY 2016 Actual	FY 2017 Estimated	FY 2018 Estimated	FY 17 – FY 18 Change	FY 17 – FY 18 %Change
TARP Administrative Account	133,759	106,976	83,080	-23,896	-22.34%
Total Obligations	\$133,759	\$106,976	\$83,080	-\$23,896	-22.34%
FTE	66.5	52.5	42.5	-10	-19.05%

Summary and Explanation of Programs

A central part of the response to the 2008 financial crisis was the implementation of the Troubled Asset Relief Program (TARP), which was established in the fall of 2008 under the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) within the Office of Domestic Finance at the U.S. Department of the Treasury (Treasury). TARP was created to restore the liquidity and stability of the financial system and is administered by the Office of Financial Stability (OFS) established within Treasury. Since late 2010, OFS has focused on carefully winding down TARP's

investment programs, recovering the OFS's outstanding investments, and continuing to implement the various housing programs under TARP. OFS has made significant progress in winding down TARP investment programs and continues to administer housing programs to help struggling families avoid foreclosure. As of April 30, 2017, OFS has recovered more than 97 percent of the \$436.9 billion in total program funds disbursed under TARP, as well as an additional \$17.6 billion from Treasury's equity in AIG. When all of Treasury's AIG investments are included, the

amount recovered is greater than the funds disbursed by \$5.5 billion.

In FY 2018, OFS plans to obligate \$83 million and use 42.5 FTEs, a decrease of almost \$24 million and 10 FTEs from the updated FY

Legislative Proposals

OFS has no legislative proposals for FY 2018.

Description of Performance

Bank Support Programs

Capital Purchase Program (CPP)

OFS created CPP, its largest program, in October 2008. OFS provided a total of \$204.9 billion in capital to 707 institutions in 48 states. During FY 2016, OFS continued to wind down remaining CPP investments through repayments by those institutions that were able to do so and restructuring investments in limited cases. As of April 30, 2017, CPP has generated \$226.7 billion in recoveries for taxpayers with nine institutions remaining in the program for a total of \$191 million in investments outstanding.

Community Development Capital Initiative (CDCI)

OFS created CDCI on February 3, 2010, to provide investments of capital to certified Community Development Financial Institutions banks, thrifts, and credit unions. The initial dividend or interest rate was two percent. To encourage repayment, the dividend rate increases to nine percent after eight years. On August 1, 2016, Treasury, as part of its ongoing effort to wind down TARP, offered participating CDCI institutions an opportunity to repurchase their outstanding securities owned by Treasury at fair value ahead of the dividend rate step-ups set to take place in 2018. OFS invested \$570 million in 84 CDFIs, of which 28 institutions converted \$363 million (including warrants) from CPP to CDCI. As of April 30, 2017, CDCI has generated \$508 million in recoveries for

2017 estimates, to fund the management of the TARP housing programs and the continuing disposition of OFS's remaining investments. The decrease in FTEs and outside contracts reflects the continued wind-down of TARP.

taxpayers with 27 institutions remaining in the program for a total of \$98 million in investments outstanding.

Housing Programs

OFS established several TARP housing programs, assisting millions of homeowners and introducing reforms for the mortgage servicing industry to facilitate mortgage modifications.

Making Home Affordable Program (MHA)

In 2009, OFS launched MHA to help homeowners prevent avoidable foreclosures and strengthen the housing market. The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments. In accordance with provisions of the Consolidated Appropriations Act, 2016 (the Act) (P.L. 114-113), MHA terminated on December 31, 2016, except with respect to certain applications made before such date. As of April 30, 2017, OFS had disbursed \$17.0 billion out of a possible \$27.8 billion under MHA.

Housing Finance Agency (HFA) Hardest Hit (HHF) Fund

HHF was established in 2010 to provide targeted aid to homeowners in states hit hardest by the economic and housing market downturn by providing funding to state HFAs. The \$7.6 billion initiative encompassed 18 states and the District of Columbia. In December 2015, the Act granted Treasury authority to make an additional \$2.0 billion in commitments through the HHF. As of April 30, 2017, OFS had disbursed \$8.1 billion out

of a possible \$9.6 billion under the HFA Hardest Hit Fund.

Federal Housing Administration (FHA) - Short Refinance Program

OFS continues to support the FHA Short Refinance Program, designed to assist borrowers with negative equity. The program has seen limited participation. As such, OFS has reduced the LOC facility supporting this program from \$8.0 billion to \$100 million. On December 31, 2016, the FHA Short Refinance Program ended; therefore, OFS plans to lower the LOC in FY 2017 to the total amount of OFS coverage for the loans in the program. As of November 30, 2016, the revised lifetime cost estimate for the program was \$18 million for outstanding refinanced loans.

Other Programs

Automotive Industry Financing Program (AIFP)

OFS fully wound down AIFP during FY 2015, selling its remaining stake in Ally Financial.

OFS disbursed \$79.7 billion in loans and equity investments to the auto industry through the AIFP. As of April 30, 2017 OFS has collected \$70.5 billion through sales, repayments, dividends, interest, recoveries, and other income. Recoveries from the bankruptcy liquidation of Old Chrysler and Old GM remain possible.

All other TARP programs closed prior to FY 2016, including the Targeted Investment Program, Asset Guarantee Program, Public-Private Investment Program, Term Asset-Backed Securities Loan Facility, Small Business Administration 7(a) Securities Purchase Program, and American International Group, Inc. Investment Program.

For more details, please see the Budgetary Effects of the Troubled Asset Relief Program chapter in the Analytical Perspectives volume of the 2018 Budget.