Office of Financial Stability

Program Summary

Dollars in Billions

	Cumulative Obligated (as of 11/30/2019)	Cumulative Disbursed (as of 11/30/2019)	Cumulative Outstanding (as of 11/30/2019)	Total Cumulative Income (as of 11/30/2019)	Total Cash Back (as of 11/30/2019)	Total Estimated Life Costs (as of 11/30/2019)
Bank Support Programs	250.5	245.1	0.0	35.7	275.6	(24.3)
Credit Market Programs	19.1	19.1	0.0	4.5	23.6	(3.3)
AIG Investment Program (AIG)	67.8	67.8	0.0	1.0	55.3	* 15.2
Automotive Industry Financing Program	79.7	79.7	0.0	7.4	70.6	12.1
Treasury Housing Programs	33.1	30.3			0.0	32.2
Total	**450.2**	**442.0**	**0.1**	**48.6**	**425.1**	**31.9**
Additional AIG Common Shares Held by Treasury	0.0	0.0	0.0	17.6	17.6	* (17.6)
Total for Programs and Shares	**450.2**	**442.0**	**0.1**	**66.2**	**442.7**	**14.3**

*If all Treasury AIG Investments are combined, Treasury currently estimates a net gain of nearly $2.4 billion on those shares.

Administrative Account Summary

Dollars in thousands

	FY 2019	FY 2020	FY 2021	FY 2020 to FY 2021	
	Actual	Estimated	Estimated	Change	% Change
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Obligations					
Tarp Administrative Account	57,743	47,240	42,154	(5,086)	-10.77%
Total Obligations	**$57,743**	**$47,240**	**$42,154**	**($5,086)**	**-10.77%**
FTE	22	16	14	-2	-12.50%

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 it is administered by the Office of Financial Stability (OFS). Since late 2010, OFS has made significant progress in winding down TARP investment programs and in recovering OFS's outstanding investments. OFS's continued wind-down efforts align with Treasury's Strategic Goal to transform government-wide financial stewardship.

OFS continues to operate a housing program to help homeowners prevent avoidable foreclosures. However, in 2016, OFS began the wind-down of the largest TARP housing program, the Marking Home Affordable Program, pursuant to the Consolidated Appropriations Act, 2016. As of November 30, 2019, OFS has recovered more than 96 percent of the $442.0 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 nearly $0.7 billion.

In FY 2021, OFS plans to obligate just over $42 million and use no more than 14 Full-Time Equivalent (FTE) employees, a reduction of over 10 percent and 12 percent respectively, from the current FY 2020 estimates, to fund the management of the TARP housing programs and the continuing disposition of OFS's remaining investments.

Legislative Proposals

Treasury is seeking certain legislative changes related to OFS and TARP to reduce the frequency and necessity of several statutory reporting requirements that were established when TARP was created. OFS continues to wind-down operations and is focused on reducing costs by eliminating duplicative internal operations and increasing its reliance on shared services provided by Departmental Offices (DO) and Fiscal Services. As OFS continues to wind-down, it will become increasingly more efficient to be audited as part of the Treasury-wide financial statement audit under Treasury's Office of the Inspector General (OIG). OFS, like several other Treasury Offices, is substantially cross-serviced by other organizations within Treasury, including the Bureau of the Fiscal Service, the Departmental Offices (DO) Office of Budget and Travel, and the Office of the Deputy Chief Financial Officer. All of these offices are under the purview of the Treasury–wide financial statement audit. As an example, GAO spends a significant amount of resources and time testing OFS's administrative contracts with DO that are audited by Treasury's OIG. Additionally, GAO spends significant time testing the OFS financial reporting process, which is also under scope of the Treasury-wide financial statement audit. OFS estimates that enacting the following legislative proposals would result in $2-4 million in annual savings in contracting costs and GAO reimbursements, and would reduce OFS's workload by two FTEs. The remaining statutory requirements will continue to provide sufficient transparency during the wind-down of TARP.

Replace OFS's stand-alone financial statements audit performed by GAO: Repeal OFS's stand-alone financial statements and the stand-alone financial statements audit performed by GAO (12 USC 5226(b) and (c) (2). Treasury's OIG will audit the financial operations and internal controls of OFS as part of the Treasury-wide audit. Therefore, OFS would be subject to the same audit rigor as DO. This update would be a more efficient use of taxpayer funds and more accurately reflect current materiality and activity of OFS. Additionally, move the following authorities in EESA related to OFS oversight (5226, 5227, and 5233) under the purview of Treasury's OIG.

Sunset the Financial Stability Oversight Board (FinSOB): This interagency group meets monthly and reports quarterly. The group reviews OFS's program formulation and monitors program performance. The need for the board's oversight and reporting has diminished as no new OFS programs are being implemented, all major investments have been disposed, and the housing programs are in wind-down.

Change frequency of the Section 105(a) report ("Congressional Monthly"): This performance report remains generally static from month to month. With most programs having closed, less frequent (quarterly) reporting is warranted.

Eliminate the Administrative Activity Report ("Obligation Report"): This quarterly report provides data on administrative obligations object type and is required under the annual Treasury appropriations bill. OFS has been prudent in the use of administrative funds and has been reducing obligations by approximately 20 percent per year over the last five years.

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 2019, OFS continued to wind down remaining CPP investments. As of November 30, 2019, CPP has generated $226.8 billion in recoveries for taxpayers, with two institutions remaining in the program, for a total of $17 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 (CDFI) banks, thrifts, and credit unions. OFS invested $570 million in 84 CDFIs, of which 28 institutions converted $363 million (including warrants) from CPP to CDCI. As of November 30, 2019, CDCI has generated $587 million in recoveries for taxpayers with four institutions remaining in the program, for a total of $22 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 Act, MHA terminated on December 31, 2016, except with respect to certain applications made before such date. MHA servicers were required to design policies and procedures to reasonably ensure that all MHA transactions were completed by December 1, 2017. As of November 30, 2019, OFS had disbursed $20.8 billion out of a possible $23.5 billion under MHA.

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

Established in 2010 to provide aid to homeowners in states hit hardest by the economic and housing market downturn. The $7.6 billion initiative encompassed 18 states and the District of Columbia (D.C.). In December 2015, the Act granted Treasury authority to make an additional $2.0 billion in commitments through the HHF. As of November 30, 2019, OFS had disbursed $9.4 billion out of a possible $9.6 billion under HHF.

Federal Housing Administration (FHA) - Short Refinance Program

OFS continues to support the FHA Short Refinance Program, which was intended to assist borrowers with negative equity. The program has seen limited participation. As such, OFS has incrementally reduced the LOC Facility supporting this program from an initial $8.0 billion to $27 million in FY 2017, which matches OFS's maximum liability for loans covered by the program as of December 31, 2016, when the program ended for new refinances. As of November 30, 2018, the revised lifetime cost estimate for the program was $14 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 automotive industry through the AIFP. As of November 30, 2019, OFS has collected $70.6 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.