Minutes of the Financial Stability Oversight Board Meeting
May 20, 2013

A meeting of the Financial Stability Oversight Board ("Board") was held at 2:00 p.m. (EST) on Monday, May 20, 2013, via teleconference.

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Lew
Mr. Donovan
Ms. White

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

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

Ms. Uy, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

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

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

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

Ms. Carter, Senior Supervisory Financial Analyst, Federal Reserve Board

Chairperson Bernanke called the meeting to order at approximately 2:00 p.m. (EDT).

The Board considered draft minutes for the meeting of the Board on April 22, 2013, 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 Term Asset-Backed Securities Loan Facility ("TALF"); the 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 provided Members with an update on TARP programs. The estimated lifetime cost for TARP programs as of April 30, 2013, remained unchanged at $47.6 billion, or $30 billion, when adjusted for the proceeds Treasury received from the sale of its additional AIG shares.

Treasury officials then provided the Members with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income. Treasury reported that gross proceeds of $167 million related to CPP investments had been received, including $114.1 million from auctions of outstanding preferred stock and subordinated debt in eight CPP institutions since the last meeting. As of May 20, 2013, Treasury continued to hold $5.6 billion in remaining CPP-related assets. As part of this discussion, Members and officials discussed prospects for additional near-term recoveries under the program.

Treasury officials then provided Members with an update on the AIFP. In April, Treasury completed its first pre-arranged trading plan to sell a portion of its remaining common shares of General Motors (“GM”); since January, this trading plan had yielded receipts of approximately $1.6 billion. Officials noted that in May, Treasury commenced its second pre-arranged written trading plan.

As part of the AIFP discussion, officials also discussed the status of Treasury’s investment in Ally Financial (“Ally”), including recent developments in the bankruptcy proceeding of Ally’s non-bank mortgage affiliate, Residential Capital LLC (ResCap). Ally announced on May 14, 2013, that it had entered into a comprehensive plan support agreement with the ResCap estate and its major creditors to support a Chapter 11 plan. The plan will settle all existing and potential claims between Ally and ResCap and all potential claims held by third parties related to ResCap that could be brought against Ally and subsidiaries that are not Chapter 11 debtors, except for securities claims by the Federal Housing Finance Agency (FHFA) and the Federal Deposit Insurance Corporation (FDIC), as receiver for certain failed banks.

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 Treasury will continue to receive distributions of excess accumulated fees and income earned by TALF LLC.

Officials then provided an update on the performance of the Public-Private Investment Funds (“PPIFs”) established under the PPIP. Officials noted that as of April 30, 2013, Oaktree was the only fund remaining in the program with equity outstanding to Treasury and all debt funding provided by Treasury under PPIP had been repaid. As of April 30, 2013, Treasury had fully recovered its original PPIP investment of $18.6 billion and received a positive return of $3 billion.

Treasury officials then provided an update on the MHA and other related housing initiatives, including HAMP and the Housing Finance Agency ("HFA") Hardest-Hit Fund ("HHF"). The application deadline for MHA is currently December 31, 2013. Treasury officials noted the results of Treasury's MHA programs, including the homeowner assistance actions taken under Home Affordable Modification Program ("HAMP") through March 31, 2013. Treasury officials indicated that they were continuing to assess the public benefit of extending the program period beyond 2013. As part of this discussion, Treasury officials discussed the most recent Office of the Special Inspector General for TARP ("SIGTARP") Quarterly Report to Congress, dated April 2013. Officials provided an overview of the SIGTARP's recommendations related to redefault rates on loan modifications under the Home Affordable Modification Program ("HAMP").

Treasury officials also provided the Members with an update on the HHF initiative. As part of this discussion, officials reviewed the status and funding of the programs to date, and discussed certain revised approaches under consideration by the HFAs participating in HHF. Officials noted that Treasury held its annual summit with HFAs, FHFA, mortgage servicers, and the GSEs earlier in May to discuss best practices in reaching the target population, ways to expand program eligibility, and promising new programs that can effectively utilize HHFs.

Staff of the Oversight Board then provided Members with an update regarding the Oversight Board's quarterly report to Congress for the quarter ending March 31, 2013, which 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 2:20 p.m. (EDT).

____

Jason A. Gonzalez,
General Counsel and Secretary