FINANCIAL STABILITY OVERSIGHT BOARD
QUARTERLY REPORT TO CONGRESS

For the quarter ending
June 30, 2017

Submitted pursuant to section 104(g) of the
Emergency Economic Stabilization Act of 2008

Statutory Members

Janet Yellen
Chair
Board of Governors of the Federal Reserve System

Steven T. Mnuchin
Secretary
Department of the Treasury

Jay Clayton
Chairman
Securities and Exchange Commission

Ben Carson
Secretary
Department of Housing and
Urban Development

Melvin L. Watt
Director
Federal Housing Finance Agency

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I. INTRODUCTION

This quarterly report of the Financial Stability Oversight Board ("Oversight Board"), issued pursuant to section 104(g) of the Emergency Economic Stabilization Act of 2008 ("EESA"), covers the period from April 1, 2017 to June 30, 2017 (the "quarterly period").

The Oversight Board was established by section 104 of the EESA to help oversee the Troubled Asset Relief Program ("TARP") and other emergency authorities and facilities granted to the Secretary of the Treasury ("Secretary") under the EESA. The Oversight Board is composed of the Secretary, the Chairman of the Board of Governors of the Federal Reserve System ("Federal Reserve Board"), the Director of the Federal Housing Finance Agency ("FHFA"), the Chairman of the Securities and Exchange Commission ("SEC"), and the Secretary of the Department of Housing and Urban Development ("HUD"). In accordance with the bylaws of the Oversight Board, each Member has designated an official of the same agency to serve as that Member's Representative on the Oversight Board ("Representative").[1]

Through Oversight Board meetings and other activities, the Oversight Board reviews and monitors the development, implementation, and effect of the policies and programs established under TARP to restore liquidity and stability to the U.S. financial system.

The Oversight Board met three times during the quarterly period, specifically on April 27, May 24, and June 20, 2017. As reflected in the minutes of the Oversight Board's meetings,[2] the Oversight Board regularly receives presentations and briefings from Treasury officials during these meetings to assist the Oversight Board in monitoring the actions taken by the Treasury Department under TARP and the Administration's Financial Stability Plan.

[1] The respective Members named the following Representatives: Mr. David Wilcox, Division Director, Federal Reserve Board; Ms. Monique Rollins, Acting Assistant Secretary for Financial Markets, Department of the Treasury; Mr. Kurt Usowski, Deputy Assistant Secretary, Office of Economic Affairs, Department of Housing and Urban Development; Mr. Bryan Wood, Director, Office of Legislative and Intergovernmental Affairs Securities and Exchange Commission; and Ms. Megan Moore, Special Advisor, Federal Housing Finance Agency.

[2] Approved minutes of the Oversight Board's meetings are available at: http://www.treasury.gov/initiatives/financial-stability/about-tarp/finsob/Pages/minutes-reports.aspx.

II. THE EFFECTS AND COSTS OF EESA PROGRAMS

As discussed further below, TARP housing-sector programs have continued to provide thousands of new assistance actions each month, and, through the Hardest Hit Fund ("HHF"), will provide assistance to additional mortgage borrowers going forward. On December 30, 2016, in accordance with the Consolidated Appropriations Act, 2016, the Making Home Affordable ("MHA") Program closed to new applications. Applications submitted before the deadline will continue to be evaluated and servicers may continue to offer Home Affordable Modification Program ("HAMP") trials in accordance with program guidelines.

In December, 2015, Congress passed the Consolidated Appropriations Act, 2016 ("the Act"), which amended EESA as it relates to the HHF. The Act gave the Secretary of the Treasury until December 31, 2017 to commit up to $2 billion in additional TARP funds to current HHF program participants. On February 19, 2016, Treasury announced that it would exercise its authority to obligate up to $2 billion in additional TARP funds to the HHF, as authorized by the Act. Treasury allocated the funds among participating HFAs in two phases of $1 billion each, and extended the date by which states would be required to utilize their HHF funds to December 31, 2020. The Act also provided that the MHA Program would terminate on December 30, 2016.

Repayments and recoupments of financial sector investments have brought the remaining outstanding balances of TARP investment programs to only a small fraction of their peak levels. The Capital Purchase Program ("CPP") and the Community Development Capital Initiative ("CDCI") remain the only TARP financial-sector programs that still have outstanding balances. Accordingly, the Oversight Board evaluation of the effects of Treasury's financial-sector programs under TARP focuses on Treasury's administration of the financial-sector assets Treasury still owns, emphasizing the management of these assets toward exit strategies that protect taxpayers rather than the connection of these assets to overall conditions in financial markets. Evaluations of such efforts are integrated with broader discussion of investment program developments in section III.

a. Performance of past TARP mortgage borrower assistance actions

Data reported by Treasury during the quarter indicated that, through the end of March, some 35.3 percent of all HAMP Tier 1 and Tier 2 permanent modifications had re-defaulted, that is, were disqualified for missing three or more payments.[3] Delinquency data across standardized intervals, a more conventional metric for assessing payment performance, continued the upward trends evident in recent quarters. For HAMP Tier 1 loan modifications made permanent in the first quarter of 2016, some 16.0 percent had become delinquent by 60 or more days within 12 months after the

[3] Comparing cumulative re-defaults to the cumulative number of permanent modifications provides a single rough indication of portfolio-wide re-default frequency. The cost of this simplicity is that the single re-default metric does not take account of analytically useful distinctions within the portfolio of permanent modifications, for example, the different periods of time that have passed since the modifications were put into place. A more detailed analysis of delinquency patterns in HAMP permanent modifications is available in the most recent MHA Performance Report, available at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Making-Home-Affordable-Program-Performance-Report.aspx. Summary data on MHA programs are also being reported on a monthly basis in Treasury's Monthly Report to Congress (also known as the "105(a) report").

modification. This is higher than the 15.8 percent delinquency rate at the same time horizon for the fourth quarter 2015 cohort, and the 14.1 percent rate for the first quarter 2015 cohort. For HAMP Tier 1 loan modifications made permanent in the first quarter of 2015, some 22.4 percent had become delinquent by 60 or more days 24 months after the modification, also higher than other recent cohorts at the same time horizon. Similarly, 36 months after becoming permanent, HAMP Tier 1 loan modifications made during the first quarter of 2014 experienced a serious delinquency rate of 25.1 percent using the 60-day standard. Delinquency rates reported by Treasury for HAMP Tier 1 permanent modifications over time horizons beyond three years continued to be at or near the lowest levels of any quarterly origination cohort at a comparable point in time.

Comparative delinquency data on HAMP Tier 1 and HAMP Tier 2 modifications highlight the clear and persistent differences in the level of performance between these modification types. Data reported during the quarter indicated that 22.9 percent of HAMP Tier 2 modifications made permanent in the first quarter of 2016 had become delinquent by 60 days or more within 12 months of receiving a modification. Overall, serious delinquencies for HAMP Tier 2 modifications have been systematically and materially higher than those for HAMP Tier 1.

b. Projected Cost of TARP Programs

Treasury provides updated cost assessments for TARP programs four times per year and prepares financial statements for TARP on an annual basis in the Agency Financial Report. The most recent lifetime cost estimates of TARP that were available during the reporting period were as of March 31, 2017 (figure 1). According to these estimates, the expected overall cost of TARP will be approximately $32.35 billion. Using the same assumptions, Treasury also estimated that the combined overall cost of TARP and other Treasury interests in AIG will be approximately $14.80 billion.

The ultimate cost of TARP remains uncertain and will depend on how financial markets and the economy perform in the future. The individual TARP program costs have also been updated as of March 31, 2017 (figure 1).

Figure 1

Treasury Estimates of the Impact of TARP Programs and Other Treasury Investment in AIG on the Federal Budget

Programs as of June 30, 2017 (dollar amounts in billions)	Obligation/ Commitment	Disbursed as of June 30	Outstanding Investment Balance as of June 30	Estimated Lifetime Cost as of March 31[1]
Bank Support Programs:				
Capital Purchase Program (CPP):				
Citigroup	$ 25.00	$ 25.00	$ -	$ (6.89)
Other banks with assets $10 billion or greater	165.33	165.33	-	(10.24)
Banks with assets less than $10 billion[2]	14.57	14.57	0.06	0.81
Total	$ 204.89	$ 204.89	$ 0.06	$ (16.32)
Targeted Investment Program (TIP)	$ 40.00	$ 40.00	$ -	$ (4.00)
Asset Guarantee Program (AGP)[3]	$ 5.00	$ 0.00	$ -	$ (4.00)
Community Development Capital Initiative (CDCI)	$ 0.57	$ 0.57	$ 0.09	$ 0.07
Credit Market Programs:				
Public-Private Investment Program (PPIP):				
Equity	$ 6.25	$ 6.25	$ -	$ (3.06)
Debt	12.38	12.38	-	$ 0.33
Total	$ 18.63	$ 18.63	$ -	$ (2.73)
Term Asset Backed Securities Lending Facility (TALF)	$ 0.10	$ 0.10	$ -	$ (0.61)
Purchase SBA 7(a) Securities (SBA)	$ 0.37	$ 0.37	$ -	$ (0.00)
Other Programs:				
American International Group (AIG):				
Preferred Stock	$ 20.29	$ 20.29	$ -	$ -
Common Stock	47.54	47.54	-	15.18
Total	$ 67.84	$ 67.84	$ -	$ 15.18
Automotive Industry Financing Program (AIFP)	$ 79.69	$ 79.69	$ -	$ 12.16
Sub-total for Investment Programs	**$ 417.09**	**$ 411.72**	**$ 0.16**	**$ (0.25)**
Making Home Affordable	$ 27.78	$ 17.44	n/a	$ 22.98
Hardest Hit Fund[4]	$ 9.60	8.18	n/a	9.60
FHA-Refinance[5]	$ 0.13	0.02	n/a	0.02
Sub-total for Housing Programs	**$ 37.51**	**$ 25.63**	**n/a**	**$ 32.60**
Total for TARP Programs	**$ 454.59**	**$ 437.36**	**$ 0.16**	**$ 32.35**
Additional AIG Common Shares Held by Treasury[6]	n/a	n/a	n/a	$ (17.55)
Total for TARP Programs and Additional AIG Shares	**$ 454.59**	**$ 437.36**	**$ 0.16**	**$ 14.80**

Notes:

[1] Estimated lifetime cost figures for investment programs and FHA-Refinance are as of March 31, 2017. Figures include interest on reestimates. Lifetime cost information for Making Home Affordable and Hardest Hit Fund reflect the cost estimates based on actual and projected volume as of March 31, 2017.

[2] The law creating the Small Business Lending Fund ("SBLF") provided that banks could refinance securities issued under the CPP and CDCI programs with securities issued under the SBLF. A total of 137 CPP banks refinanced under the SBLF, resulting in repayments of $2.21 billion in CPP investments.

[3] Estimated lifetime costs for AGP includes $276 million for the termination fee Bank of America paid Treasury-OFS for the value received from the announcement of the negotiations on the guarantee and share losses on a pool of assets.

[4] In December, 2015, Congress passed the Consolidated Appropriations Act, 2016, which gave the Secretary of the Treasury the authority to commit up to $2 billion in additional TARP funds to current HHF program participants. The additional $2 billion was obligated by Treasury as of June 2016 and is included in the total amount obligated for HHF.

[5] In March 2015, Treasury extended the letter of credit facility to provide coverage for loans refinanced throughout the eligibility period, which has been extended to December 2016, but reduced the amount from $1 billion to $100 million. Treasury believes this lower amount will be sufficient to accommodate any increased usage that could result through the close of the program. The figures in this line include administrative expenses associated with the letter of credit facility.

[6] As discussed in note 10 to the Monthly TARP Update, Treasury's investment in AIG common shares consisted of shares acquired in exchange for preferred stock purchased with TARP funds ("TARP shares") and shares received from the trust created by the FRBNY for the benefit of Treasury as a result of its loan to AIG ("non-TARP shares"). Treasury managed the TARP shares and non-TARP shares together, and disposed of them pro-rata in proportion to its holdings. Only the TARP shares are included under "Other Programs—AIG" and the lifetime cost estimate shows a loss based on Treasury's cost basis in the TARP shares alone. However, a gain is shown for the non-TARP shares on the line entitled "Additional AIG Common Shares Held by Treasury" because Treasury's cost basis in such shares was deemed to be zero. When the TARP shares and non-TARP shares are considered together, Treasury's cost on a cash basis was $28.73 per share. TARP estimates include financing costs (borrowing) from the time of initial investment through the close of the program.

III. DISCUSSION OF THE ACTIONS TAKEN BY TREASURY UNDER THE EESA DURING THE QUARTERLY PERIOD

This section provides a detailed update on the various programs, policies, financial commitments, and administrative actions taken by Treasury under EESA during the quarterly period, from April 1 to June 30, 2017, subject to review and oversight of the Oversight Board.

a. Capital and Guarantee Programs for Financial Institutions

i. Update on the Capital Purchase Program ("CPP")

As of June 30, 2017, 8 institutions remained in the CPP program with total outstanding CPP obligations of $63.53 million. As of that date, Treasury had received approximately $207.72 billion in gross proceeds from repayments and auction sales under the CPP, exceeding the $204.89 billion in total funds initially disbursed.[4]

These repayments and auction sales, along with dividends, interest, warrant sales, and fee income from participating bank organizations brought the total cash received from the CPP to $226.7 billion.

During the quarterly period, Treasury sold its investments in two institutions (one partial and one full) for total proceeds of approximately $61.2 million. Also, during the same period, one institution fully redeemed its CPP investment for $1.6 million.

One institution participating in the CPP program filed for bankruptcy during the quarterly period. A total of 33 CPP recipients have been placed in receivership or bankruptcy since the inception of the program (figure 2), of which 13 have exited the respective process.

[4] This amount received includes all proceeds received as of June 30, 2017 from CPP participants, including sales of common and preferred shares; institutions that refinanced to the SBLF; and exchanges out of the CPP into the CDCI.

Figure 2

CPP Investments in Bankruptcy or with Banking Subsidiary in Receivership (cumulative since 2008)

CPP Institutions Entered into Bankruptcy/Receivership - Realized Loss/Write-Off		
Institution Name	**Bankruptcy/ Receivership**	**Realized Loss/ Write-Off**
CIT Group Inc.*	11/1/2009	$ 2,330,000,000.00
UCBH Holdings, Inc.	11/6/2009	$ 298,737,000.00
Pacific Coast National Bancorp*	11/13/2009	$ 4,120,000.00
Midwest Banc Holdings, Inc.*	5/14/2010	$ 84,784,000.00
Sonoma Valley Bancorp	8/20/2010	$ 8,653,000.00
Pierce County Bancorp	11/5/2010	$ 6,800,000.00
Tifton Banking Company*	11/12/2010	$ 3,800,000.00
Legacy Bancorp, Inc.	3/11/2011	$ 5,498,000.00
Superior Bancorp Inc.	4/15/2011	$ 69,000,000.00
FPB Bancorp Inc.	7/15/2011	$ 5,800,000.00
One Georgia Bank*	7/15/2011	$ 5,500,000.00
Integra Bank Corporation	7/29/2011	$ 83,586,000.00
Citizens Bancorp	9/23/2011	$ 10,400,000.00
CB Holding Corp.	10/14/2011	$ 4,114,000.00
Tennessee Commerce Bancorp, Inc.	1/27/2012	$ 30,000,000.00
Blue River Bancshares, Inc.	2/10/2012	$ 5,000,000.00
Fort Lee Federal Savings Bank*	4/20/2012	$ 1,300,000.00
Gregg Bancshares, Inc.	7/13/2012	$ 825,000.00
GulfSouth Private Bank*	10/19/2012	$ 7,500,000.00
Investors Financial Corporation of Pettis County, Inc.	10/19/2012	$ 4,000,000.00
First Place Financial Corporation*	10/29/2012	$ 72,927,000.00
Princeton National Bancorp	11/2/2012	$ 25,083,000.00
Premier Bank Holding Company*	8/14/2012	$ 9,500,000.00
Gold Canyon Bank*	4/5/2013	$ 1,607,000.00
Indiana Bank Corp.*	4/9/2013	$ 1,312,000.00
Rogers Bancshares, Inc.	7/5/2013	$ 25,000,000.00
Anchor Bancorp Wisconsin, Inc.*	8/12/2013	$ 104,000,000.00
TCB Holding Company	12/13/2013	$ 11,730,000.00
Syringa Bancorp	1/31/2014	$ 8,000,000.00
Idaho Bancorp*	4/24/2014	$ 6,900,000.00
Rising Sun Bancorp	10/17/2014	$ 5,983,000.00
Western Community Bancshares, Inc.	11/7/2014	$ 7,290,000.00
Cecil Bancorp, Inc.	6/30/2017	$ 11,560,000.00
*Institution has exited the bankruptcy/receivership process		

ii. Update on the Community Development Capital Initiative ("CDCI")

During the reporting period, one institution repurchased its outstanding investments at par for a total of $4.2 million. As of June 30, 2017, 26 CDCI institutions remained in the program for a total outstanding investment of $94.1 million.

b. Housing Stabilization and Foreclosure Mitigation

During the quarterly period, a quarterly MHA Program Performance Report was released covering program activity during the period January 2017 through March 2017, including a quarterly MHA Servicer Assessment for the same period.[5] A Performance Summary for HHF was also released covering the first quarter of 2017.[6] In addition, housing market indicator reports on the health of the nation's housing market produced by HUD were released for each month of the quarter.[7]

i. MHA

MHA programs provide assistance actions through first and second lien permanent modifications under HAMP, Treasury FHA HAMP, RD-HAMP (administered by the Rural Development Division of the Department of Agriculture), 2MP, and other assistance provided through HAFA transactions and Home Affordable Unemployment Program ("UP") forbearance plans (figure 3). For some programs, assistance includes that provided by the Government Sponsored Enterprises ("GSEs").

On December 30, 2016, in accordance with the Consolidated Appropriations Act, 2016, the MHA Program closed to new applications. Applications submitted before the deadline will continue to be evaluated and servicers may continue to offer HAMP trials in accordance with program guidelines.

Figure 3

MHA Program Activity

	As of March 31, 2017	**Q1 2017**
MHA First Lien Permanent Modifications Started	2,201,420	42,709
HAMP Tier 1	1,465,231	6,708
HAMP Tier 2	207,676	10,647
Streamline HAMP	37,900	10,340
GSE Standard Modifications (SAI)	354,266	10,273
Treasury FHA and RD HAMP	136,347	4,741
2MP Modifications Started	164,214	1,074
HAFA Transactions Completed	461,846	8,244
UP Forbearance Plans Started	46,485	-
Cumulative Activity	2,873,965	52,027

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[5] The MHA Program Performance Report includes data on the characteristics of permanent modifications, servicer activity, re-default rates, homeowner experience, HAMP activity by state.

[6] HHF Performance Summaries are available at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/HHF.aspx

[7] The National Housing Market Indicator Report incorporates key housing market statistics from government and private sector sources and is available at: https://www.huduser.gov/portal/ushmc/hmi-update.html

Notes:

- First lien permanent modifications include GSE Standard Modifications since October 2011 under the GSEs' Servicer Alignment Initiative.
- As part of HUD's program, FHA-HAMP, TARP funds are used to pay borrower and servicer incentives on a portion of these loans that qualify for Treasury FHA-HAMP. In addition to any standards imposed by FHA, to be eligible for incentives paid through TARP, the MHA Handbook for Non-GSE Servicers ("Handbook") requires that: (1) the servicer of the loan must have signed a Servicer Participation Agreement and related documents; (2) the loan must have been originated on or before January 1, 2009; (3) the written request for assistance must have been received on or before December 31, 2016; and (4) the permanent modification must be effective on or before September 30, 2017. Further information (including references to applicable Mortgagee Letters) is available in Section 2.1 of Chapter VI of the Handbook, available at: https://www.hmpadmin.com/portal/programs/docs/hamp_servicer/mhahandbook_43.pdf
- HAFA totals include GSE and non-GSE activity.

A total of $27.78 billion has been committed to MHA. As of June 30, 2017, Treasury had disbursed $17.44 billion in incentive payments for MHA, $0.61 billion of which was disbursed during the second quarter of 2017.[8] Based on all MHA activity in place as of March 31, 2017, Treasury estimated that $23.85 billion in incentive payments would ultimately be disbursed in association with all MHA assistance actions if all active modifications were to remain current and receive incentives for six years. This estimate does not include funds to support additional borrower assistance actions initiated under existing MHA programs from the end of the quarterly period through the remaining active life of MHA programs, which terminated on December 30, 2016, except with respect to certain loan modification applications made prior to that date.

a. HAMP

Through March 2017, more than 1.7 million HAMP permanent modifications had been completed since the start of the program. As of March 31, 2017, homeowners that received HAMP permanent modifications saved approximately $470 per month (median savings), representing a reduction of more than one third from their before-modification mortgage payment. Since HAMP began, homeowners who received permanent modifications had saved an estimated $50 billion in monthly mortgage payments. During the period January to March 2017, nearly 27,700 new HAMP permanent modifications were initiated, as reported in Treasury's Making Home Affordable Program Performance Report.[9] An additional 17,250 new HAMP trial period

[8] Treasury's Transactions Reports (Housing), available at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Housing-Transaction-Reports.aspx, show the adjusted cap amounts for each servicer, and the total disbursements to each servicer with respect to non-GSE loans. Incentive payments for GSE loans are borne by the GSEs and not Treasury.

[9] Treasury's Quarterly Making Home Affordable Program Performance Reports are available at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Making-Home-Affordable-Program-Performance-Report.aspx

plans were reported during that same period. As of March 31, 2017, servicers reported 37,900 Streamline HAMP permanent modifications and 59,035 trial modifications started.

b. HAMP Rate Step-ups

The HAMP Tier 1 modification was designed to provide relief to homeowners facing a financial hardship by providing a modification that would reduce their monthly mortgage payment to an affordable level. The interest rate is reduced in increments to achieve the target 31 percent debt-to-income ("DTI") with an interest rate floor of 2 percent. After five years, the interest rate may begin to increase 1 percent per year (or less) until the Primary Mortgage Market Survey (PMMS) rate at time of modification is reached (PMMS averaged 5.04 percent in 2009, 4.17 percent in 2014, and 3.65 percent in 2016), at which time the interest rate will be fixed for the remaining loan term.

The first interest rate increase went into effect in the third quarter of 2014 for the earliest group of HAMP modifications. Treasury is monitoring these cohorts closely for signs or trends that re-defaults are increasing as borrowers experience interest rate step-ups. As of March 2017, thirty-three vintages have experienced one interest rate step-up, and twenty-one vintages have experienced a second step-up. At this stage, there does not appear to be a notable performance impact for the modifications that have experienced step-ups.

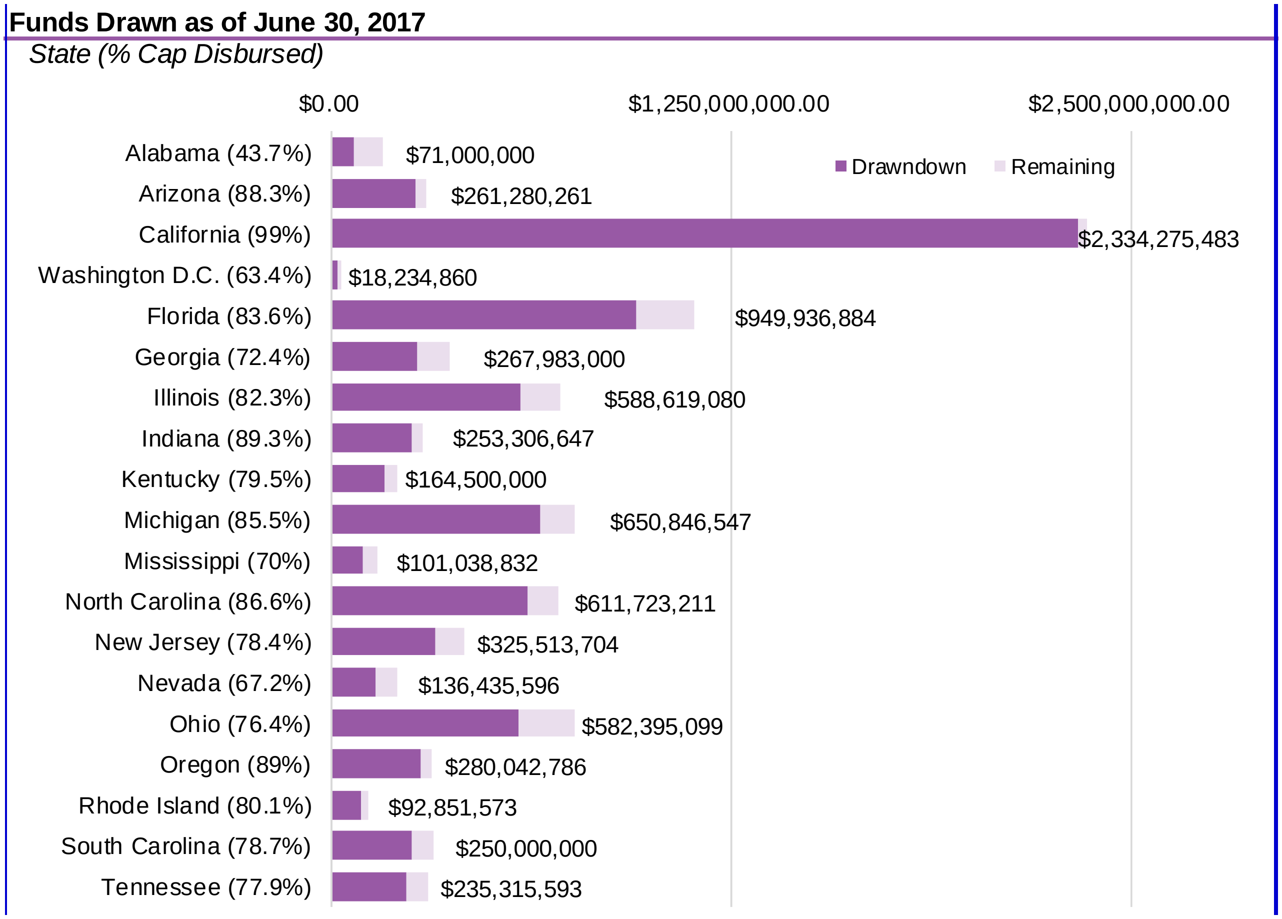
ii. HHF

As of June 30, 2017, all 18 states and the District of Columbia were operating HHF programs throughout their respective jurisdictions, and collectively had drawn approximately $8.2 billion (approximately 85 percent) of the $9.60 billion allocated under the program. Each of these eligible jurisdictions draws down funds as they are needed. The jurisdictions have until December 31, 2020, to approve assistance actions and must have no more than five percent of their allocation on hand before they can draw down additional funds.

As of June 30, 2017, there were 88 active programs across the 19 HHF jurisdictions. Program data has indicated over 80 percent of homeowners approved for HHF mortgage payment and reinstatement programs have received assistance due to a hardship related to either unemployment or underemployment. During the quarter, Treasury approved program changes for Arizona, Ohio, Rhode Island, California, Florida, Nevada, and Oregon. Program changes are outlined each month in the Monthly Report to Congress. As of June 30, all of the 19 HFAs were fully operating new or existing programs. Treasury continued its efforts to identify best practices, share lessons learned among programs and provide additional assistance and oversight to HFAs in need of improvement.

Figure 4

Hardest Hit Fund as of June 30, 2017



APPENDIX A

Minutes of the Financial Stability Oversight Board Meetings
During the Quarterly Period

Minutes of the Financial Stability Oversight Board Meeting
April 27, 2017

A meeting of the Financial Stability Oversight Board (the "Board") was held at 3:00 p.m. EDT on Thursday, April 27, 2017, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

Mr. Wilcox, Division Director, Federal Reserve Board (Chairperson)

Ms. Rollins, Acting Assistant Secretary for Financial Markets, Department of the Treasury

Mr. Usowski, Deputy Assistant Secretary, Office of Economic Affairs, Department of Housing and Urban Development

Ms. Moore, Special Advisor, Federal Housing Finance Agency

Ms. Klima, Co-Chief of Staff, Securities and Exchange Commission

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Rasetti, Chief Financial Officer, Office of Financial Stability, Department of the Treasury

Mr. Montano, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Ms. Johnson-Kutch, Director of Policy and Programs, Office of Financial Stability, Department of the Treasury

Ms. Perkovich, Budget Director, Office of Financial Stability, Department of the Treasury

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

The meeting was called to order by Mr. Wilcox at approximately 3:00 p.m. EDT

First, the Representatives reviewed draft minutes for the meeting of the Board on Thursday, March 30, 2017, which had been circulated in advance of the meeting. Upon a motion duly made and seconded, the Representatives voted to approve the minutes of the meeting, subject to such technical revisions as may be received from the Representatives.

Next, Treasury officials provided the Representatives with 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 Community Development Capital Initiative ("CDCI"); and the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives. Among the materials distributed in advance of the meeting was the latest monthly report issued by Treasury under Section 105(a) of the Emergency Economic Stabilization Act ("Monthly Report"), which contained information concerning the programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP.

Throughout the meeting, Representatives raised and discussed issues related to the policies and programs established under TARP.

Using prepared materials, Treasury officials provided Representatives with a report on recent developments in the TARP program.

As of March 31, 2017, Treasury had disbursed a total of nearly $435.9 billion, including approximately $411.7 billion under TARP investment programs and nearly $24.2 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were more than $442.4 billion.

Next, Treasury officials provided the Representatives with an update on recent developments in the CPP. Since the March 30, 2017, meeting of the Representatives, California International Bank, N.A. / Saigon National Bank repurchased its CPP preferred shares in full at par value for approximately $1.6 million. As of the meeting date, Treasury's aggregate remaining CPP investment was approximately $191.2 million in nine institutions.

Treasury officials next reported on CDCI program status. Officials reported that there had been no activity since the end of the month. As of the meeting date, 27 institutions remained in the portfolio, totaling approximately $98 million.

Treasury officials next provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Treasury officials reported that as of February 28, 2017, there had been more than 2.8 million total MHA homeowner assistance actions, including nearly 1.5 million total HAMP Tier 1 modifications, more than 0.2 million total HAMP Tier 2 modifications, and nearly 35,000 total streamline HAMP modifications. Also of February 28, 2017, more than 28,000 total active trial HAMP modifications and more than 958,000 active permanent HAMP modifications (including HAMP Tier 1, Tier 2 and Streamline HAMP modifications) were in place.

Officials then discussed recent borrower assistance actions under HAMP, noting that in the month of February 2017, more than 2,000 new permanent HAMP Tier 1 modifications and more than 3,000 new permanent HAMP Tier 2 modifications were initiated. Also, servicers reported that more than 3,000 new permanent Streamline HAMP modifications had begun in March 2017, and more than 59,000 Streamline HAMP trial offers had been started and nearly 7,000 trials were active.

Treasury officials then discussed recent changes to the HHF programs. As of February 28, 2017, HFAs had disbursed approximately $6.0 billion in program funds ($6.8 billion in total program and administrative funds), and HFAs had drawn down approximately $7.3 billion in program funds. In the month of March, 2017, program changes occurred in Georgia, New Jersey and South Carolina.

Finally, staff of the Oversight Board discussed the timing of the next quarterly report and activities of the Oversight Board for the coming months.

The meeting was adjourned at approximately 3:25 p.m. EDT.

[signed electronically]

Mr. Gonzalez, General Counsel
and Secretary

Minutes of the Financial Stability Oversight Board Meeting
May 24, 2017

A meeting of the Financial Stability Oversight Board (the "Board") was held at 3:00 p.m. EDT on Wednesday, May 24, 2017, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

Mr. Wilcox, Division Director, Federal Reserve Board (Chairperson)

Mr. Usowski, Deputy Assistant Secretary, Office of Economic Affairs, Department of Housing and Urban Development

Ms. Moore, Special Advisor, Federal Housing Finance Agency

Ms. Klima, Chief Counsel, Securities and Exchange Commission

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Rasetti, Chief Financial Officer, Office of Financial Stability, Department of the Treasury

Mr. Hall, Investment Manager, Office of Financial Stability, Department of the Treasury

Ms. Johnson-Kutch, Director of Policy and Programs, Office of Financial Stability, Department of the Treasury

Ms. Perkovich, Budget Director, Office of Financial Stability, Department of the Treasury

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

The meeting was called to order by Mr. Wilcox at approximately 3:00 p.m. EDT

The Representatives first reviewed draft minutes for the meeting of the Board on Thursday, April 27, 2017, which had been circulated in advance of the meeting. Upon a motion duly made and seconded, the Representatives voted to approve the minutes of the meeting, subject to such technical revisions as may be received from the Representatives.

Treasury officials next provided the Representatives with an update on the programs established by Treasury under the Troubled Asset Relief Program ("TARP"). The meeting discussion focused on the Capital Purchase Program ("CPP"); the Community Development Capital Initiative ("CDCI"); and the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives. Included in the materials distributed in advance of the meeting was the latest monthly report issued by Treasury under Section 105(a) of the Emergency Economic

Stabilization Act ("Monthly Report"), which contained information concerning the programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP.

During the meeting, Representatives raised and discussed issues related to the policies and programs established under TARP.

Next, Treasury officials provided Representatives with a report on recent developments in the TARP program, using prepared materials.

As of April 30, 2017, Treasury had disbursed a total of nearly $436.9 billion, including approximately $411.7 billion under TARP investment programs and nearly $25.2 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were more than $442.4 billion.

Treasury officials next provided the Representatives with an update on recent developments in the CPP. Since the April 27, 2017, meeting of the Representatives, Treasury sold its remaining common shares in First BanCorp for approximately $57.7 million. In total, approximately $226.7 billion has been collected from institutions in the CPP portfolio, with eight institutions remaining.

Next, Treasury officials reported on CDCI program status. Officials noted that there had been no activity since the end of the previous month, leaving 27 institutions in the portfolio, with a total invested amount of approximately $98.3 million.

Treasury officials next provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Treasury officials reported that as of April 30, 2017, there had been more than 2.8 million total MHA homeowner assistance actions, including nearly 1.5 million HAMP Tier 1 modifications, more than 200,000 total HAMP Tier 2 modifications, and more than 40,000 Streamline HAMP modifications. Also of April 30, 2017, more than 15,000 active trial HAMP modifications were in place, as well as nearly 953,000 active permanent HAMP modifications (including HAMP Tier 1, Tier 2 and Streamline HAMP modifications).

Officials then discussed recent borrower assistance actions under HAMP. Officials noted that servicers reported nearly 2,300 new permanent Streamline HAMP modifications had begun in April 2017, more than 60,000 Streamline HAMP trial offers had been started cumulatively and more than 4,900 trials were active.

Treasury officials then discussed recent changes to the HHF programs. As of April 30, 2017, Housing Finance Agencies had disbursed approximately $6.2 billion in program funds ($6.9 billion in total program and administrative funds), and drawn down more than $8.1 billion in program funds. In the month of April, 2017, program changes were approved for Arizona, Ohio and Rhode Island.

Finally, staff of the Oversight Board discussed the timing and format of the next quarterly report, as well as activities of the

Oversight Board for the coming months.

The meeting was adjourned at approximately 3:20 p.m. EDT.

[signed electronically]
Mr. Gonzalez, General Counsel
and Secretary

Minutes of the Financial Stability Oversight Board Meeting
June 20, 2017

A meeting of the Financial Stability Oversight Board (the "Board") was held at 3:00 p.m. (EDT) on Tuesday, June 20, 2017, at the offices of the Department of the Treasury ("Treasury").

MEMBER REPRESENTATIVES PARTICIPATING:

Mr. Wilcox, Division Director, Federal Reserve Board (Chairperson)

Ms. Moore, Special Advisor, Federal Housing Finance Agency

Ms. Klima, Chief Counsel, Securities and Exchange Commission

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Rasetti, Chief Financial Officer, Office of Financial Stability, Department of the Treasury

Mr. Montano, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Ms. Johnson-Kutch, Director of Policy and Programs, Office of Financial Stability, Department of the Treasury

Ms. Perkovich, Budget Director, Office of Financial Stability, Department of the Treasury

Mr. Leventis, Principal Economist, Federal Housing Finance Agency

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

The meeting was called to order by Mr. Wilcox at approximately 3:00 p.m. (EDT).

The Representatives reviewed draft minutes for the meeting of the Board on Wednesday, May 24, 2017, which had been circulated in advance of the meeting. The Representatives voted to approve the minutes of the meeting upon a motion duly made and seconded, subject to any future technical revisions as may be received from the Representatives.

Next, Treasury officials updated the Representatives on the status of programs established by Treasury under the Troubled Asset Relief Program ("TARP"). The discussion focused on the Capital Purchase Program ("CPP"); the Community Development Capital Initiative ("CDCI"); and the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives. The latest monthly report issued by Treasury under Section 105(a) of the Emergency Economic Stabilization Act ("Monthly Report"), had been included in the materials distributed in advance of the meeting. The report contained information concerning the programs established by Treasury under TARP and aggregate information regarding allocated and disbursed amounts under TARP. Throughout the meeting, the Representatives raised and discussed issues related to policies and programs established under TARP.

Treasury officials next provided the Representatives with a report on recent developments in the TARP program, using prepared materials. As of May 31, 2017, Treasury had disbursed a total of nearly $437.1 billion, which was $211 million more than the total dispersed at the prior month's end. The $437.1 billion dispersed included approximately $411.7 billion under TARP investment programs and more than $25.4 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were about $442.5 billion.

Next, Treasury officials provided the Representatives with an update on the status of the eight institutions in the CPP portfolio. There were no changes to the number of institutions in the CPP portfolio during May.

Treasury officials next reported on CDCI program status. In the month of May, Treasury completed a repurchase of one institution for more than $4.2 million. Giving effect to that transaction, 26 institutions remained in the portfolio, for a total invested amount of approximately $94 million. During this discussion, Treasury officials, using prepared materials, summarized the historical awards received by these 26 institutions between 2010 and 2016 under several CDFI grant programs proposed for elimination in the Administration's FY2018 budget proposal. Treasury officials indicated that it would require additional individualized analysis to assess the potential effects on the 26 CDCI institutions should these eliminations be adopted as proposed.

Treasury officials provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Treasury officials reported that as of April 30, 2017, there had been nearly 2.9 million total MHA homeowner assistance actions, including nearly 1.5 million HAMP Tier 1 modifications, more than 200,000 total HAMP Tier 2 modifications, and more than 40,000 Streamline HAMP modifications. Also of April 30, 2017, more than 15,000 active trial HAMP modifications were in place, as well as nearly 953,000 active permanent HAMP modifications (including HAMP Tier 1, Tier 2 and Streamline HAMP modifications).

Treasury officials indicated that early data on the volume of recent borrower assistance actions under HAMP appeared to suggest a significant decline could take place during May, due to the diminished remaining pipeline of new HAMP applications received before MHA's year-end 2017 program deadline.

Treasury officials then discussed recent changes to the HHF programs. As of May 31, 2017, Housing Finance Agencies had disbursed approximately $6.2 billion in program funds ($7.0 billion in total program and administrative funds), and drawn down nearly $8.2 billion in program funds. In the month of May, 2017, program changes were approved for California, Florida, Nevada and Oregon.

Representatives and officials then engaged in a roundtable discussion regarding the state of the current housing markets and the ability of the programs established under TARP to provide support to the housing market and assist at-risk mortgage borrowers. During that discussion, officials from the Federal Housing Finance Agency ("FHFA") briefed members on developments in the housing and finance markets. FHFA officials presented data illustrating trends and changes in mortgage rates and Treasury yields, housing price indices, home sales and refinancing activities. Further, FHFA officials presented data related to delinquencies, GSE foreclosure prevention actions, and re-defaults on GSE-modified mortgages.

Finally, staff of the Oversight Board discussed the timing and format of the next quarterly report, as well as the activities of the Oversight Board in the coming months.

The meeting was adjourned at approximately 3:40 p.m. (EDT).

[signed electronically]

Mr. Gonzalez, General Counsel
and Secretary