FINANCIAL STABILITY OVERSIGHT BOARD
QUARTERLY REPORT TO CONGRESS

For the quarter ending
June 30, 2016

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

<u>Statutory Members</u>

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Board of Governors of the Federal Reserve System

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Department of the Treasury

Mary Jo White
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Securities and Exchange Commission

Julián Castro
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Department of Housing and
Urban Development

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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, 2016 to June 30, 2016 (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 29, May 24, and June 22, 2016. 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; Mr. Daleep Singh, Acting Assistant Secretary for Financial Markets, Department of Treasury; Mr. Richard Green, Senior Advisor, Office of Housing, Department of Housing and Urban Development; Mr. Michael Liftik, Deputy Chief of Staff, 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

In past quarterly reports, the Oversight Board has indicated that financial-market shocks from the crisis have been lessened by Treasury's actions under EESA, that TARP and other government programs have contributed to preventing the adverse effects of the crisis from becoming significantly more severe, and that the accumulated effects of Treasury's actions under TARP continued to contribute significantly and positively to conditions in many financial markets during subsequent quarters.

In past quarterly reports the Oversight Board has indicated that actions taken by the Treasury under TARP, together with Treasury actions taken under the Housing and Economic Recovery Act and actions taken by the Federal Reserve, HUD, and FHFA have continued to support housing markets and provide assistance to mortgage borrowers. These accumulated and ongoing actions continue to be a stabilizing influence on housing markets and to reduce avoidable foreclosures.

TARP housing-sector programs remain open to new applications from eligible borrowers, have continued to provide thousands of new assistance actions each month, and will provide assistance to additional mortgage borrowers going forward. Over time it has become more difficult to evaluate the incremental contributions of new TARP borrower-assistance actions to overall housing market conditions relative to broader powerful contributing influences, such as the strength of economic recovery and developments with regard to credit standards. Accordingly, the Oversight Board evaluation of TARP housing-sector programs concentrates on the volume of new borrower assistance actions and the resilience over time of past mortgage modifications and similar TARP actions, rather than on their relationship to overall housing market conditions.

In December, 2015, Congress passed the Consolidated Appropriations Act, 2016 (the Act), which amended EESA as it relates to the Hardest Hit Fund (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 program, as authorized by the Act. Treasury announced that it would allocate the funds among participating HFAs in two phases of $1 billion each, and that it was extending the date by which states would be required to utilize their HHF funds to December 31, 2020. The Act also provided that the Making Home Affordable (MHA) Program will terminate on December 31, 2016, except with respect to certain loan modification applications made prior to that date.

Repayments and recoupments of financial sector investments, in contrast, have brought the remaining outstanding balances of these 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. Such evaluations are integrated with broader discussion of program developments in section III.

a. Volume of TARP mortgage borrower assistance actions

Foreclosure mitigation efforts under TARP continued at significant rates during the first quarter of 2016. During January, February and March 2016, new HAMP Tier 1 and Tier 2 permanent modifications averaged more than 8,100 per month, while total active permanent modifications decreased slightly from 980,000 to about 979,000, between December 2015 and March 2016.[3] By the end of March 2016, more than 81,800 2MP modifications under the Second Lien Modification Program ("2MP") were active, slightly below the 83,300 that were active at the end of December 2015. Nearly 156,800 2MP modifications had been started, cumulatively, through March, and nearly 45,900 of these involved full extinguishment of the second lien. As of the end of March there were nearly 194,200 active permanent HAMP Tier 1 and Tier 2 first-lien modifications with principal reduction. Also through March, completed transactions under the Home Affordable Foreclosure Alternatives ("HAFA") program, which provides incentives for borrowers to undertake short sales or deeds-in-lieu-of-foreclosure as lower-cost alternatives to foreclosure, had reached nearly 361,800 short sales and more than 55,600 deed-in-lieu transactions.

b. Performance of past TARP mortgage borrower assistance actions

Data reported by Treasury during the quarter indicated that, through the end of March, some 32.9 percent of all HAMP Tier 1 and Tier 2 permanent modifications had re-defaulted, that is, were disqualified for missing three or more payments.[4] Delinquency data across standardized intervals, a more conventional metric for assessing payment performance, continued the slight upward trend evident in recent quarters. Data reported during the quarter indicated that 13.7 percent of HAMP Tier 1 modifications made permanent in the first quarter of 2015 had become delinquent by 60 days or more within 12 months of receiving a modification (figure 1).[5] Similarly, among loan modifications made permanent in the fourth quarter of 2014, some 13.6 percent had become delinquent by 60 or more days within the same 12-month interval. At that level, the 12-month re-default rate for the fourth quarter of 2014 cohort was the highest reported since the first quarter of 2012, although that rate is well below the comparable-interval delinquency rates seen prior to 2012.[6]

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[3] The term "HAMP Tier 1 and Tier 2 modifications" is used to highlight distinctions between these modifications as a group, on the one hand, and FHA- HAMP modifications on the other.

[4] 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".)

[5] This passage and the following paragraphs highlight data for HAMP Tier 1 modifications to provide continuity with prior Quarterly Reports. As noted below, delinquency rates for HAMP Tier 2 modifications have been materially and systematically higher than those for HAMP Tier 1, and have

been published only recently in the MHA Performance Reports.

[6] In the past, the Oversight Board has found comparisons of HAMP versus non-HAMP delinquency experience at a selected group of institutions regulated by the Office of the Comptroller of the Currency ("OCC") to be useful as reference information for assessing the performance and sustainability of HAMP modifications. Over time it has become clear that differences in methodology between data reported by the OCC and the official MHA data have become more consequential and rendered these comparisons less informative. In particular, the OCC data (like some commercially-available mortgage data) include as "HAMP modifications" those modifications done under the FHA-HAMP program (only a small portion of which involve any TARP funds), while MHA data are restricted to HAMP Tier 1 and (more recently) Tier 2 modifications. The Oversight Board believes that FHA-HAMP modifications, which providing important relief for struggling FHA borrowers, can reasonably be expected to have higher typical delinquency rates than HAMP Tier 1 and Tier 2 modifications. In addition, delinquency rates for HAMP Tier 2 modifications--published only since mid-2015--have been systematically higher than those for HAMP Tier 1 modifications. Moreover, HAMP Tier 1 volumes in recent quarters have been well below 2010-2011 levels, and have continued to decline gradually, while FHA-HAMP volumes were small until early 2013 and have been larger than those of HAMP Tier 1 modifications since that time. Taking account of these level and mix effects, the judgment of the Oversight Board is that the likelihood of serious delinquency for HAMP Tier 1 modifications in recent quarters remains significantly below that for non-HAMP modifications, likely influenced by differences in documentation standards, magnitudes of payment reduction and requirements for a trial period. The issue of comparison with OCC data was analyzed in greater detail in the Oversight Board's Report to Congress for the Third Quarter of 2015.

<u>Figure 1</u>

HAMP Tier 1 Permanent Modifications

Mod. Effective in:	Delinquency: Months After Conversion to Permanent Modification									
	12		24		36		48		60	
	#	60+ Days	#	60+ Days	#	60+ Days	#	60+ Days	#	6(
2009Q3	4,602	25.8%	5,038	36.9%	5,137	43.9%	5,042	50.1%	5,025	
2009Q4	51,119	20.4%	55,234	31.6%	56,046	39.7%	55,798	44.9%	55,046	
2010Q1	160,602	20.3%	167,409	31.8%	165,710	39.7%	165,454	44.6%	162,876	
2010Q2	173,087	19.5%	178,444	31.1%	174,715	39.2%	173,882	43.8%	172,594	
2010Q3	103,936	18.2%	105,956	29.4%	104,248	37.1%	104,817	41.2%	102,521	
2010Q4	64,985	18.4%	66,288	29.5%	65,798	36.3%	65,792	40.4%	64,693	
2011Q1	79,401	17.0%	80,643	27.6%	80,761	33.8%	80,237	38.0%	78,446	
2011Q2	92,441	16.2%	91,306	27.3%	91,321	33.2%	90,795	37.1%	32,694	
2011Q3	86,736	15.6%	84,965	25.8%	86,678	31.0%	84,789	35.4%		
2011Q4	67,633	14.7%	67,489	23.4%	67,571	28.5%	66,453	32.2%		
2012Q1	50,692	14.1%	50,579	22.5%	50,098	27.9%	49,489	31.3%		
2012Q2	45,110	13.6%	44,825	22.1%	44,728	27.0%	15,128	31.1%		
2012Q3	49,586	13.0%	50,362	20.9%	49,613	25.5%				
2012Q4	42,334	12.3%	42,725	19.9%	42,082	24.2%				
2013Q1	41,936	12.6%	42,076	19.9%	41,567	24.0%				
2013Q2	33,642	11.8%	34,053	19.1%	11,211	24.0%				
2013Q3	34,708	12.1%	34,625	18.7%						
2013Q4	29,818	12.2%	29,772	19.1%						
2014Q1	26,345	13.1%	26,340	19.7%						
2014Q2	20,409	13.0%	7,532	20.1%						
2014Q3	18,335	13.3%								
2014Q4	17,236	13.6%								
2015Q1	16,127	13.7%								
2015Q2	**5,307**	**13.9%**								
All	**1,316,127**	**16.5%**	**1,265,661**	**26.7%**	**1,137,284**	**34.0%**	**957,676**	**40.0%**	**673,895**	

Notes:

- Performance of HAMP Tier 1 Permanent Modifications as of March 2016, showing selected details for the full set of quarterly cohorts that lay behind more summarized cohort information contained in the Quarterly MHA Program Performance Reports. See notes in MHA Performance Reports for further details.
- The number of modifications shown in the most recent quarter includes less than a full quarter of originations.

Delinquency rates reported by Treasury for HAMP Tier 1 permanent modifications over time horizons beyond one year continued to be at or near the lowest levels of any quarterly origination cohort at a comparable point in time. For HAMP Tier 1 loan modifications made permanent in the first quarter of 2014, some 19.7 percent had become delinquent by 60 or more days 24 months after the modification. Similarly, 36 months after becoming permanent, HAMP Tier 1 loan modifications made during the first quarter of 2013 experienced a serious delinquency rate of 24.0 percent using the 60-day standard.

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 21.9 percent of HAMP Tier 2 modifications made permanent in the first quarter of 2015 had become delinquent by 60 days or more within 12 months of receiving a modification (figure 2). Serious delinquencies for HAMP Tier 2 have been systematically and materially higher than those for HAMP Tier 1.

Figure 2

HAMP Tier 2 Permanent Modifications

Mod. Effective in:	Delinquency: Months After Conversion to Permanent Modification					
	12		24		36	
	#	60+Days	#	60+Days	#	60+
2012Q3	0	0.0%	1	100.0%	1	10
2012Q4	1,188	23.6%	1,259	33.4%	1,284	38
2013Q1	2,876	24.8%	3,012	35.8%	3,238	38
2013Q2	5,047	21.8%	5,184	32.2%	1,172	39
2013Q3	13,589	22.1%	13,777	31.8%		
2013Q4	12,570	22.0%	12,597	31.2%		
2014Q1	12,013	21.5%	12,000	30.6%		
2014Q2	11,301	19.8%	3,792	32.6%		
2014Q3	9,950	19.8%				
2014Q4	12,884	20.9%				
2015Q1	14,238	21.9%				
2015Q2	**4,504**	**22.5%**				
All	**100,160**	**21.4%**	**51,622**	**31.7%**	**5,695**	**39**

c. 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 April 30, 2016 (figure 3). According to these estimates, the expected overall cost of TARP will be approximately $34.52 billion. Using the same assumptions, Treasury also estimated that the combined overall cost of TARP and other Treasury interests in AIG will be approximately $16.97 billion.

The ultimate cost of TARP remains uncertain and will depend on how financial markets and the economy perform in the future.

Figure 3

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

Programs as of June 30, 2016 (dollar amounts in billions)

	Obligation/ Commitment	*Disbursed as of June 30*	*Outstanding Investment Balance as of June 30*	*Estimated Lifetime Cost as of April 30*[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	$ 0.12	$ (10.21)
Banks with assets less than $10 billion[2]	$ 14.57	$ 14.57	$ 0.10	$ 0.82
Total	$ 204.89	$ 204.89	$ 0.22	$ (16.28)
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	$ 0.42	$ 0.10
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[4]	**$ 417.08**	**$ 411.72**	**$ 0.64**	**$ (0.19)**
Making Home Affordable	$ 27.78	$ 14.77	n/a	$ 25.09
Hardest Hit Fund[5]	$ 9.60	$ 6.56	n/a	$ 9.60
FHA-Refinance[6]	$ 0.13	$ 0.02	n/a	$ 0.02
Sub-total for Housing Programs	**$ 37.51**	**$ 21.35**	**n/a**	**$ 34.71**
Total for TARP Programs	**$ 454.59**	**$ 433.07**	**$ 0.64**	**$ 34.52**
Additional AIG Common Shares Held by Treasury[7]	n/a	n/a	n/a	$ (17.55)
Total for TARP Programs and Additional AIG Shares	**$ 454.59**	**$ 433.07**	**$ 0.64**	**$ 16.97**

Notes:

[1] Estimated lifetime cost figures shown above are currently updated quarterly in conjunction with the Office of Management and Budget. Figures include interest on re-estimates. Lifetime cost information for Making Home Affordable and Hardest Hit Fund reflect the cost estimates published in the 2017 President's Budget.

[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] $411.72 is the actual amount disbursed under the various TARP investment programs as opposed to obligations totaling $412.08. This is because 28 CPP banks converted from the CPP program to the CDCI program and those conversions, totaling $363.3 million, are not reflected as new disbursements.

[5] 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.

[6] 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.

[7] 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 March 31 to June 30, 2016, 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, 2016, 13 institutions remained in the CPP program with total outstanding CPP obligations of $224.10 million. As of that date, Treasury had received approximately $206.5 billion in gross proceeds from repayments and auction sales under the CPP, exceeding the $204.89 billion in total funds initially disbursed.[7] 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 $226.66 billion.

During the quarterly period, Treasury restructured and subsequently sold its investments in two institutions for total proceeds of $3.73 million. Treasury had initially invested a combined $30.2 million in these institutions.

No institutions participating in the CPP program had their subsidiary banks placed in receivership during the quarterly period. A total of 32 CPP recipients have been placed in receivership or bankruptcy since the inception of the program (figure 4), of which 12 have exited the respective process.

[7] This amount received includes all proceeds received as of June 30, 2016 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 4

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 Date**	**Realized Loss/ Write-Off Amount**
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
*Institution has exited the bankruptcy/receivership process		

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

As of June 30, 2016, there were 55 institutions remaining in the CDCI. During the quarterly period, two financial institutions fully repaid their CDCI investments totaling $7.58 million. During the quarterly period, Treasury collected $2.10 million in dividend and interest payments from CDCI institutions. Two CDCI institutions missed a dividend payment during the quarterly period. As of June 30, 2016, cumulative dividends and interest income received from CDCI investments was approximately $58.93 million. Since the program started in 2010, just one CDCI institution has been closed (Premier Bancorp, Inc., Wilmette, IL, with the FDIC having been named receiver).

Due to the longer investment horizon for CDCI investments, Treasury had taken no action to wind down the CDCI through the end of the quarterly period. Any disposition decisions regarding the CDCI will be made in the future.

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 2016 through March 2016, including a quarterly MHA Servicer Assessment for the same period.[8] A Performance Summary for HHF was also released covering the fourth quarter of 2015.[9] In addition, housing scorecards on the health of the nation's housing market produced by HUD were released for each month of the quarter.[10]

i. MHA

MHA programs provide assistance actions through first and second lien permanent modifications under HAMP, Treasury FHA HAMP, RD-HAMP, 2MP, and other assistance provided through HAFA transactions and UP forbearance plans (figure 5). For some programs, assistance actions includes those provided by the Government Sponsored Enterprises ("GSEs").

[8] The MHA Program Performance Reports include data on the characteristics of permanent modifications, servicer activity, re-default rates, homeowner experience, HAMP activity by state and metropolitan area, modifications by investor type, and compliance reviews. The quarterly Servicer Assessments summarize performance on metrics in three categories of program implementation: identifying and contacting homeowners, homeowner evaluation and assistance, and program management and reporting. The reports are available at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Making-Home-Affordable-Program-Performance-Report.aspx.

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

[10] The Housing Scorecards incorporate key housing market indicators and highlights the impact of housing recovery efforts. The scorecards are available at: http://www.HUD.gov/scorecard

Figure 5

MHA Program Activity

	As of March 31, 2016	Q1 2016
MHA First Lien Permanent Modifications	1,991,381	41,364
HAMP Tier 1	1,431,453	10,458
HAMP Tier 2	158,599	13,871
GSE Standard Modifications (SAI)	285,490	8,161
Treasury FHA and RD HAMP	115,839	8,874
2MP Modifications Started	156,799	2,116
HAFA Transactions Completed	417,382	13,539
UP Forbearance Plans Started	45,553	563
Cumulative Activity	2,611,115	57,582

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, 2016, Treasury had disbursed $14.03 billion in incentive payments for MHA, $0.82 billion of which was disbursed during the first quarter of 2016.[11] Based on all MHA activity in place as of March 31, 2016, Treasury estimated that $22.53 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 will terminate on December 31, 2016, except with respect to certain loan modification applications made prior to that date.

[11] 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.

a. HAMP

Through March 2016, nearly 1.6 million HAMP permanent modifications had been initiated since the start of the program. As of March 31, 2016, homeowners that received HAMP permanent modifications saved approximately $480 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 $43 billion in monthly mortgage payments. During the period January to March 2016, more than 24,300 new permanent modifications were initiated, as reported in Treasury's Making Home Affordable Program Performance Report.[12] An additional 23,800 new HAMP trial period plans were begun during that same period.

Servicers began making Streamline HAMP offers to borrowers in January 2016. As of March 31, 2016, servicers reported 5,231 trial offers had been started under Streamline HAMP.

b. HAMP Rate Step-ups

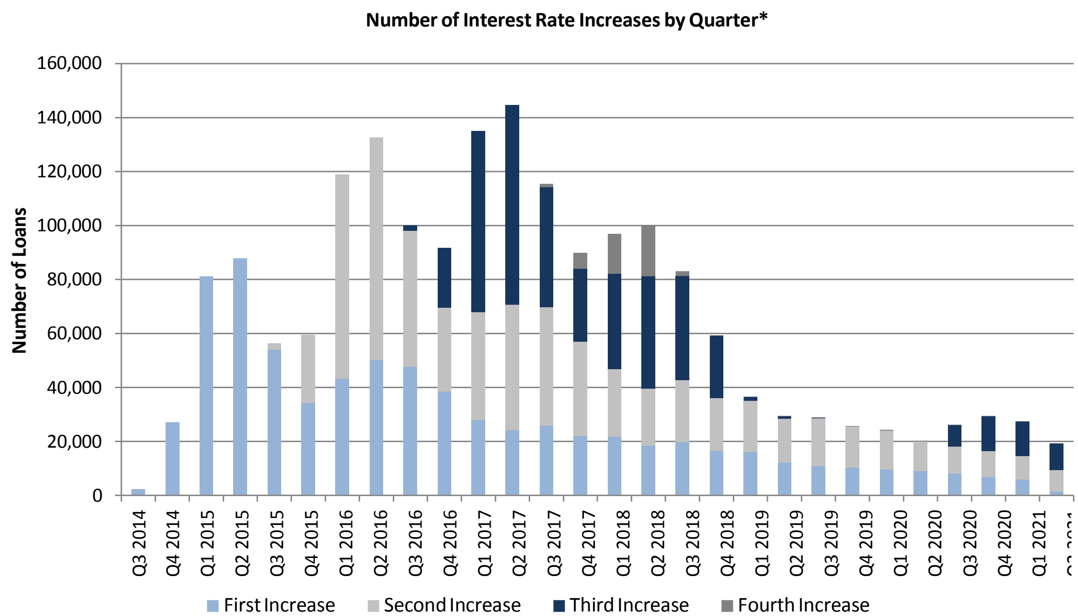
The HAMP Tier 1 modification was designed to provide relief to homeowners facing a financial hardship by providing a modification that would reduce their monthly mortgage payment to an affordable level. The interest rate is reduced in increments to achieve the target 31 percent debt-to-income ("DTI") 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 3.74 percent in Q1 2016), at which time the interest rate will be fixed for the remaining loan term.

Some 80 percent of HAMP Tier 1 homeowners will experience an interest rate increase after five years. The majority of HAMP homeowners will experience two to three interest rate increases. Homeowners who received a modification in 2009-2011 are more likely to experience three to four increases than homeowners who received a modification in 2012-2013, most of whom will experience two increases (figure 6).

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 2016, twenty one vintages had experienced one interest rate step-up, and nine of these vintages had also experienced a second step-up. At this stage, there does not appear to have been a notable performance impact for the modifications that have experienced step-ups.

[12] 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

Figure 6



* As of March 2016. Assumes no future re-defaults of HAMP Tier 1 modifications.

c. HAMP PRA

As of March 31, 2016, more than 264,000 permanent HAMP modifications with principal reduction had been made, according to data reported during the quarterly period. Of all non-GSE loans eligible for principal reduction entering HAMP in the first quarter of 2016, 65 percent of HAMP Tier 1 loans included a principal reduction feature and 61 percent of HAMP Tier 2 loans included a principal reduction feature.

ii. HHF

On April 20, 2016, Treasury announced the allocation of the final $1 billion in funding under HHF as authorized by the Consolidated Appropriations Act, 2016 ("the Act").[13] Thirteen of the 19 participating HHF states were allocated funds through a competitive application process (figure 7). In order to qualify for funds, state housing finance agencies (HFAs) were required to submit detailed applications that demonstrated an ongoing need for additional funding to prevent foreclosures and stabilize housing markets, and lay out a reasonable plan of action to address those needs and fully utilize the funds by December 31, 2020. The first $1 billion of funds authorized by the Act was allocated according to formula and announced on February 19, 2016.

[13] The full text of Treasury's announcement is available at https://www.treasury.gov/press-center/press-releases/Pages/jl0358.aspx

Figure 7

HHF Fifth Round Funding Allocations by Jurisdiction[14]

State	Phase 1 Allocation	Phase 2 Allocation	Total Fifth Round Funding Allocation	Total HHF Funding (Rounds 1-5)
AL	Ineligible	Did Not Apply	**$0**	$162,521,345
AZ	$28,282,519	Did Not Apply	**$28,282,519**	$296,048,525
CA	$213,489,977	$169,769,247	**$383,259,224**	$2,358,593,320
DC	$4,924,602	$3,123,331	**$8,047,933**	$28,745,131
FL	$77,896,538	Did Not Apply	**$77,896,538**	$1,135,735,674
GA	$30,880,575	$0	**$30,880,575**	$370,136,394
IL	$118,174,500	$151,299,560	**$269,474,060**	$715,077,617
IN	$28,565,323	$33,454,975	**$62,020,298**	$283,714,437
KY	$30,148,245	$27,955,713	**$58,103,958**	$207,005,833
MI	$74,491,816	$188,106,491	**$262,598,307**	$761,204,045
MS	$19,340,040	$23,063,338	**$42,403,378**	$144,291,701
NC	$78,016,445	$145,709,333	**$223,725,778**	$706,507,564
NJ	$69,231,301	$45,354,517	**$114,585,818**	$415,133,962
NV	$8,885,641	Did Not Apply	**$8,885,641**	$202,911,881
OH	$97,590,720	$94,316,248	**$191,906,968**	$762,302,067
OR	$36,425,456	$58,110,108	**$94,535,564**	$314,578,350
RI	$9,680,817	$26,942,913	**$36,623,730**	$115,975,303
SC	$22,030,274	Did Not Apply	**$22,030,274**	$317,461,821
TN	$51,945,211	$32,794,226	**$84,739,437**	$302,055,030
TOTAL	$1,000,000,000	$1,000,000,000	$2,000,000,000	$9,600,000,000

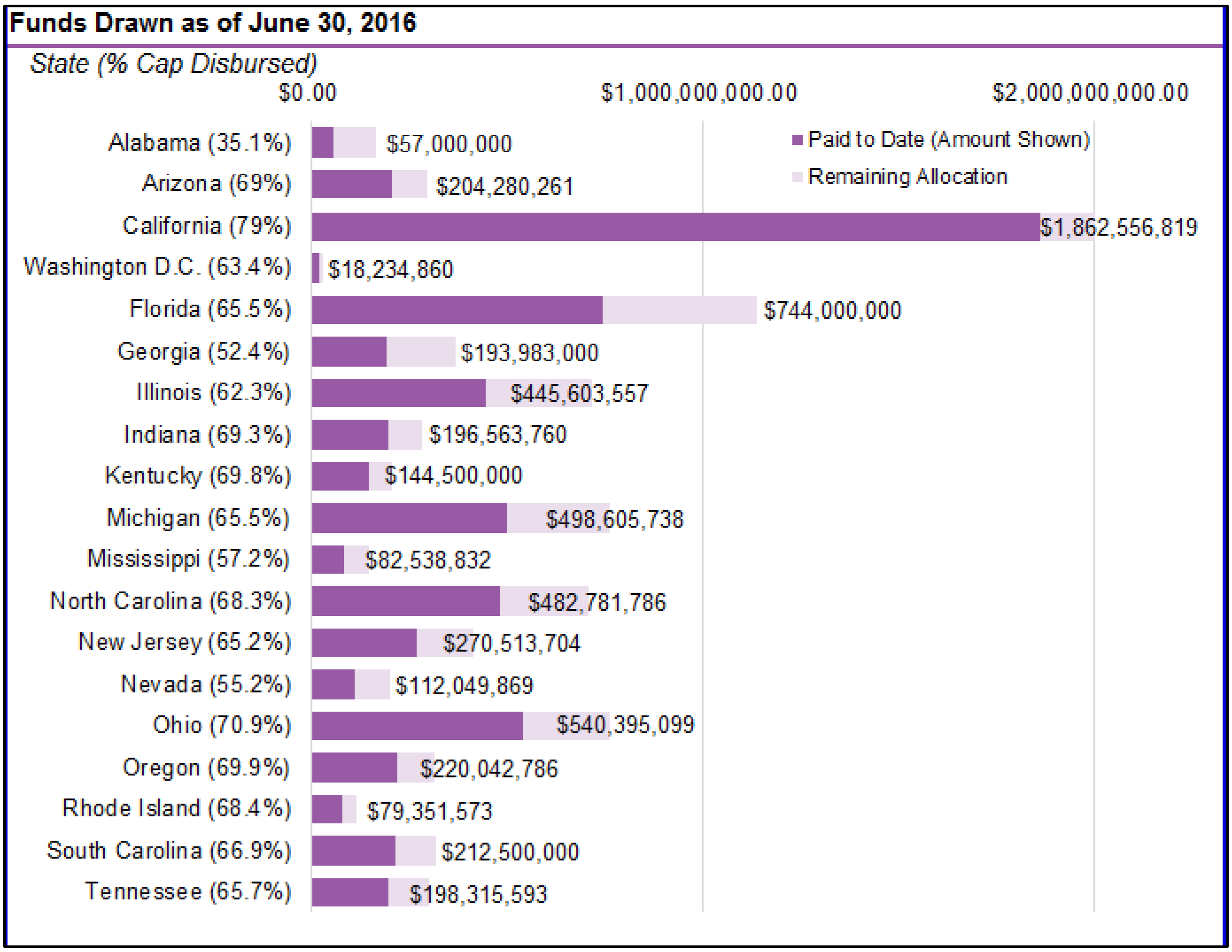
As of June 30, 2016, all 18 states and the District of Columbia were operating HHF programs throughout their respective jurisdictions, and collectively had drawn approximately $6.56 billion (68 percent) of the $9.60 billion allocated under the program. Each of these eligible jurisdictions draws down funds as they are needed (figure 8). The jurisdictions have until December 31, 2020, to expend funds and must have no more than five percent of their allocation on hand before they can draw down additional funds.

[14] Alabama, Arizona, Florida, Nevada, and South Carolina, did not apply for the Phase 2 Fifth Round Funding. Georgia applied for Phase 2, but will not receive additional funding beyond Phase 1, based on its performance to date and other factors. Alabama did not meet the 50 percent utilization requirement for Phase 1 and therefore was ineligible for additional funds.

As of June 30, 2016, there were 80 active programs across the 19 HHF jurisdictions. Approximately 62 percent of total program funds were targeted to help unemployed borrowers, primarily through programs that help homeowners pay their mortgage while looking for work, or for borrowers needing assistance reinstating a delinquent mortgage. 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 8

Hardest Hit Fund as of June 30, 2016



APPENDIX A

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

Minutes of the Financial Stability Oversight Board Meeting
April 29, 2016

A meeting of the Financial Stability Oversight Board ("Board") was held at 11:00 p.m. (EDT) on Wednesday, April 29, 2016, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Green, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

Ms. Moore, Special Advisor, Federal Housing Finance Agency

Mr. Liftik, Deputy Chief of Staff, Securities and Exchange Commission

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

AGENCY OFFICIALS PARTICIPATING:

Mr. McArdle, Deputy Assistant Secretary, Office of Financial Stability, Department of the Treasury

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

Ms. Johnson-Kutch, Acting Chief, Homeownership Preservation Office, Office of Financial Stability, Department of the Treasury

Ms. Florman, Chief of Staff, Office of Financial Stability, Department of the Treasury

The meeting was called to order by Mr. Wilcox at approximately 11:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on March 30, 2016, 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 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"); 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 ("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, Representatives raised and discussed various matters on behalf of the Members with respect to the effects of 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 30, Treasury had disbursed a total of approximately $432.2 billion, including $411.7 billion under TARP investment programs and $20.5 billion under TARP housing-related programs to assist at-risk homeowners and stabilize housing markets. Total receipts on all TARP investment programs were $442.1 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP programs was about $700 million, all associated with CPP and CDCI.

Treasury officials then provided the Representatives with an update on recent developments in the CPP. HCSB Financial Corporation exited the CPP program via a restructuring, recovering roughly $129,000 on an initial CPP investment of approximately $12.89 million. In addition, officials indicated that Treasury is unlikely to continue its auction program for remaining CPP investments because of declining investor interest and other factors. As of the meeting date, Treasury's remaining aggregate CPP investment was about $241 million in 14 institutions, of which approximately $125 million was its common stock holding in First BanCorp ("FBP").

Treasury officials then briefly discussed the CDCI program, noting that some 57 institutions remained in the program with a total investment of approximately $427 million.

Treasury officials next provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Using prepared materials, Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA's inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that more than 3,500 new HAMP Tier 1 modifications and about 4,600 new HAMP Tier 2 modifications were initiated in February 2016. As of February 2016, there were more than 979,000 active permanent HAMP modifications in place. Officials also reported that through February 2016, homeowners with HAMP modifications who had experienced one or more interest rate step-ups did not appear to experience a notable change in performance. Officials also indicated that preparations continued for the scheduled end to new applications under MHA at year-end 2016.

Treasury officials then reported the results of the allocation process for the $1 billion Phase 2 of new HHF funding, under which 13 HHF-eligible jurisdictions were allocated new HHF funds. Officials briefly noted there were no program changes in March.

Since the inception of HHF, the participating housing finance agencies had disbursed approximately $5.6 billion in total program and administrative funds under the program, out of a total committed amount of $9.6 billion (which includes the newly authorized $2 billion).

Staff of the Oversight Board then provided members with an update regarding the Oversight Board's quarterly report to Congress for the period ending March 31, 2016.

The meeting was adjourned at approximately 11:25 p.m. (EDT).

[signed electronically]
William F. Treacy,
Executive Director

Minutes of the Financial Stability Oversight Board Meeting
May 24, 2016

A meeting of the Financial Stability Oversight Board ("Board") was held at 11:00 a.m. (EDT) on Tuesday, May 24, 2016, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Green, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

Mr. Liftik, Deputy Chief of Staff, Securities and Exchange Commission

Ms. Moore, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

AGENCY OFFICIALS PARTICIPATING:

Mr. McArdle, Deputy Assistant Secretary, Office of Financial Stability, Department of the Treasury

Ms. Florman, Chief of Staff, Office of Financial Stability, Department of the Treasury

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

Ms. Johnson-Kutch, Acting Chief, Homeownership Preservation Office, Office of Financial Stability, Department of the Treasury

Mr. Roberts, Financial Analyst, Office of Financial Stability, Department of the Treasury

Ms. Nolan, Supervisory Financial Analyst, Federal Reserve Board

The meeting was called to order by Mr. Wilcox at approximately 11:05 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on April 29, 2016, 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 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"); 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 ("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, Representatives raised and discussed various matters on behalf of the Members with respect to the effects of 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 April 29, Treasury had disbursed a total of approximately $432.5 billion, including $411.7 billion under TARP investment programs and $20.8 billion under TARP housing-related programs to assist at-risk homeowners and stabilize housing markets. Total receipts on all TARP investment programs were $442.1 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP programs was $668 million, all associated with CPP and CDCI.

Treasury officials then provided the Representatives with an update on recent developments in the CPP. As of the meeting date, Treasury's remaining aggregate CPP investment was about $241 million in 14 institutions, of which approximately$125 million was its common stock holding in First BanCorp ("FBP").

Treasury officials then briefly discussed the CDCI program, noting that some 57 institutions remained in the program with a total investment of approximately $427 million.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Using prepared materials, Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA's inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that nearly 8,600 new permanent HAMP modifications were initiated in March 2016. As of March 2016, there were nearly 979,000 active permanent HAMP modifications in place. Officials also reported that, through March 2016, homeowners with HAMP modifications who had experienced one or more interest rate step- ups did not appear to experience a notable change in performance. Officials then briefly discussed the HAMP Streamline Modifications, reporting that the volume data would be released publicly in June. In addition, officials reported that preparations continue for the scheduled end to new applications under MHA at year-end 2016.

Treasury officials then discussed recent changes to, and funding disbursed by, HHF programs in the 19 eligible jurisdictions. Officials briefly noted recent program changes in California, Indiana, Kentucky, Michigan, North Carolina, Oregon, and Tennessee, to better assist at-risk borrowers.

Since the inception of HHF, participating housing finance agencies have disbursed an estimated $5.1 billion under the program, out of a total committed amount of $9.6 billion (which includes the newly authorized $2 billion).

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the preparations underway to complete the Oversight Board's quarterly report to Congress for the period ending March 31, 2016.

The meeting was adjourned at approximately 11:20 a.m. (EDT).

[signed electronically]

William F. Treacy,
Executive Director

Minutes of the Financial Stability Oversight Board Meeting
June 22, 2015

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Wednesday, June 22, 2016, at the offices of the Department of the Treasury ("Treasury").

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Singh, Acting Assistant Secretary of Domestic Finance, Department of the Treasury

Mr. Green, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

Mr. Liftik, Deputy Chief of Staff, Securities and Exchange Commission

Ms. Moore, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director

Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. McArdle, Deputy Assistant Secretary, Office of Financial Stability, Department of the Treasury

Ms. Florman, Chief of Staff, Office of Financial Stability, Department of the Treasury

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

Ms. Johnson-Kutch, Acting Chief Homeownership Officer, Office of Financial Stability, Department of the Treasury

Mr. Roberts, Financial Analyst, Office of Financial Stability, Department of the Treasury

Mr. Leventis, Principal Economist, Federal Housing Finance Agency

Ms. Nolan, Supervisory Financial Analyst, Federal Reserve Board

The meeting was called to order by Mr. Wilcox at approximately 3:01 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on May 24, 2016, 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 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"); 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 ("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, Representatives raised and discussed various matters on behalf of the Members with respect to the effects of 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 May 31, Treasury had disbursed a total of approximately $432.8 billion, including $411.7 billion under TARP investment programs and $21.0 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were $442.1 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP programs was about $663 million, all associated with CPP and CDCI.

Treasury officials then provided the Representatives with an update on recent developments in the CPP. As of the meeting date, Treasury's remaining aggregate CPP investment was about $241 million in 14 institutions, of which approximately $125 million was its common stock holding in First BanCorp ("FBP").

Treasury officials then briefly discussed the CDCI program, noting that some 56 institutions remained in the program with a total investment amount of approximately $422 million. In addition, officials reported that Security Capital Corporation had exited the program for $5.66 million.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Using prepared materials, Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA's inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that nearly 9,000 new permanent HAMP modifications were initiated in April 2016. As of April 2016, there were nearly 977,000 active permanent HAMP modifications. Officials also reported that through April 2016, homeowners with HAMP modifications who had experienced one or more interest rate step-ups did not appear to experience a notable change in performance. Officials then provided a brief update on the HAMP Streamline Modification initiative, noting that some 20,000 homeowners had been assisted through April 2016.

Treasury officials then discussed recent changes to, and funding disbursed by, HHF programs in the 19 eligible jurisdictions. Officials noted that five states—Arizona, Florida, Georgia, Mississippi, and South Carolina—had received approval to allocate Fifth Round funds to their programs to better assist at-risk borrowers. Since the inception of HHF, participating housing finance agencies have disbursed an estimated $5.2 billion under the program, out of a total committed amount of $9.6 billion.

Representatives and officials then engaged in a roundtable discussion regarding the current state of the housing markets and the effect of the programs established under TARP in providing support to the housing market and assistant to at-risk mortgages borrowers. As a part of this discussion, officials from the Federal Housing Finance Agency ("FHFA") summarized key reasons for the upward trend in the 12-month re-defaults rates for HAMP modifications, including the effects of the passage of time and the significant shift from bank to non-bank servicers. Officials then briefed members on developments in the housing and housing and finance markets. The information reviewed included data related to mortgage rates and Treasury yields, housing price indices and sales, and refinancing activities. During this discussion, FHFA officials also presented data related to delinquencies, GSE foreclosure prevention actions, and re-default experience on GSE-modified mortgages.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the preparations underway to complete the Oversight Board's quarterly report to Congress for the period ending March 31, 2016.

The meeting was adjourned at approximately 3:30 p.m. (EDT).

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary