FINANCIAL STABILITY OVERSIGHT BOARD
QUARTERLY REPORT TO CONGRESS

For the quarter ending
March 31, 2014

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

Statutory Members

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Chair
Board of Governors of the Federal Reserve System

Jacob J. Lew
Secretary
Department of the Treasury

Mary Jo White
Chairman
Securities and Exchange Commission

Shaun Donovan
Secretary
Department of Housing and Urban Development

Mel 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 January 1, 2014 to March 31, 2014 (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.

Utilizing the authority provided by EESA, Treasury implemented a range of programs to stabilize the financial markets and financial institutions, support the flow of credit to consumers and businesses, and help struggling homeowners remain in their homes and avoid foreclosure. Key developments under these programs are described in Part III of this report and in the previous quarterly reports of the Oversight Board.

The Oversight Board met three times during the quarterly period, specifically on January 21, February 25, and March 28, 2014. 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. Mary John Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury; Mr. Ed Golding, Senior Advisor to the Secretary, Department of Housing and Urban Development; Ms. Erica Williams, Deputy Chief of Staff, Securities and Exchange Commission; and Mr. Mario Ugoletti, Special Advisor, Federal Housing Finance Agency.

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

II. THE EFFECTS AND COSTS OF EESA PROGRAMS

a. Brief review of financial market developments

Conditions in U.S. financial markets over the first quarter were supportive of economic expansion as yields on longer-term Treasury securities fell notably over the period and the stock price index for the overall market moved up, on net. Although incoming economic data were mixed, on balance, investors apparently discounted some of the weakness as reflecting temporary weather-related effects. Stock price indices for large financial institutions increased in line with the broader stock market. Credit default swap spreads for large bank holding companies, generally considered a key indicator of investors' views about the health and prospects of these institutions, declined over the quarter.

Data from the Financial Accounts of the United States published by the Federal Reserve show that debt for households edged up in the fourth quarter of 2013 (the latest data available), bolstered by robust expansion in consumer credit, especially student and auto loans. Residential mortgage debt was about unchanged over the period, held down by lending standards that continue to remain tight. Debt for nonfinancial businesses rose briskly during the period, reflecting robust expansion in corporate bonds. Total loans at depository institutions increased some, driven by increases in commercial and industrial ("C&I") and consumer loans; preliminary data indicate that total loans outstanding increased notably in the first quarter of 2014, supported by robust growth in loans to businesses.

The January 2014 Senior Loan Officer Opinion Survey on Bank Lending Practices, conducted by the Federal Reserve, indicated that domestic banks eased their credit standards across all major household and business loan categories in the fourth quarter of 2013. Banks reportedly continued to ease standards for residential mortgage loans and auto loans, while standards for other consumer loans were little changed. Survey respondents also indicated that changes in loan demand were mixed across loan categories, with weaker demand for residential real estate loans and stronger demand for several categories of business and consumer loans.

Issuance of commercial mortgage-backed securities ("CMBS") and consumer asset-backed securities was robust in the first quarter of 2014, though both were still below the levels recorded in 2007 before the financial crisis. Conditions in commercial real estate markets continued to improve at a steady pace. While delinquency rates on CMBS moved down, they remained elevated. In the business sector, gross issuance of investment grade bonds for nonfinancial corporations was again very robust in the first quarter.

b. Assessment of the Effect of the Actions taken by Treasury in Stabilizing the Housing Markets

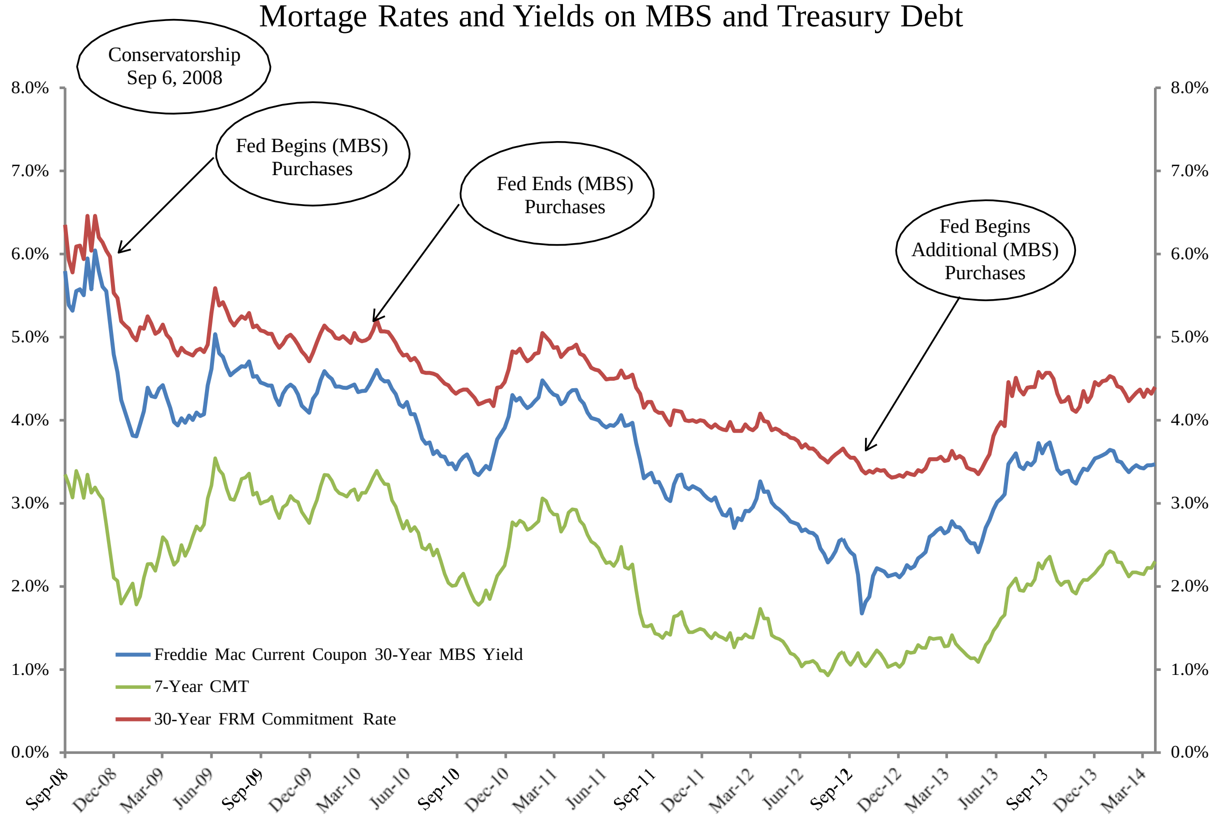
Actions taken by the Treasury under TARP, together with Treasury actions taken under the Housing and Economic Recovery Act and actions taken by the Federal Reserve, HUD, and FHFA continued to support housing markets and provide assistance to mortgage borrowers during the first quarter. These actions and earlier efforts have been a stabilizing influence on housing markets, for which recovery continued at a slow pace. Credit conditions remained tight for potential mortgage borrowers with less-than-pristine credit, amid some further incremental indications that mortgage credit was starting to become more widely available.

HUD plans to hold in June 2014, its fifth round of nonperforming FHA-insured loan sales under its Distressed Asset Stabilization Program ("DASP"), a non-TARP program. Via this sale, both National and Neighborhood Stabilization Outcome ("NSO") pools will be sold. Loans included in these pools are ones for which normal loss mitigation servicing efforts had been exhausted and borrowers would most likely lose their homes if no other interventions were taken. As a condition of sale, consistent with the prior DASP sales, HUD requires that purchasers not foreclose on loans included in the sale for a minimum of six months. As noted in previous reports, NSO pools also carry additional restrictions for purchasers, including the requirement that at least fifty percent of the purchased properties achieve a "neighborhood stabilizing outcome," which includes retention of the home by the current borrower, resale to another owner-occupant, or rental of the home.

Long-term mortgage interest rates edged down over the last quarter (figure 1). As of the end of March, rates on new 30-year fixed rate mortgages, as measured by Freddie Mac, were at 4.40 percent, some 100 basis points above the rate posted in the corresponding week in 2013. As with mortgage rates, yields on benchmark Treasuries fell slightly during the quarter. Spreads between mortgage rates and yields on the reference Treasury narrowed, remaining well below the crisis levels of late 2008 and early 2009.

Figure 1

Mortage Rates and Yields on MBS and Treasury Debt



Source: Freddie Mac and U.S. Treasury

Foreclosure mitigation efforts under TARP continued at significant rates during the quarter. During December, January and February, new permanent modifications averaged 14,000 per month, while total active permanent modifications increased from 922,000 at the end of November to more than 939,000 at the end of February. The Second Lien Modification Program ("2MP"), which is designed to encourage modifications of second liens where the first lien mortgage has already been modified under HAMP, continued to expand. By the end of February, nearly 82,000 2MP modifications were active, up from 79,000 at the end of November. Nearly 130,000 2MP modifications had been started, cumulatively, through February, and roughly 34,000 of these involved full extinguishment of the second lien. As of the end of February there were nearly 15,000 active trial modifications and more than 155,000 active permanent HAMP first-lien modifications with principal reduction. Also through February, 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, showed a substantial increase in volume, to nearly 251,000 short sales and roughly 22,000 deed-in-lieu transactions.

The Hope Now Alliance reported that the number of non-HAMP modifications continued to exceed the number established under HAMP, although the number of non-HAMP modifications continued to decline significantly. Hope Now reported an average of roughly 29,400 non-HAMP modifications had been initiated per month during December, January, and February, roughly 16 percent lower than the average for the foregoing three months. Unlike

HAMP modifications, the terms and impact associated with these non-HAMP modifications are not generally reported.

Data reported by Treasury during the quarter indicated that through the end of December some 27.5 percent of all HAMP permanent modifications had re-defaulted, that is, had been cancelled for missing three or more payments.[3] Delinquency data across standardized intervals, a more conventional metric for assessing payment performance, continued to provide some positive indications.[4] Data reported during the quarter indicated that 12.8 percent of HAMP modifications made permanent in the third quarter of 2012 had become delinquent by 60 days or more within 12 months of receiving a modification (figure 2).[5] Among loan modifications made permanent in the third quarter of 2011, 15.5 percent had become delinquent by 60 or more days within 12 months of the modification. Each represented the best performances for any quarterly origination cohort at a comparable point in time and continued an extended trend of declining delinquency rates at those intervals across cohorts. In contrast, 21.2 percent of non-HAMP modifications made permanent in the third quarter of 2012 at a selected group of institutions regulated by the Office of the Comptroller of the Currency ("OCC") had become 60 or more days delinquent within 12 months of the modification.[6] The lower rate of delinquency for HAMP permanent modifications has likely been influenced by differences in documentation standards, magnitudes of payment reduction and requirements for a trial period.

[3] Comparing cumulative re-defaults to the cumulative number of permanent modifications provides a single rough indication of portfolio-wide re-default frequency at this early stage in the life of these modified loans. 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. For a more detailed analysis of delinquency patterns in HAMP permanent modifications, interested parties should consult the most recent monthly MHA Performance Report, available at: http://www.treasury.gov/initiatives/financial-stability/results/mha-reports/pages/default.aspx.

[4] Beginning with data reported during the fourth quarter, the presentation of HAMP delinquencies in the MHA Performance Report was revised to consolidate individual quarterly reporting cohorts into four-quarter averages for the origination year. Figure 2 presents the same data with full quarterly cohort detail, which permits direct comparison between HAMP delinquencies and other sources.

[5] The quarterly delinquency data reported in the MHA Performance Report and in Figure 2 exclude HAMP Tier 2 permanent modifications.

[6] Data for non-HAMP modifications were drawn from the Office of the Comptroller of the Currency ("OCC") Mortgage Metrics Report for the fourth quarter of 2013 (Table 34), and pertain to non-HAMP modifications of mortgages serviced by a selected group of national banks and a federal savings association. For this same group of financial institutions, the OCC Mortgage Metrics Report indicated that 11.0 percent of HAMP permanent modifications finalized in the third quarter of 2012 had fallen 60 days delinquent within 12 months.

Figure 2

Modification Became Permanentin:	Delinquency: Months After Conversion to Permanent Modification							
	12		18		24		36	
	#	60+ Days	#	60+ Days	#	60+ Days	#	60+ Days
Q3 2009	4,650	25.20%	4,983	31.90%	5,094	36.50%	5,199	43.70%
Q4 2009	51,529	19.80%	54,789	25.00%	55,773	31.30%	56,595	39.50%
Q1 2010	161,564	20.00%	166,613	25.80%	168,582	31.80%	166,694	39.70%
Q2 2010	173,892	19.30%	170,993	27.60%	179,437	31.00%	175,542	39.20%
Q3 2010	104,152	17.90%	106,281	25.10%	106,429	29.30%	104,715	37.10%
Q4 2010	64,967	18.00%	66,621	23.80%	66,339	29.40%		
Q1 2011	79,667	16.80%	81,445	22.10%	80,975	27.40%		
Q2 2011	92,787	16.10%	92,050	23.00%	91,587	27.20%		
Q3 2011	87,003	15.50%	86,625	21.60%	85,158	25.70%		
Q4 2011	67,814	14.60%	67,933	19.20%				
Q1 2012	50,893	13.90%	50,278	18.40%				
Q2 2012	45,259	13.50%						
Q3 2012	49,767	12.80%						
ALL	**1,033,944**	**17.30%**	**948,611**	**24.10%**	**839,374**	**29.60%**	**508,745**	**39.00%**

Note: Performance of HAMP Tier 1 Permanent Modifications as of November 30, 2013, showing selected details for the full set of quarterly cohorts that lays behind more summarized cohort information contained in the December 2013 MHA Performance Report. See notes on page 8 of that report for further details, available at http://www.treasury.gov/initiatives/financial-stability/reports/Documents/December%202013%20MHA%20Report%20Final.pdf

Delinquency rates for HAMP 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 loan modifications made permanent in the first quarter of 2012, 18.4 percent had become delinquent by 60 or more days 18 months after the modification. Similarly, 24 months after becoming permanent, loan modifications made during the third quarter of 2011 experienced a serious delinquency rate of 25.7 percent. In addition, some 37.1 percent of loan modifications made permanent in the third quarter of 2010 had become seriously delinquent after 36 months. These 18-, 24-, and 36-month delinquency rates provide a broadening indication of performance for the overall portfolio of HAMP permanent modifications, because roughly 90 percent, 80 percent, and 50 percent of the total portfolio, respectively, had been in place for at least 18, 24, or 36 months as of the reporting date.

Under the terms of HAMP modifications, after five years at a rate as low as two percent, most homeowners in HAMP Tier 1 modifications will experience a gradual interest rate increase of up to one percent per year until their rate adjusts to the market rate at the time of their modification. For example, rate resets will begin in October 2014 for the approximately 30,000 homeowners who received modifications in 2009. As of December 2013, a little over 80 percent of borrowers will experience at least one future rate reset. For 92 percent of homeowners, this will result in a rate at or below five percent, well below the homeowner's interest rate before modification. The typical final rate increase after all resets will result in a cumulative monthly payment increase of approximately $200. Treasury plans to monitor the interest rate resets to ensure that if signs of homeowner distress arise, servicers are ready and able to help by providing loss mitigation options and alternatives to foreclosure.[7]

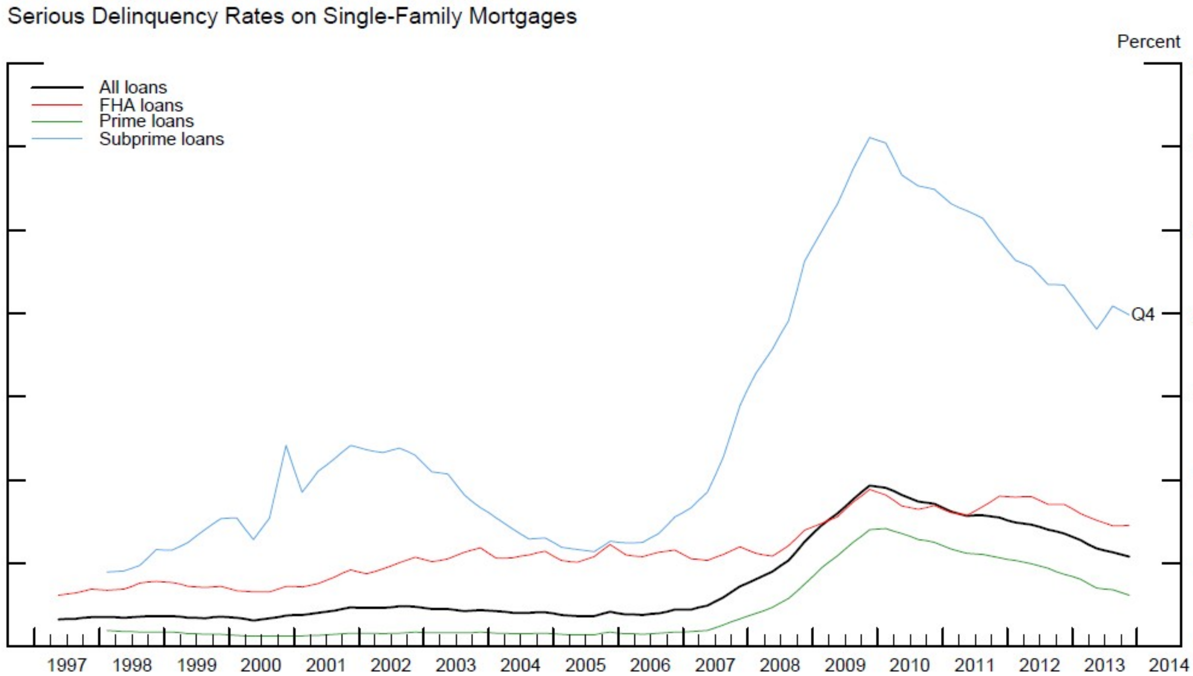
The fourth quarter saw a decrease in the rate of serious mortgage delinquency (loans 90- or more-days past due or in the process of foreclosure), continuing the trend that began in late 2009 (figure 3). Even with this decrease, rates of serious delinquency remained within the range seen in the middle of 2008. Both reductions in newly delinquent loans and a high number of foreclosures over the last three years have contributed to the decline in serious delinquency rates. Loans originated in 2009 and 2010 experienced much lower rates of early delinquency, compared to loans originated in the middle of the decade.

The number of new FHA 90-day delinquencies in the quarter (roughly 93,000) was at the lowest first-quarter level since 2008, while the seasonally adjusted annual rate of 397,000 was slightly above levels of the previous two quarters but substantially less than in the year-earlier period. The annualized rate of new 90-day delinquencies (5.08 percent) was up 10 basis points from the previous quarter, but still well below the year-earlier rate of 5.79 percent.

Under the delinquency- servicing rules that went into effect in March 2013, HUD now encourages loan servicers to define and implement assisted-cures before the 90-day delinquency point, when possible. Such early interventions are generally possible when the borrower has had a documented change in income or living expenses, and there remains at least one wage earner among borrower homeowners.

[7] See Mark McArdle, "HAMP Rate Reset; Just the Facts," Treasury Notes Blog, March 11, 2014, available at: http://www.treasury.gov/connect/blog/Pages/HAMP-Rate-Reset.aspx

Figure 3



Source: MBA National Delinquency Survey.
Note: Not seasonally adjusted.

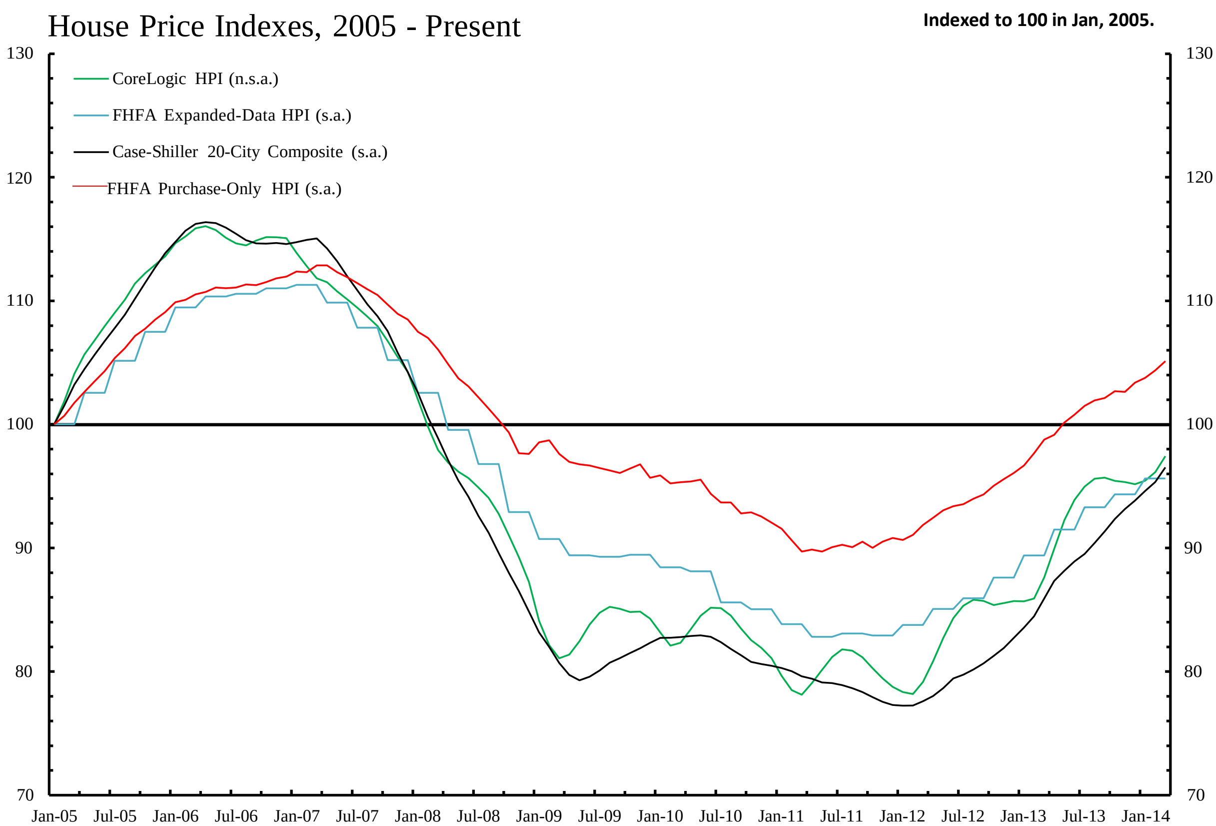
Low interest rates earlier in the quarter and in the preceding year helped lower interest costs for many borrowers, however. The non-TARP HARP program allows borrowers with high loan-to-value ratios ("LTVs") to refinance their mortgages to take advantage of lower interest rates. If the original loan had private mortgage insurance the insurer must agree to transfer that insurance to the new loan, and if the property has a junior lien(s) the other lenders must agree to re-subordination. The policy rationale for HARP is straightforward because Fannie Mae or Freddie Mac already had the credit risk on the original loan. HARP refinancing generally lowers the risk of default by reducing the borrower's monthly payment. During November, December and January Fannie Mae and Freddie Mac refinanced about 33,000 mortgages per month on average through the HARP program, down from 57,000 over the previous three months. By the end of January, the Enterprises had refinanced over 401,000 loans with LTVs above 125 percent.

FHA single family endorsement volumes of $28.3 billion during the quarter were down 21 percent from the previous quarter's activity levels and down 55 percent from year-earlier activity. The larger year-over-year decline is the result of a nearly 81 percent drop in refinance volumes, from $35.8 billion in the first quarter of 2013 to just $6.9 billion in the first quarter of 2014. These changes in FHA activity are consistent with general changes seen in the broader mortgage market. According to recent market volume estimates of the Mortgage Bankers Association, the FHA share of single-family mortgage lending in the quarterly period was up slightly, rising from 11.5 to 11.7 percent. On a year-over-year basis, the decline in refinance volumes across the mortgage market has brought a small increase in FHA's market share, from 11.0 percent in the first quarter of 2013 to 11.7 percent in the first quarter of 2014. This is attributable to FHA's larger presence in home purchase lending, which represented a larger share of the overall mortgage market in the quarterly period.

Seasonally adjusted house sale volume fell over the quarterly period. As measured by the National Association of Realtors and the Census Bureau, combined existing and new single-family home sales took place at a 5.0 million annual rate in February, down from a 5.3 million rate in November (seasonally adjusted). Sales have exceeded the 5.0 million annual rate (seasonally adjusted) for 19 consecutive months.

Data on home prices released during the quarter continued to show a rising trend, but at a more subdued pace. The house price index from CoreLogic increased about 2.34 percent from December to March, while the FHFA monthly purchase-only index rose 1.68 percent over that interval (figure 4).

Figure 4



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 February 28, 2014 (figure 5). According to these estimates, the expected overall cost of TARP will be approximately $37.49 billion. Using the same assumptions, Treasury also estimated that the combined overall cost of TARP and other Treasury interests in AIG will be approximately $19.94 billion.

The ultimate cost of TARP remains subject to uncertainty 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, 2014, and are provided in Section III.

Figure 5

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

Programs as of March 31, 2014 (dollar amounts in billions)	**Obligation/ Commitment**	**Disbursed as of March 31**	**Outstanding Investment Balance as of March 31**	**Estimated Lifetime Cost as of February 28[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	$ 1.17	$ (10.31)
Banks with assets less than $10 billion[2]	$ 14.57	$ 14.57	$ 0.79	$ 0.97
Total	$ 204.89	$ 204.89	$ 1.96	$ (16.23)
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	$ 0.47	$ 0.08
Credit Market Programs:				
Public-Private Investment Program (PPIP):				
Equity	$ 7.23	$ 6.25	$ -	$ (3.06)
Debt	$ 12.38	$ 12.38	$ -	$ 0.33
Total	$ 19.61	$ 18.62	$ -	$ (2.73)
Term Asset Backed Securities Lending Facility (TALF)	$ 0.10	$ 0.10	$ -	$ (0.60)
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	$ 5.66	$ 12.32
Sub-total for Investment Programs	**$ 418.07**	**$ 411.72**	**$ 8.08**	**$ 0.02**
Making Home Affordable	$ 29.83	$ 7.81	n/a	$ 29.83
Hardest Hit Fund	$ 7.60	$ 3.80	n/a	$ 7.60
FHA-Refinance[4]	$ 1.03	$ 0.06	n/a	$ 0.04
Sub-total for Housing Programs	**$ 38.46**	**$ 11.67**	**n/a**	**$ 37.47**
Total for TARP Programs	**$ 456.53**	**$ 423.40**	**$ 8.08**	**$ 37.49**
Additional AIG Common Shares Held by Treasury[5]	n/a	n/a	n/a	$ (17.55)
Total for TARP Programs and Additional AIG Shares	**$ 456.53**	**$ 423.40**	**$ 8.08**	**$ 19.94**

Footnotes

[1] Lifetime cost information is as of February 28, 2014. Estimated lifetime cost figures are updated quarterly in conjunction with the Office of Management and 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] In March 2013, Treasury extended the letter of credit facility to provide coverage for loans refinanced throughout the eligibility period, which had been extended to December 2014, but reduced the amount from $8 billion to $1

billion. 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.

[5] As discussed in note 10 to the Daily 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 Federal Reserve Bank of New York 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. The Daily Tarp Update is available at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/daily-tarp-reports.aspx.

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

This section provides an update on the various programs, policies, financial commitments, and administrative actions taken by Treasury under EESA during the quarterly period, from January 1 to March 31, 2014, subject to review and oversight of the Oversight Board.

a. Capital and Guarantee Programs for Financial Institutions

i. Update on the CPP

As of March 31, 2014, Treasury had received approximately $205.10 billion in gross proceeds from repayments and auction sales under the CPP, equivalent to just over 100 percent of the $204.89 billion in total funds initially invested.[8] These repayments and auction sales, along with dividends, interest, warrant sales, and fee income from participating bank organizations bring the total cash received from the CPP to $225.10 billion.

As of March 31, 2014, some 71 institutions remained in the program with total outstanding CPP obligations of $1.96 billion. There were two remaining CPP institutions for which Treasury's investment exceeded $100 million (figure 6).

Figure 6

Remaining CPP Investments with more than $100 Million Outstanding by Institution as of March 31, 2014

Institution	Location	Outstanding Investment ($ millions)
Popular, Inc.	San Juan, PR	$ 935.00
First BanCorp[a]	San Juan, PR	$ 238.97

Note to Remaining CPP Investments with more than $100 Million Outstanding as of March 31, 2014:

a. Treasury exchanged its preferred stock for mandatorily convertible preferred stock ("MCP") with capitalized dividends. First Bancorp fulfilled the conversion conditions and Treasury's MCP was converted into 32,941,797 shares of common stock. Treasury sold 12,000,000 of such shares on August 16, 2013. Treasury sold a further 1,261,356 shares on September 13, 2013, following the exercise by the underwriters of their over-allotment option.

[8] This amount includes all proceeds received as of March 31, 2014, 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.

a. Repayments, Dispositions, and Auction Sales

During the quarterly period, 7 financial institutions delivered a total of $56.73 million in full and partial repayments. In addition, Treasury sold all or part of its remaining investments in an additional 10 institutions through CPP auctions for total gross proceeds of $62.92 million. Treasury had originally invested a combined total of $105.06million in these institutions, of which $70.83 million was outstanding at the time of the auctions. At quarter's end, Treasury still held warrant investments in 2 of the auctioned institutions, the disposition of which will yield additional proceeds.

b. Update on Warrant Dispositions and Dividends and Interest

During the quarterly period, Treasury received proceeds of approximately $36.27 million from CPP warrants that were repurchased, auctioned or otherwise sold. During the quarterly period, Treasury also received dividends and interest income from CPP investments of approximately $23.74 million.

c. Missed Payments by Portfolio Institutions[9]

As of March 31, 2014, the cumulative total of missed payments by CPP portfolio institutions since the beginning of the program was approximately $104.63 million, which represents less than one percent of the total CPP dividends and interest that institutions were scheduled to pay Treasury.[10]

Under the CPP preferred-stock agreements, Treasury cannot demand payment of dividends. Instead, Treasury has the contractual right to appoint up to two members to the board of directors of a CPP recipient if the institution has missed six or more dividend or interest payments on the preferred stock issued to Treasury.

[9] Portfolio institutions exclude institutions that have entered bankruptcy, or had a bank subsidiary placed in receivership or for which Treasury had disposed of its CPP investment (collectively referred to as non-portfolio institutions).

[10] References to missed payments by portfolio institutions exclude institutions that have entered bankruptcy, or had a bank subsidiary placed in receivership or for which Treasury had disposed of its CPP investment (collectively referred to as non-portfolio institutions).

d. Bankruptcies and Receiverships

On January 31, 2014, Syringa Bank, a subsidiary of Syringa Bancorp, was closed by the Idaho Department of Finance, which appointed the Federal Deposit Insurance Corporation as receiver. Treasury's investment in Syringa Bancorp was $8.0 million, and no repayments have been made to Treasury as of March 31, 2014.

As of March 31, 2013, 29 financial institutions with original CPP investments totaling $3.23 billion had entered or completed bankruptcy proceedings or had a banking subsidiary placed in receivership (figure 7).

Figure 7

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

Institution Name	Bankruptcy/ Receivership Date	Realized or Expected Loss Amount ($ millions)	Original Investment Amount ($ millions)
CIT Group Inc.*	11/1/2009	$ 2,330.00	$ 2,330.00
UCBH Holdings, Inc.	11/6/2009	$ 298.74	$ 298.74
Pacific Coast National Bancorp*	12/17/2009	$ 4.12	$ 4.12
Midwest Banc Holdings, Inc.	5/14/2010	$ 84.78	$ 84.78
Sonoma Valley Bancorp	8/20/2010	$ 8.65	$ 8.65
Pierce County Bancorp	11/5/2010	$ 6.80	$ 6.80
Tifton Banking Company	11/12/2010	$ 3.80	$ 3.80
Legacy Bancorp, Inc.	3/11/2011	$ 5.50	$ 5.50
Superior Bancorp Inc.	4/15/2011	$ 69.00	$ 69.00
FPB Bancorp Inc.	7/15/2011	$ 5.80	$ 5.80
One Georgia Bank	7/15/2011	$ 5.50	$ 5.50
Integra Bank Corporation	7/29/2011	$ 83.59	$ 83.59
Citizens Bancorp	9/23/2011	$ 10.40	$ 10.40
CB Holding Corp.	10/14/2011	$ 4.11	$ 4.11
Tennessee Commerce Bancorp, Inc.	1/27/2012	$ 30.00	$ 30.00
Blue River Bancshares, Inc.	2/10/2012	$ 5.00	$ 5.00
Fort Lee Federal Savings Bank	4/20/2012	$ 1.30	$ 1.30
Gregg Bancshares, Inc.	7/13/2012	$ 0.83	$ 0.83
Premier Bank Holding Company	8/14/2012	$ 9.50	$ 9.50
GulfSouth Private Bank	10/19/2012	$ 7.50	$ 7.50
Investors Financial Corporation of Pettis County, Inc.	10/19/2012	$ 4.00	$ 4.00
First Place Financial Corporation	10/29/2012	$ 72.93	$ 72.93
Princeton National Bancorp	11/2/2012	$ 25.08	$ 25.08
Gold Canyon Bank	4/5/2013	$ 1.61	$ 1.61
Indiana Bank Corp.	4/9/2013	$ 1.31	$ 1.31
Rogers Bancshares, Inc.	7/5/2013	$ 25.00	$ 25.00
Anchor Bancorp Wisconsin, Inc.*	8/12/2013	$ 104.00	$ 110.00
TCB Holding Company	12/13/2013	$ 11.73	$ 11.73
Syringa Bancorp	1/31/2014	$ 8.00	$ 8.00
*Institution has exited the bankruptcy/receivership process			

ii. Update on the CDCI

As of March 31, 2014, there were 69 institutions remaining in the CDCI. No repurchases were made and no institutions exited the program during the quarterly period.

During the quarterly period, Treasury also collected $2.37 million in dividends from CDCI institutions. One CDCI institution missed dividend payments during the quarterly period. As of March 31, 2014, cumulative dividends and interest income received from CDCI investments was approximately $38.31 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 has taken no action to wind down the CDCI. Any disposition decisions regarding the CDCI will be made in the future.

b. Automotive Industry Financing Program ("AIFP")

i. Ally Financial

On January 23, 2014 Treasury sold 410,000 shares of Ally Financial, Inc. ("Ally") common stock in a private offering at $7,375 per share for total gross proceeds of $3.0 billion. More information about the sale can be found in Treasury's Press Release at: http://www.treasury.gov/press-center/press-releases/Pages/jjl2258.aspx.

On March 27, 2014, Treasury announced that it had commenced an underwritten initial public offering of 95,000,000 shares of Ally common stock.[11] An option for underwriters to purchase an additional 14,250,000 shares was also granted by Treasury. Full results of the offering will be included in next quarter's report.

As of March 31, 2014, taxpayers had recovered $15.3 billion, or approximately 89 percent of the $17.2 billion investment provided to Ally during the financial crisis.[12] Treasury still held approximately 571,971 shares, or approximately 37 percent of the common shares of Ally. These amounts do not include the results of the initial public offering announced on March 27, 2014. Treasury announced that it will continue to evaluate exit strategies for its remaining Ally investment and wind down its investment as soon as practicable, and in a way that maximizes taxpayer value.

[11] Share amounts take into effect a 310:1 stock split following the offering in January 2014.

[12] Includes disbursements and repayments related to the loan extended to GM for the GMAC Rights Offering ($884 million).

c. Housing Stabilization and Foreclosure Mitigation

During the quarterly period, monthly Making Home Affordable ("MHA") Program Performance Reports were released covering December 2013, January 2014, and February 2014, as well as a quarterly MHA Servicer Assessment for the fourth quarter of 2013. These reports were released in conjunction with the monthly housing scorecard on the health of the nation's housing market produced by HUD.[13] In addition, a Performance Summary for HHF was released covering the fourth quarter of 2013.[14]

i. MHA

MHA programs provide assistance actions through first and second lien permanent modifications under HAMP, HAMP Tier 2, Treasury FHA-HAMP, and other assistance provided through HAFA transactions and UP forbearance plans (figure 8). For some programs assistance includes that provided by the Government Sponsored Enterprises ("GSEs").

[13]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. The Housing Scorecard incorporates key housing market indicators and highlights the impact of housing recovery efforts. The scorecard is available at: http://www.HUD.gov/scorecard.

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

Figure 8

	Program-to-Date	Dec. 2013 – Feb. 2014
MHA First Lien Permanent Modifications Started	**1,555,377**	**63,623**
HAMP Tier 1 Permanent Modifications Started	*1,295,670*	*26,790*
HAMP Tier 2 Permanent Modifications Started	*44,072*	*14,938*
Treasury FHA Permanent Modifications Started	*28,945*	*4,863*
Other (Primarily GSE Standard Modifications Started)	*186,690*	*17,032*
Second Lien Modification Program - Modifications Started	**129,674**	**5,960**
Home Affordable Foreclosure Alternatives Program - Transactions Completed	**272,933**	**25,309**
Unemployment Program - Forbearance Plans Started (through Jan 2014)	**38,652**	**1,461**
Cumulative Activity	**1,996,636**	**96,353**

Notes:

- First lien permanent modifications include GSE Standard Modifications since October 2011 under the GSEs' Servicer Alignment Initiative.
- HAFA totals include GSE and non-GSE activity.
- UP reporting lags one month behind the other MHA data because it relies on surveys of servicers rather than the usual MHA reporting mechanisms.

A total of $29.83 billion has been committed to MHA. As of March 31, 2014, Treasury had disbursed $7.81 billion in incentive payments for MHA, $640 million of which was disbursed during the first quarter of 2014.[15] Based on all MHA activity in place as of December 31, 2013, Treasury estimates that $14.33 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 five years.

a. HAMP

As of February 28, 2014, more than 1.3 million homeowners had received a permanent first lien modification through HAMP since the start of the program. As of February 28, 2014, homeowners in active HAMP permanent modifications saved approximately $543 per month, representing a reduction of nearly 40 percent from their before-modification mortgage payment. Since HAMP began, homeowners in permanent modifications have saved an estimated total of $26.1 billion in monthly mortgage payments. During the quarterly period, 36,151 new HAMP trial plans were initiated.

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[15] Treasury's Transactions Reports (Housing), available at: http://www.financialstability.gov, 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.

b. HAMP Principal Reduction Alternative (PRA)

As of February 28, 2014, there had been 187,734 permanent HAMP modifications with principal reduction. Of all non-GSE loans eligible for principal reduction entering HAMP in February 2014, 62 percent included a principal reduction feature.

ii. HHF

As of March 31, 2014, all 18 states and the District of Columbia were operating HHF programs statewide and collectively had drawn approximately $3.80 billion (approximately 50 percent) of the $7.6 billion allocated under the program. Each state draws down funds as they are needed (see Figure 9). States have until December 31, 2017 to expend funds and must have no more than five percent of their allocation on hand before they can draw down additional funds.

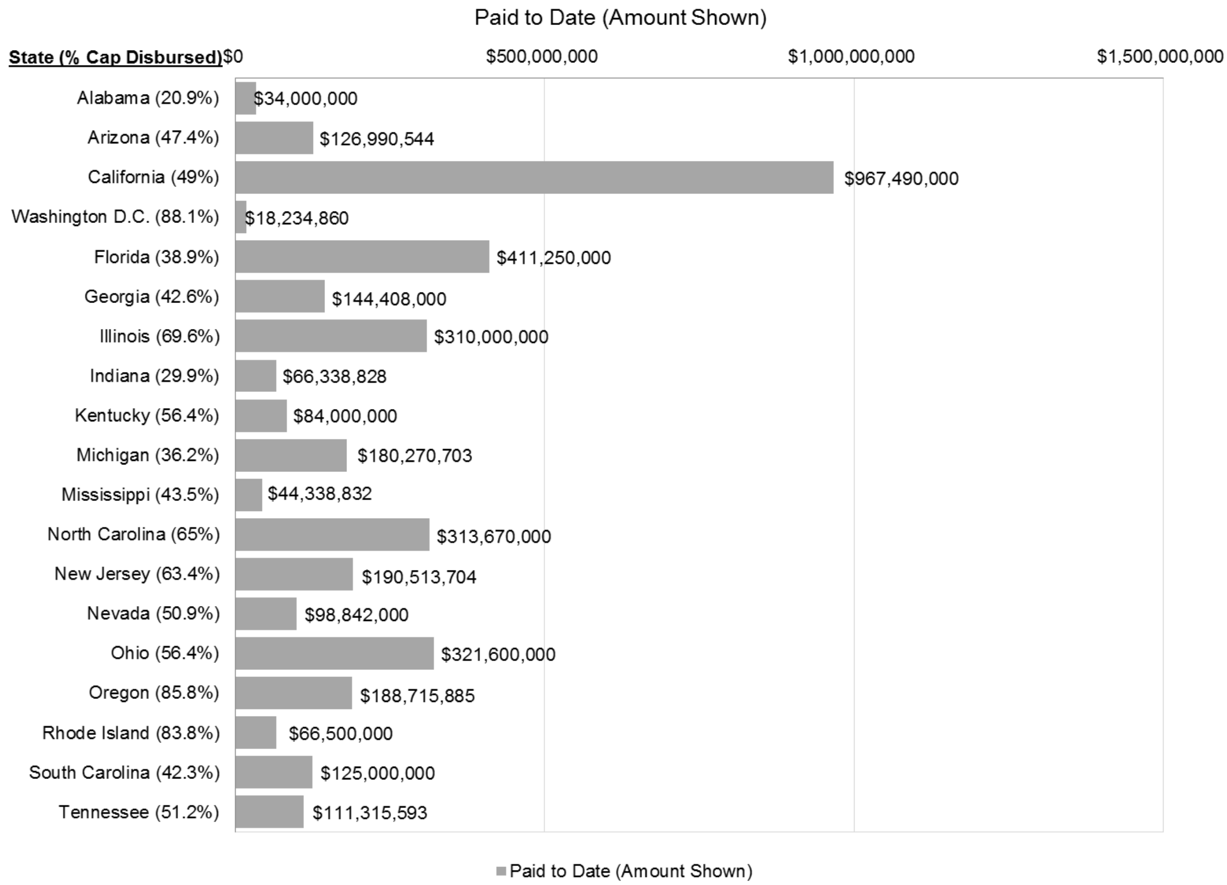
As of March 31, 2014, there were 68 active programs across the 19 HFAs. Approximately 68 percent of total program funds were targeted to help unemployed borrowers, primarily through reinstatement and programs that help homeowners pay their mortgage while looking for work. Treasury has continued its efforts to identify best practices, share lessons learned among states and provide additional assistance and oversight to HFAs in need of improvement.

During the quarter, Treasury approved program changes for Arizona, California, Georgia, Ohio, Oregon, and Rhode Island. Also during the quarter, Ohio announced that it would cease accepting new applications for its respective programs on April 30, 2014 due to successful administration of and projected full commitment of program funds. Program changes are outlined each month in the Monthly Report to Congress.[16]

[16] In addition, Illinois, New Jersey, Rhode Island, and Washington D.C. had previously closed their registration processes for new applicants.

Figure 9

Hardest Hit Fund as of March 31, 2014



APPENDIX A

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

Minutes of the Financial Stability Oversight Board Meeting
January 21, 2014

A meeting of the Financial Stability Oversight Board ("Oversight Board") was held at 3:00 p.m. (EDT) on Thursday, January 21, 2014, by teleconference.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury

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

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

Mr. Ugoletti, Senior Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Acting Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

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

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

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

Mr. Nixon, Senior Housing Policy Advisor, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

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

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

At the outset of the meeting, Mr. Treacy noted that, in accordance with the bylaws of the Oversight Board, each Member had designated an official of the same agency to serve as that Member's Representative on the Oversight Board ("Representative"). A brief discussion among the Representatives then ensued regarding the governance needs of the Oversight Board.

The Representatives then discussed the position of Chairperson of the Oversight Board. Following this discussion, the Representatives, with Mr. Wilcox abstaining, adopted the following resolution on behalf of the Members:

RESOLUTION TO ELECT A CHAIRPERSON

"Whereas, Section 104 of the Emergency Economic Stabilization Act of 2008 provides for the election by members of the Financial Stability Oversight Board ("Oversight Board") of a Chairperson from among the members of the Oversight Board other than the Secretary of the Treasury,

Therefore, after discussion among the representatives of the Oversight Board members and on motion duly made, seconded and carried, it was Resolved, that the representative of the Chair of the Board of Governors of the Federal Reserve System, Mr. Wilcox, is hereby elected Chairperson of the Oversight Board."

On behalf of the Members, the Representatives then considered draft minutes for the meeting of the Oversight Board on December 19, 2013, 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"); the Automotive Industry Financing Program ("AIFP"); 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 then provided Representatives with an update on Treasury's progress in winding down assets currently held under TARP. Officials reported that Treasury had disbursed $422.2 billion and collected $432.8 billion under all TARP investment programs as of January 16, 2014, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury officials also reported that approximately $12.4 billion remained outstanding under all TARP investment programs. Treasury had also disbursed $10.49 billion to at-risk borrowers under its TARP housing-related programs, representing approximately 27 percent of authorized funds of $38.49 billion.

Treasury officials then provided the Representatives with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income. As of the meeting date, eighty-five institutions remained in the program, with approximately

$225 billion total proceeds collected by Treasury to date. Three institutions had fully exited the program since the December meeting. Treasury's remaining CPP investments totaled approximately $2.09 billion as of the meeting date. Officials noted that the institution with the largest outstanding CPP investment (Banco Popular), had announced a proposal to repay Treasury contingent on regulatory approval. Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership.

Treasury officials then provided the Representatives with an update on the AIFP. Officials reviewed Treasury's sale in December of all remaining common shares of New GM. Officials noted that Treasury has a remaining investment in Old GM of $1.7 billion that is expected to be written off or liquidated in the near term.

Treasury officials also provided the Representatives with an update on Treasury's investment in Ally Financial, Inc. ("Ally"). As announced to the public on January 16, Treasury expects to sell 410,000 shares of Ally common stock in a private offering at $7,375 per share, from which Treasury expects to recover approximately $3.0 billion of its original TARP investment. At the conclusion of this sale, Treasury would continue to own roughly 37 percent of common stock in the company.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") HHF.

Treasury officials reported that, through November, approximately 1.9 million homeowner assistance actions had been provided to at-risk borrowers since MHA's inception. New assistance actions averaged 14,000 per month over the fourth quarter of 2013, with volume relatively stable over the past year. Treasury officials also discussed the proportion of MHA assistance actions taken by servicers of mortgages guaranteed by the Government Sponsored Enterprises ("GSEs") in comparison with MHA actions taken with respect to non-GSE mortgages. Officials noted that there had been a significant increase in the share of HAMP modifications on non-GSE-mortgages relative to such HAMP actions on GSE-guaranteed mortgages. Officials indicated that the overall decline in GSE modifications under HAMP may reflect the increased use by the GSEs of their streamlined modification option, which has been made available as a default option to at-risk borrowers who did not respond to other assistance options.

Treasury officials then provided the Representatives with an update on the HHF initiative. In December, three HFAs drew a total of $124.1 million, bringing the cumulative disbursements to $3.23 billion by 19 HFAs under 69 active programs. Officials noted that the District of Columbia and three states – Rhode Island, Illinois, and New Jersey – had reached their program funding limits and were no longer accepting new applications. In addition, Indiana had received approval to use HHF funding for blight elimination (demolition) projects, joining other states that had previously received funding approved for blight elimination (Michigan and Ohio).

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the timing of the Oversight Board's quarterly report and the prospective schedule and attendance for future Oversight Board meetings.

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

[Signed electronically]

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Jason A. Gonzalez,
General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting February 25, 2014

A meeting of the Financial Stability Oversight Board ("Board") was held at 2:00 p.m. (EDT) on Tuesday, February 25, 2014, by teleconference.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury

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

Mr. Ugoletti, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Acting Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

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

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

Mr. Roberts, Special Assistant, Office of Financial Stability, Department of the Treasury

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

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

The meeting was called to order by Mr. Wilcox at approximately 2:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on January 21, 2014, 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"); the Automotive Industry Financing Program ("AIFP"); and the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives. Among the materials distributed in advance of the meeting were 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, and Treasury’s Citizens Report on TARP for the fiscal year ending 2013. 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 then provided Representatives with an update on recent developments in the TARP programs. Officials reported that Treasury had disbursed a total of approximately $423 billion, including $412 billion under TARP investment programs and $11 billion under TARP housing-related programs to assist at-risk homeowners. Total collections on all TARP investment programs, as of the meeting, were $436 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”) and $3 billion proceeds from the recent sale of common stock in Ally Financial, Inc. (“Ally”). Approximately $8 billion remained outstanding under all TARP investment programs.

Treasury officials then provided the Representatives with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income

As of February 20, seventy-six institutions remained in the program and eight institutions had fully exited the program since the January meeting. In January, Treasury disposed of warrant positions in Premier Service Bank and Virginia Commerce Bankcorp, which provided combined proceeds of $33.5 million. Treasury had also completed an auction of its preferred share holdings in six institutions which resulted in gross proceeds of $20.6 million. Giving effect to these transactions, Treasury officials reported that approximately $2.0 billion of CPP investments remained outstanding.

Looking forward, Treasury officials noted that more than 80 percent of the remaining CPP institutions would experience scheduled step-ups (or increases) in their dividend rate during February or March, under the terms of their TARP CPP agreements.

Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership. In January, Syringa Bank, a subsidiary of Syringa Bancorp, was closed by the Idaho Department of Finance. Treasury’s investment in Syringa was $8 million. Officials noted that Treasury’s practice under such circumstances is to write off the entire investment.

Treasury officials then provided the Representatives with an update on the AIFP. As previously noted, on January 23, Treasury sold 410,000 shares of Ally common stock in a private offering, resulting in gross proceeds of $3.0 billion. After the sale, Treasury continued to own approximately 37 percent of common stock in Ally.

Officials also discussed Treasury’s treatment of the $1.7 billion remaining investment related to General Motors (“GM”) that had been reported in December after the sale of the Treasury’s last GM common shares. They indicated that a portion of that amount pertained to the Old GM (i.e., pre-bankruptcy), while another portion was ultimately converted to Ally common shares.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") HHF.

Treasury officials reported that, through December, approximately 1.9 million homeowner assistance actions had been provided to at-risk borrowers since MHA's inception. During December, more than 34,000 total assistance actions were completed, including more than 13,500 permanent modifications under HAMP. Active permanent modifications at the end of December totaled nearly 927,000.

Treasury officials reported that delinquency rates in HAMP modifications have continued to improve over time, noting that modifications that provided larger proportionate reductions in monthly payments have consistently achieved lower delinquency rates. Officials noted that demand for loan modifications under HAMP remained steady, with the volume of new permanent modifications continuing to run between 13,000 and 15,000 each month.

Treasury officials also discussed the evolution over time in the share of MHA assistance actions being taken on mortgages guaranteed by the Government Sponsored Enterprises ("GSEs"). Officials indicated that the overall decline in GSE modifications under HAMP reflects the increased use by the GSEs of the streamlined modification option, which has been made available as a default option to at-risk borrowers who did not seek or respond to HAMP assistance options.

Treasury officials noted that many housing markets continued to experience weakness in housing prices, despite a general upward trend in U.S. housing markets. Officials indicated that most new assistance actions continue to be for borrowers struggling to afford their mortgage payments.

Treasury officials then provided the Representatives with an update on the HHF initiative. As of January 31, the 19 HFAs had drawn a total of $3.4 billion under 69 active programs. During January, there was a total of $179.1 million drawn under HHF, all from five HFAs. Treasury officials noted that they continue to participate in bi-weekly conference calls with the HFAs and the large servicers participating in the HHF to discuss best practices, options for best utilization of program funds, and matters associated with the wind down of assistance programs.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the timing of the Oversight Board's quarterly report and the prospective schedule and attendance for future Oversight Board meetings.

The meeting was adjourned at approximately 2:35 p.m. (EDT).

[signed electronically]

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Jason A. Gonzalez,
General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting
March 28, 2014

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Friday, March 28, 2014, at the offices of the Department of Treasury ("Treasury").

MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury

Mr. Golding, Senior Advisor, Department of Housing and Urban Development

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

Mr. Ugoletti, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Acting Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

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

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

Mr. Roberts, Special Assistant, Office of Financial Stability, Department of the Treasury

Mr. Nixon, Senior Housing Policy Advisor, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

Ms. Carter, 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 then considered draft minutes for the meeting of the Board on February 25, 2014, 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 Automotive Industry Financing Program ("AIFP"); and the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives. Among the materials distributed in advance of the meeting were 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 then provided Representatives with an update on recent developments in the TARP programs. Referencing the latest monthly report, officials reported that Treasury had disbursed a total of approximately $423 billion, including $412 billion under TARP investment programs and $11 billion under TARP housing-related programs to assist at-risk homeowners. Total collections on all TARP investment programs were $436 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Approximately $8 billion remained outstanding under all TARP investment programs.

Treasury officials then provided the Representatives with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income. As of March 24, seventy-one institutions remained in the program and $225 billion had been collected on CPP investments, including $198 billion through voluntary repayments. On March 17, Treasury had received proceeds of $45 million through the auction of preferred stock in four institutions. Additionally, officials noted that $5 million had been received through full or partial stock repurchases by three institutions. Treasury officials then reported that approximately $1.95 billion of CPP investments remained outstanding, with approximately 60 percent attributable to two institutions in Puerto Rico (Popular and First BanCorp). On March 27, Treasury announced its intent to sell at auction its CPP investments in five institutions.

Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership.

Treasury officials then provided the Representatives with an update on the AIFP, noting that on March 27, Treasury had announced an initial public offering of 95 million shares of Ally Financial Inc. ("Ally") common stock, which represented roughly half of Treasury's remaining investment in Ally. Treasury had recovered approximately 89 percent of the original $17.2 billion provided to Ally, including dividend payments, and continued to own approximately 37 percent of the common stock in the company. Treasury officials confirmed that Ally would continue to be subject to TARP restrictions on executive compensation until all Ally shares are sold.

Officials also discussed the status of the $1.7 billion remaining investment related to General Motors ("GM") that had been reported in December after the sale of the Treasury's last GM common shares. Officials indicated that roughly $826 million was associated with losses recognized in connection with the wind-down of Old GM, whereas roughly $880 million represented Ally common shares that earlier had been reclassified in Treasury reports as an exposure to Ally rather than to GM.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") HHF. Treasury officials reported that through February, more than 1.9 million homeowner assistance actions had been provided to at-risk borrowers since MHA's inception, including approximately 1.3 million permanent modifications through HAMP. Treasury officials noted that there were currently 939 thousand active permanent modifications, including more than 15,000 new HAMP permanent modifications that had been completed since January.

Treasury officials then discussed the scope and timing of interest-rate resets on HAMP modifications that under HAMP begin five years after the initiation of the modification. They noted that the first set of HAMP modifications will experience gradual increases in monthly payments in August 2014, as they reach their five-year anniversary initiated in 2009. Under the program, HAMP resets take place in annual steps of no more than one percent per year, and cease once the rate on the modification is equal to the prevailing market mortgage rate at the time the modification was initiated. For a typical HAMP modification, an interest-rate increase of 1 percent would increase the borrower's payments by roughly $220 per month. Effective March 2014, servicers were required to make counseling available to all new borrowers entering a trial modification or borrowers already in modifications that were deemed at risk of re-default, including homeowners at risk of re-default due to HAMP interest rate resets. Treasury will monitor the pace and effect of interest rate resets under HAMP. Planning for the resets will be a focus of discussion at Treasury's upcoming MHA summit with Administration housing policy officials, regulators, FHFA, mortgage servicers, the GSEs, non-profit housing counselors, and consumer advocates in June. Treasury is continuing to analyze the issue and assess contingencies, costs and limits for possible actions under various MHA programs including HAMP Tier 2 and the Home Affordable Foreclosure Alternative program ("HAFA").

Treasury officials then provided the Representatives with an update on the HHF initiative. As of February 28, the 19 HFAs had drawn a total of $3.46 billion under 68 active programs. Treasury officials also noted that Ohio's HFA had announced that it will cease accepting new HHF assistance applications effective April 30. Ohio is the fifth state to close its application process due to fully committing its HHF allocation.

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 assistance to at-risk mortgage borrowers. As part of this discussion, officials from the Federal Housing Finance Agency ("FHFA") briefed members on developments in the housing and housing finance markets. The information reviewed included data related to mortgage rates and Treasury yields, delinquencies and re-default rates of modified mortgages, refinancing activity, trends in house price indices, and sales of new and existing homes. During this discussion, FHFA officials also presented data related to the foreclosure prevention actions taken by the Government Sponsored Enterprises.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the status of the Oversight Board's quarterly report for the period ending December 31, 2013.

The meeting was adjourned at approximately 3:35 p.m. (EDT).

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting
January 21, 2014

A meeting of the Financial Stability Oversight Board ("Oversight Board") was held at 3:00 p.m. (EDT) on Thursday, January 21, 2014, by teleconference.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury

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

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

Mr. Ugoletti, Senior Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Acting Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

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

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

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

Mr. Nixon, Senior Housing Policy Advisor, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

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

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

At the outset of the meeting, Mr. Treacy noted that, in accordance with the bylaws of the Oversight Board, each Member had designated an official of the same agency to serve as that Member's Representative on the Oversight Board ("Representative"). A brief discussion among the Representatives then ensued regarding the governance needs of the Oversight Board.

The Representatives then discussed the position of Chairperson of the Oversight Board. Following this discussion, the Representatives, with Mr. Wilcox abstaining, adopted the following resolution on behalf of the Members:

RESOLUTION TO ELECT A CHAIRPERSON

"Whereas, Section 104 of the Emergency Economic Stabilization Act of 2008 provides for the election by members of the Financial Stability Oversight Board ("Oversight Board") of a Chairperson from among the members of the Oversight Board other than the Secretary of the Treasury,

Therefore, after discussion among the representatives of the Oversight Board members and on motion duly made, seconded and carried, it was Resolved, that the representative of the Chair of the Board of Governors of the Federal Reserve System, Mr. Wilcox, is hereby elected Chairperson of the Oversight Board."

On behalf of the Members, the Representatives then considered draft minutes for the meeting of the Oversight Board on December 19, 2013, 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"); the Automotive Industry Financing Program ("AIFP"); 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 then provided Representatives with an update on Treasury's progress in winding down assets currently held under TARP. Officials reported that Treasury had disbursed $422.2 billion and collected $432.8 billion under all TARP investment programs as of January 16, 2014, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury officials also reported that approximately $12.4 billion remained outstanding under all TARP investment programs. Treasury had also disbursed $10.49 billion to at-risk borrowers under its TARP housing-related programs, representing approximately 27 percent of authorized funds of $38.49 billion.

Treasury officials then provided the Representatives with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income. As of the meeting date, eighty-five institutions remained in the program, with approximately

$225 billion total proceeds collected by Treasury to date. Three institutions had fully exited the program since the December meeting. Treasury's remaining CPP investments totaled approximately $2.09 billion as of the meeting date. Officials noted that the institution with the largest outstanding CPP investment (Banco Popular), had announced a proposal to repay Treasury contingent on regulatory approval. Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership.

Treasury officials then provided the Representatives with an update on the AIFP. Officials reviewed Treasury's sale in December of all remaining common shares of New GM. Officials noted that Treasury has a remaining investment in Old GM of $1.7 billion that is expected to be written off or liquidated in the near term.

Treasury officials also provided the Representatives with an update on Treasury's investment in Ally Financial, Inc. ("Ally"). As announced to the public on January 16, Treasury expects to sell 410,000 shares of Ally common stock in a private offering at $7,375 per share, from which Treasury expects to recover approximately $3.0 billion of its original TARP investment. At the conclusion of this sale, Treasury would continue to own roughly 37 percent of common stock in the company.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") HHF.

Treasury officials reported that, through November, approximately 1.9 million homeowner assistance actions had been provided to at-risk borrowers since MHA's inception. New assistance actions averaged 14,000 per month over the fourth quarter of 2013, with volume relatively stable over the past year. Treasury officials also discussed the proportion of MHA assistance actions taken by servicers of mortgages guaranteed by the Government Sponsored Enterprises ("GSEs") in comparison with MHA actions taken with respect to non-GSE mortgages. Officials noted that there had been a significant increase in the share of HAMP modifications on non-GSE-mortgages relative to such HAMP actions on GSE-guaranteed mortgages. Officials indicated that the overall decline in GSE modifications under HAMP may reflect the increased use by the GSEs of their streamlined modification option, which has been made available as a default option to at-risk borrowers who did not respond to other assistance options.

Treasury officials then provided the Representatives with an update on the HHF initiative. In December, three HFAs drew a total of $124.1 million, bringing the cumulative disbursements to $3.23 billion by 19 HFAs under 69 active programs. Officials noted that the District of Columbia and three states – Rhode Island, Illinois, and New Jersey – had reached their program funding limits and were no longer accepting new applications. In addition, Indiana had received approval to use HHF funding for blight elimination (demolition) projects, joining other states that had previously received funding approved for blight elimination (Michigan and Ohio).

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the timing of the Oversight Board's quarterly report and the prospective schedule and attendance for future Oversight Board meetings.

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

[Signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting
February 25, 2014

A meeting of the Financial Stability Oversight Board ("Board") was held at 2:00 p.m. (EDT) on Tuesday, February 25, 2014, by teleconference.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury

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

Mr. Ugoletti, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Acting Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

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

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

Mr. Roberts, Special Assistant, Office of Financial Stability, Department of the Treasury

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

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

The meeting was called to order by Mr. Wilcox at approximately 2:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on January 21, 2014, 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"); the Automotive Industry Financing Program ("AIFP"); and the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives. Among the materials distributed in advance of the meeting were 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, and Treasury's Citizens Report on TARP for the fiscal year ending 2013. 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 then provided Representatives with an update on recent developments in the TARP programs. Officials reported that Treasury had disbursed a total of approximately $423 billion, including $412 billion under TARP investment programs and $11 billion under TARP housing-related programs to assist at-risk homeowners. Total collections on all TARP investment programs, as of the meeting, were $436 billion, including the proceeds of non-TARP common shares in American International Group ("AIG") and $3 billion proceeds from the recent sale of common stock in Ally Financial, Inc. ("Ally"). Approximately $8 billion remained outstanding under all TARP investment programs.

Treasury officials then provided the Representatives with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income

As of February 20, seventy-six institutions remained in the program and eight institutions had fully exited the program since the January meeting. In January, Treasury disposed of warrant positions in Premier Service Bank and Virginia Commerce Bankcorp, which provided combined proceeds of $33.5 million. Treasury had also completed an auction of its preferred share holdings in six institutions which resulted in gross proceeds of $20.6 million. Giving effect to these transactions, Treasury officials reported that approximately $2.0 billion of CPP investments remained outstanding.

Looking forward, Treasury officials noted that more than 80 percent of the remaining CPP institutions would experience scheduled step-ups (or increases) in their dividend rate during February or March, under the terms of their TARP CPP agreements.

Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership. In January, Syringa Bank, a subsidiary of Syringa Bancorp, was closed by the Idaho Department of Finance. Treasury's investment in Syringa was $8 million. Officials noted that Treasury's practice under such circumstances is to write off the entire investment.

Treasury officials then provided the Representatives with an update on the AIFP. As previously noted, on January 23, Treasury sold 410,000 shares of Ally common stock in a private offering, resulting in gross proceeds of $3.0 billion. After the sale, Treasury continued to own approximately 37 percent of common stock in Ally.

Officials also discussed Treasury's treatment of the $1.7 billion remaining investment related to General Motors ("GM") that had been reported in December after the sale of the Treasury's last GM common shares. They indicated that a portion of that amount pertained to the Old GM (i.e., pre-bankruptcy), while another portion was ultimately converted to Ally common shares.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") HHF.

Treasury officials reported that, through December, approximately 1.9 million homeowner assistance actions had been provided to at-risk borrowers since MHA's inception. During December, more than 34,000 total assistance actions were completed, including more than 13,500 permanent modifications under HAMP. Active permanent modifications at the end of December totaled nearly 927,000.

Treasury officials reported that delinquency rates in HAMP modifications have continued to improve over time, noting that modifications that provided larger proportionate reductions in monthly payments have consistently achieved lower delinquency rates. Officials noted that demand for loan modifications under HAMP remained steady, with the volume of new permanent modifications continuing to run between 13,000 and 15,000 each month.

Treasury officials also discussed the evolution over time in the share of MHA assistance actions being taken on mortgages guaranteed by the Government Sponsored Enterprises ("GSEs"). Officials indicated that the overall decline in GSE modifications under HAMP reflects the increased use by the GSEs of the streamlined modification option, which has been made available as a default option to at-risk borrowers who did not seek or respond to HAMP assistance options.

Treasury officials noted that many housing markets continued to experience weakness in housing prices, despite a general upward trend in U.S. housing markets. Officials indicated that most new assistance actions continue to be for borrowers struggling to afford their mortgage payments.

Treasury officials then provided the Representatives with an update on the HHF initiative. As of January 31, the 19 HFAs had drawn a total of $3.4 billion under 69 active programs. During January, there was a total of $179.1 million drawn under HHF, all from five HFAs. Treasury officials noted that they continue to participate in bi-weekly conference calls with the HFAs and the large servicers participating in the HHF to discuss best practices, options for best utilization of program funds, and matters associated with the wind down of assistance programs.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the timing of the Oversight Board's quarterly report and the prospective schedule and attendance for future Oversight Board meetings.

The meeting was adjourned at approximately 2:35 p.m. (EDT).

[signed electronically]

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Jason A. Gonzalez,
General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting
March 28, 2014

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Friday, March 28, 2014, at the offices of the Department of Treasury ("Treasury").

MEMBER REPRESENTATIVES PARTICIPATING:

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

Ms. Miller, Acting Deputy Secretary and Under Secretary for Domestic Finance, Department of Treasury

Mr. Golding, Senior Advisor, Department of Housing and Urban Development

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

Mr. Ugoletti, Special Advisor, Federal Housing Finance Agency

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Acting Assistant Secretary for Financial Stability, Department of the Treasury

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

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

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

Mr. Roberts, Special Assistant, Office of Financial Stability, Department of the Treasury

Mr. Nixon, Senior Housing Policy Advisor, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

Ms. Carter, 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 then considered draft minutes for the meeting of the Board on February 25, 2014, 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 Automotive Industry Financing Program (“AIFP”); and the Making Home Affordable (“MHA”) and Hardest Hit Fund (“HHF”) initiatives. Among the materials distributed in advance of the meeting were 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 then provided Representatives with an update on recent developments in the TARP programs. Referencing the latest monthly report, officials reported that Treasury had disbursed a total of approximately $423 billion, including $412 billion under TARP investment programs and $11 billion under TARP housing-related programs to assist at-risk homeowners. Total collections on all TARP investment programs were $436 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Approximately $8 billion remained outstanding under all TARP investment programs.

Treasury officials then provided the Representatives with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income. As of March 24, seventy-one institutions remained in the program and $225 billion had been collected on CPP investments, including $198 billion through voluntary repayments. On March 17, Treasury had received proceeds of $45 million through the auction of preferred stock in four institutions. Additionally, officials noted that $5 million had been received through full or partial stock repurchases by three institutions. Treasury officials then reported that approximately $1.95 billion of CPP investments remained outstanding, with approximately 60 percent attributable to two institutions in Puerto Rico (Popular and First BanCorp). On March 27, Treasury announced its intent to sell at auction its CPP investments in five institutions.

Treasury officials also briefly discussed the status of CPP institutions in bankruptcy or whose depository institution is in receivership.

Treasury officials then provided the Representatives with an update on the AIFP, noting that on March 27, Treasury had announced an initial public offering of 95 million shares of Ally Financial Inc. (“Ally”) common stock, which represented roughly half of Treasury’s remaining investment in Ally. Treasury had recovered approximately 89 percent of the original $17.2 billion provided to Ally, including dividend payments, and continued to own approximately 37 percent of the common stock in the company. Treasury officials confirmed that Ally would continue to be subject to TARP restrictions on executive compensation until all Ally shares are sold.

Officials also discussed the status of the $1.7 billion remaining investment related to General Motors ("GM") that had been reported in December after the sale of the Treasury's last GM common shares. Officials indicated that roughly $826 million was associated with losses recognized in connection with the wind-down of Old GM, whereas roughly $880 million represented Ally common shares that earlier had been reclassified in Treasury reports as an exposure to Ally rather than to GM.

Treasury officials then provided an update on the MHA program and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") HHF. Treasury officials reported that through February, more than 1.9 million homeowner assistance actions had been provided to at-risk borrowers since MHA's inception, including approximately 1.3 million permanent modifications through HAMP. Treasury officials noted that there were currently 939 thousand active permanent modifications, including more than 15,000 new HAMP permanent modifications that had been completed since January.

Treasury officials then discussed the scope and timing of interest-rate resets on HAMP modifications that under HAMP begin five years after the initiation of the modification. They noted that the first set of HAMP modifications will experience gradual increases in monthly payments in August 2014, as they reach their five-year anniversary initiated in 2009. Under the program, HAMP resets take place in annual steps of no more than one percent per year, and cease once the rate on the modification is equal to the prevailing market mortgage rate at the time the modification was initiated. For a typical HAMP modification, an interest-rate increase of 1 percent would increase the borrower's payments by roughly $220 per month. Effective March 2014, servicers were required to make counseling available to all new borrowers entering a trial modification or borrowers already in modifications that were deemed at risk of re-default, including homeowners at risk of re-default due to HAMP interest rate resets. Treasury will monitor the pace and effect of interest rate resets under HAMP. Planning for the resets will be a focus of discussion at Treasury's upcoming MHA summit with Administration housing policy officials, regulators, FHFA, mortgage servicers, the GSEs, non-profit housing counselors, and consumer advocates in June. Treasury is continuing to analyze the issue and assess contingencies, costs and limits for possible actions under various MHA programs including HAMP Tier 2 and the Home Affordable Foreclosure Alternative program ("HAFA").

Treasury officials then provided the Representatives with an update on the HHF initiative. As of February 28, the 19 HFAs had drawn a total of $3.46 billion under 68 active programs. Treasury officials also noted that Ohio's HFA had announced that it will cease accepting new HHF assistance applications effective April 30. Ohio is the fifth state to close its application process due to fully committing its HHF allocation.

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 assistance to at-risk mortgage borrowers. As part of this discussion, officials from the Federal Housing Finance Agency ("FHFA") briefed members on developments in the housing and housing finance markets. The information reviewed included data related to mortgage rates and Treasury yields, delinquencies and re-default rates of modified mortgages, refinancing activity, trends in house price indices, and sales of new and existing homes. During this discussion, FHFA officials also presented data related to the foreclosure prevention actions taken by the Government Sponsored Enterprises.

Staff of the Oversight Board then discussed several administrative matters with the Representatives, including the status of the Oversight Board's quarterly report for the period ending December 31, 2013.

The meeting was adjourned at approximately 3:35 p.m. (EDT).

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary