FINANCIAL STABILITY OVERSIGHT BOARD
QUARTERLY REPORT TO CONGRESS

**For the quarter ending
March 31, 2015**

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

<u>Statutory Members</u>

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Chair
Board of Governors of the Federal Reserve System

Jacob J. Lew
Secretary
Department of the Treasury

Mary Jo White
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Securities and Exchange Commission

Julián Castro
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, 2015 to March 31, 2015 (the "quarterly period").

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

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

The Oversight Board met three times during the quarterly period, specifically on January 30, February 25, and March 23, 2015. As reflected in the minutes of the Oversight Board's meetings,[2] the Oversight Board regularly receives presentations and briefings from Treasury officials during these meetings to assist the Oversight Board in monitoring the actions taken by the Treasury Department under TARP and the Administration's Financial Stability Plan.

[1] The respective Members named the following Representatives: Mr. David Wilcox, Division Director, Federal Reserve Board; Mr. Seth Carpenter, Acting Assistant Secretary for Financial Markets, Department of Treasury; Mr. Ed Golding, Principal Deputy Assistant Secretary, Office of Housing, 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 available at: http://www.treasury.gov/initiatives/financial-stability/about-tarp/finsob/Pages/minutes-reports.aspx.

II. THE EFFECTS AND COSTS OF EESA PROGRAMS

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

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

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

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

a. **Volume of TARP mortgage borrower assistance actions**

Foreclosure mitigation efforts under TARP continued at significant rates during the quarter. During October, November and December 2014, new permanent modifications totaled about 10,600 per month, while total active permanent modifications increased from roughly

961,600 at the end of September to more than 968,600 at the end of December.[3] 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 December 2014, more than 84,900 2MP modifications were active, up from 84,300 at the end of September. Nearly 144,700 2MP modifications had been started, cumulatively, through December, and more than 39,400 of these involved full extinguishment of the second lien. As of the end of December 2014 there were nearly 173,700 active permanent HAMP first-lien modifications with principal reduction. Also through December, 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, continued to show a substantial increase in volume, to about 303,700 short sales and nearly 37,500 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 28,900 non-HAMP modifications had been initiated per month during October, November and December 2014, slightly above the average for the previous three months (27,900). Unlike HAMP modifications, the terms and impact associated with these non-HAMP modifications are not generally reported.

b. Performance of past TARP mortgage borrower assistance actions

Data reported by Treasury during the quarter indicated that through the end of December some 30.3 percent of all HAMP permanent modifications had re-defaulted, that is, were disqualified for missing three or more payments.[4] Delinquency data across standardized intervals, a more conventional metric for assessing payment performance, continued to provide some positive indications.[5] Data reported during the quarter indicated that 12.4 percent of HAMP

[3] The discussion of TARP mortgage borrower assistance actions cites levels and changes for Making Home Affordable ("MHA") program actions over calendar quarters, conforming to the timing and presentation of data in Treasury's MHA Program Performance Reports.

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

[5] The quarterly delinquency data reported in the MHA Performance Report, in this section, and in figure 1 exclude HAMP Tier 2 permanent modifications.

modifications made permanent in the fourth quarter of 2013 had become delinquent by 60 days or more within 12 months of receiving a modification (figure 1). Similarly, among loan modifications made permanent in the fourth quarter of 2012, some 12.3 percent had become delinquent by 60 or more days within the same 12-month interval. Each continued to fall within a narrow band of 12-month delinquency rates evident across recent quarterly cohorts, and well below the comparable-interval delinquency rates seen prior to 2012.

In contrast, 22.5 percent of non-HAMP modifications made permanent in the fourth quarter of 2013 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] As with modifications made permanent in earlier quarters, the lower rate of delinquency for HAMP permanent modifications was likely influenced by differences in documentation standards, magnitudes of payment reduction and requirements for a trial period.

[6] Data for non-HAMP modifications were drawn from the OCC Mortgage Metrics Report for the fourth quarter of 2014 (Table 35), 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 14.5 percent of HAMP permanent modifications finalized in the fourth quarter of 2013 had fallen 60 days delinquent within 12 months.

Figure 1

Delinquency: Months After Conversion to Permanent Modification						
	12		24		36	
Modification Effective in:	#	60+ Days	#	60+ Days	#	60+ Days
2009Q3	4,636	25.9%	5,070	36.9%	5,169	44.0%
2009Q4	51,422	20.4%	55,561	31.6%	56,375	39.7%
2010Q1	161,162	20.3%	167,979	31.9%	166,240	39.7%
2010Q2	173,512	19.5%	178,832	31.1%	175,052	39.2%
2010Q3	104,225	18.2%	106,257	29.5%	104,558	37.2%
2010Q4	65,090	18.4%	66,406	29.6%	65,936	36.4%
2011Q1	79,648	17.0%	80,896	27.5%	81,055	33.8%
2011Q2	92,600	16.2%	91,469	27.3%	91,555	33.2%
2011Q3	86,873	15.6%	85,108	25.8%	86,868	31.1%
2011Q4	67,738	14.7%	67,626	23.4%	67,749	28.6%
2012Q1	50,849	14.1%	50,752	22.5%	*17,021*	*28.0%*
2012Q2	45,237	13.6%	44,978	22.1%		
2012Q3	49,701	13.0%	50,500	20.9%		
2012Q4	42,426	12.3%	42,821	19.9%		
2013Q1	42,040	12.7%	*13,379*	*19.7%*		
2013Q2	33,719	11.8%				
2013Q3	34,851	12.2%				
2013Q4	29,935	12.4%				
2014Q1	*8,681*	*12.5%*				
2014Q2						
2014Q3						
2014Q4						
All	1,224,345	16.7%	1,107,634	27.8%	917,578	36.1%

Notes:

- Performance of HAMP Tier 1 Permanent Modifications as of December 2014, showing selected details for the full set of quarterly cohorts that lay behind more summarized cohort information contained in the Quarterly MHA Program Performance Reports.[7]
- The number of modifications shown in the most recent quarter includes less than a full quarter of originations.

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 fourth quarter of 2012, 19.9 percent had become delinquent by 60 or more days 24 months after the modification.

[7] See notes in MHA Performance Reports for further details.

Similarly, 36 months after becoming permanent, loan modifications made during the fourth quarter of 2011 experienced a serious delinquency rate of 28.6 percent.

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, 2015 (figure 2). According to these estimates, the expected overall cost of TARP will be approximately $37.39 billion. Using the same assumptions, Treasury also estimated that the combined overall cost of TARP and other Treasury interests in AIG will be approximately $19.84 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 financial results have also been updated as of March 31, 2015, and are provided in Section III.

Figure 2

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

Programs as of March 31, 2015 (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	$0.12	$(10.24)
Banks with assets less than $10 billion[2]	$ 14.57	$ 14.57	$0.22	$ 0.89
Total	$204.89	$204.89	$0.35	$(16.24)
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	$0.46	$ 0.10
Credit Market Programs:				
Public-Private Investment Program (PPIP):				
Equity	$ 6.25	$ 6.25	$ -	$ (3.06)
Debt	$ 12.38	$ 12.38	$ -	$ 0.33
Total	$ 18.63	$ 18.63	$ -	$ (2.73)
Term Asset Backed Securities Lending Facility (TALF)	$ 0.10	$ 0.10	$ -	$ (0.61)
Purchase SBA 7(a) Securities (SBA)	$ 0.37	$ 0.37	$ -	$ (0.00)
Other Programs:				
American International Group (AIG):				
Preferred Stock	$ 20.29	$ 20.29	$ -	$ -
Common Stock	$ 47.54	$ 47.54	$ -	$ 15.18
Total	$ 67.84	$ 67.84	$ -	$ 15.18
Automotive Industry Financing Program (AIFP)	$ 79.69	$ 79.69	$ -	$ 12.27
Sub-total for Investment Programs	**$417.08**	**$411.72**	**$0.80**	**$ (0.03)**
Making Home Affordable	$ 29.79	$ 10.56	n/a	$ 29.79
Hardest Hit Fund	$ 7.60	$ 5.09	n/a	$ 7.60
FHA-Refinance[4]	$ 0.13	$ 0.06	n/a	$ 0.03
Sub-total for Housing Programs	**$ 37.52**	**$ 15.71**	**n/a**	**$ 37.42**
Total for TARP Programs	**$454.60**	**$427.44**	**$0.80**	**$ 37.39**
Additional AIG Common Shares Held by Treasury[5]	n/a	n/a	n/a	$(17.55)
Total for TARP Programs and Additional AIG Shares	**$454.60**	**$427.44**	**$0.80**	**$ 19.84**

Footnotes

[1] Lifetime cost information is as of February 28, 2015. 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 2015, Treasury extended the letter of credit facility to provide coverage for loans refinanced throughout the eligibility period, which had been extended to December 2016, but reduced the amount from $1 billion to $100 million. Treasury believes this lower amount will be sufficient to accommodate any increased usage that could result through the close of the program. The figures in this line include administrative expenses associated with the letter of credit facility.

[5] As discussed in note 10 to the Monthly TARP Update, Treasury's investment in AIG common shares consisted of shares acquired in exchange for preferred stock purchased with TARP funds ("TARP shares") and shares received from the trust created by the 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 Monthly 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 a detailed 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, 2015, subject to review and oversight of the Oversight Board.

At the end of the quarterly period, and in recognition of the relatively low level of remaining balances in TARP investment programs, Treasury opted to revise the frequency with which the TARP Update report (formerly the "Daily TARP Update") is produced from daily to monthly. Treasury believes the new reporting schedule better corresponds to the relatively small remaining size and gradual pace of change in its TARP investment portfolio and to the modest percentage increments in funds disbursed for the TARP housing programs.

a. Capital and Guarantee Programs for Financial Institutions

i. Update on the Capital Purchase Program (“CPP”)

As of March 31, 2015, 31 institutions remained in the CPP program with total outstanding CPP obligations of $0.35 billion. As of that date, Treasury had received approximately $206.39 billion in gross proceeds from repayments and auction sales under the CPP, exceeding the $204.89 billion in total funds initially disbursed.[8] These repayments and auction sales, along with dividends, interest, warrant sales, and fee income from participating bank organizations brought the total cash received from the CPP to $226.47 billion.

During the quarterly period, Treasury completed its second pre-defined written trading plan for the sale of its First BanCorp (“FBP”) common stock. Under that plan, Treasury sold 5.00 million shares and recovered approximately $29.71 million. Two other financial institutions fully repaid their CPP investments, for a combined total of $10.37 million. Treasury also restructured and subsequently sold its investment in one institution for total proceeds of $11.74 million.

During the quarterly period, Treasury received proceeds of approximately $12.88 million from CPP warrants that were repurchased, auctioned or otherwise sold. Treasury also received dividends and interest income from CPP investments of approximately $0.56 million.

[8] This amount received includes all proceeds received as of March 31, 2015, 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.

As of March 31, 2015, the cumulative total of non-current dividend or interest payments by CPP portfolio institutions was approximately $53.35 million. [9] 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.

No institutions participating in the CPP program had their subsidiary banks placed in receivership during the quarterly period. A total of 32 CPP recipients have been placed in receivership or bankruptcy since the inception of the program, 11 of which had exited the receivership or bankruptcy process by March 2015 (figure 3).

Figure 3

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

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

*Institution has exited the bankruptcy/receivership process

[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). 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).

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

As of March 31, 2014, there were 64 institutions remaining in the CDCI. During the quarterly period, two financial institutions delivered a total of $1.49 million in full and partial repayments.

During the quarterly period, Treasury also collected $2.29 million in dividend and interest payments from CDCI institutions. One CDCI institution missed a (dividend) payment during the quarterly period. As of March 31, 2015, cumulative dividends and interest income received from CDCI investments was approximately $47.87 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. Housing Stabilization and Foreclosure Mitigation

During the quarterly period, a quarterly MHA Program Performance Report was released covering program activity during the period October 2014 through December 2014, including a quarterly MHA Servicer Assessment for the same period.[10] This report was released in conjunction with the monthly housing scorecards on the health of the nation's housing market produced by HUD.[11] In addition, a Performance Summary for HHF was released covering the fourth quarter of 2014.[12]

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 4). For some programs, assistance includes that provided by the Government Sponsored Enterprises ("GSEs").

[10] The quarterly MHA Program Performance Report includes 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 .

[11] 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 .

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

Figure 4

	As of Dec 31, 2014	Q4 2014
MHA First Lien Permanent Modifications Started	1,755,572	60,266
HAMP Tier 1	*1,363,468*	*17,946*
HAMP Tier 2	*84,988*	*13,805*
GSE Standard Modifications (SAI)	*236,268*	*12,970*
Treasury FHA and RD HAMP	*70,848*	*15,545*
2MP Modifications Started	144,674	2,977
HAFA Transactions Completed	341,154	17,867
UP Forbearance Plans Started	42,142	671
Cumulative Activity	**2,283,542**	**81,781**

Notes:

- First lien permanent modifications include GSE Standard Modifications since October 2011 under the GSEs' Servicer Alignment Initiative.
- The recent increase in Treasury FHA-HAMP volume is due to policy clarification issued by Treasury to align with policy changes made by FHA, including allowing homeowners with a debt-to-income level below 31 percent to qualify for FHA-HAMP.
- 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 $29.79 billion has been committed to MHA. As of March 31, 2015, Treasury had disbursed $10.56 billion in incentive payments for MHA, $0.7 billion of which was disbursed during the first quarter of 2015.[13] Based on all MHA activity in place as of March 31, 2015, Treasury estimated that $18.8 billion in incentive payments would ultimately be disbursed in association with all MHA assistance actions if all active modifications were to remain current and receive incentives for six years.

a. HAMP

Through December 31, 2014, more than 1.4 million HAMP permanent modifications had been completed since the start of the program. As of December 31, 2014, homeowners that received HAMP permanent modifications saved approximately $490 per month (median savings), representing a reduction of more than one third from their before-modification mortgage payment. Since HAMP began, homeowners who received permanent modifications had saved an estimated

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

total of $32.7 billion in monthly mortgage payments. During the period October to December 2014, some 31,751 new permanent modifications were initiated, as reported in Treasury's Making Home Affordable Program Performance Report.[14] An additional 32,727 new HAMP trial plans were begun during that same period.

b. HAMP Rate Step-ups

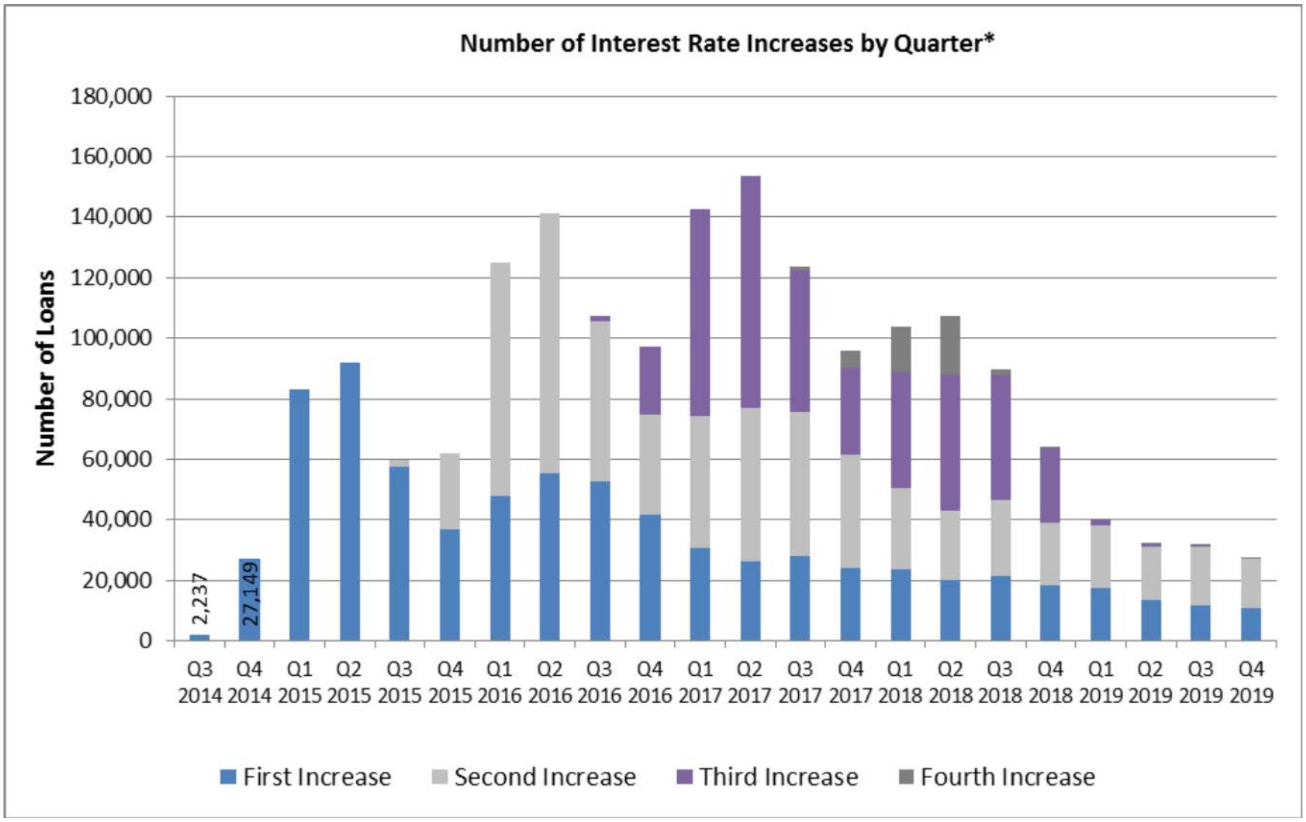
The HAMP Tier 1 modification was designed to provide relief to homeowners facing a financial hardship by providing a modification that would reduce their monthly mortgage payment to an affordable level. The interest rate is reduced in increments to achieve the target 31 percent debt-to-income (DTI) level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

Some 83 percent of HAMP Tier 1 homeowners will experience an interest rate increase after five years. The majority of HAMP homeowners will experience two to three interest rate increases. Homeowners who received a modification between 2009 and 2011 are more likely to experience three to four increases than homeowners who received a modification in 2012 or 2013, most of whom will experience two increases (figure 5).

The first interest rate increase went into effect in the third quarter of 2014 for the earliest group of HAMP modifications. Treasury is monitoring these cohorts closely for signs or trends that re-defaults are increasing as borrowers experience an interest rate step-up. As of March 2015, nine vintages had experienced an interest rate step-up. At this stage, there does not appear to be a notable performance impact for the modifications that have experienced a step-up.

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

Figure 5



* As of December 2014. Assumes no re-defaults of active HAMP Tier 1 modifications.

c. HAMP PRA

As of December 31, 2014, about 221,300 permanent HAMP modifications had been initiated with a principal reduction feature, according to data reported during the quarterly period. Of all non-GSE loans eligible for principal reduction entering HAMP in the fourth quarter of 2014 (the most recent semiannual tabulation available in the quarterly period), 69 percent of Tier 1 loans and 65 percent of Tier 2 loans included a principal reduction feature.

ii. HHF

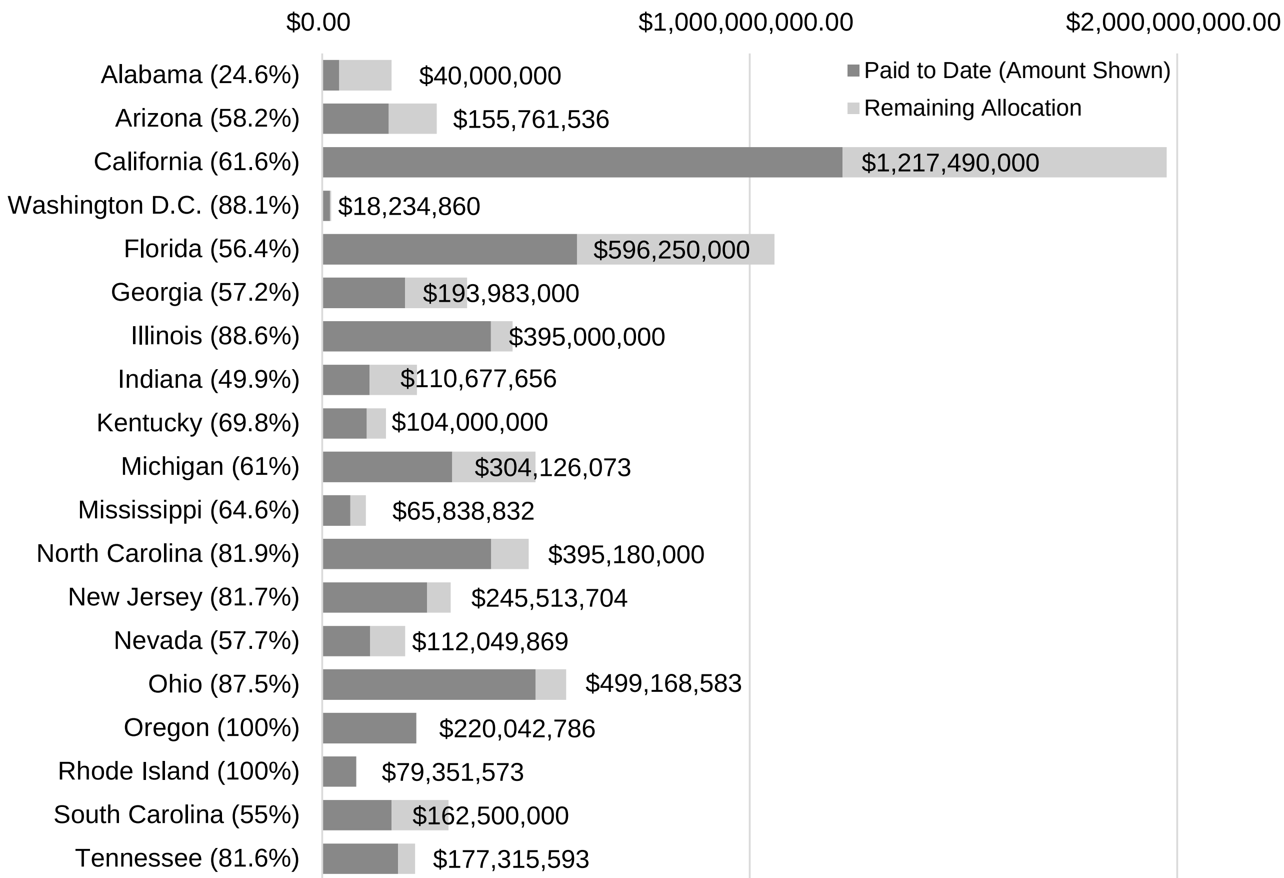
As of March 31, 2015, all 18 states and the District of Columbia were operating HHF programs throughout their respective jurisdictions and collectively had drawn approximately $5.09 billion (67 percent) of the $7.60 billion allocated under the program. Each of these eligible jurisdictions draws down funds as they are needed (figure 6). The jurisdictions 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, 2015, there were 73 active programs across the 19 HHF jurisdictions. Approximately 67 percent of total program funds were targeted to help unemployed borrowers, primarily through programs that help homeowners pay their mortgage while looking for work, or borrowers needing assistance reinstating a delinquent mortgage. Treasury continued its efforts to identify best practices, share lessons learned among programs and provide additional assistance and oversight to HFAs in need of improvement.

During the quarter, Treasury approved program changes for Alabama, California, Florida, and Michigan. Program changes are outlined each month in the Monthly Report to Congress. [15]

Figure 6

Hardest Hit Fund as of March 31, 2015



[15] In addition, Illinois, New Jersey, Ohio, Oregon, Rhode Island, Tennessee, and Washington D.C. previously closed their registration processes for new applicants.

APPENDIX A

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

Minutes of the Financial Stability Oversight Board Meeting
January 30, 2015

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Friday, January 30, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Rutherford, Acting Under Secretary for Domestic Finance, Department of the 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

AGENCY OFFICIALS PARTICIPATING:

Mr. Bowler, Deputy 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

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

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

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

Ms. Nolan, 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 December 19, 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 provided Representatives with an update on recent developments in the TARP programs. As of January 28, Treasury had disbursed a total of approximately $426.9 billion, including $411.7 billion under TARP investment programs and $15.2 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were $441.7 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP programs was $890 million associated with bank programs (CPP and the Community Development Capital Initiative).

Treasury officials then provided the Representatives with an update on the CPP. Treasury's remaining aggregate CPP investment in 33 institutions was approximately $440 million. The largest CPP investment remaining was Treasury's common stock holdings in First BanCorp ("FBP"), amounting to $160 million as of January 28. Officials then noted that the sale of FBP common stock was continuing under a second pre-arranged written trading plan.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA's inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that some 11,000 new permanent HAMP modifications were initiated in November 2014. Treasury officials then noted the recent enhancements to MHA programs that increase and extend pay-for-performance incentives for homeowners in HAMP. As of November 2014, there were 966,000 active permanent modifications.

Treasury officials then discussed the general status of, and funding drawn by, HHF programs. In November, three HFAs had drawn a total of $140 million and two states made changes to their programs to better assist at-risk borrowers. As of December 31, 2014, the 19 eligible HHF jurisdictions had drawn a total of $5.0 billion under the program, out of a total committed amount of $7.6 billion.

Staff of the Oversight Board then discussed the timing of the next quarterly report.

The meeting was adjourned at approximately 3:15 p.m. (EDT).

[signed electronically]

William F. Treacy,
Executive Director

Minutes of the Financial Stability Oversight Board Meeting
February 25, 2015

A meeting of the Financial Stability Oversight Board ("Board") was held at 4:00 p.m. (EDT) on Wednesday, February 25, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Carpenter, Acting Assistant Secretary for Financial Markets, Department of the 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, Deputy 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

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

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

Ms. Nolan, Supervisory Financial Analyst, Federal Reserve Board

The meeting was called to order by Mr. Wilcox at approximately 4:00 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on January 30, 2015, 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"); 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 provided Representatives with an update on recent developments in the TARP programs. As of February 23, Treasury had disbursed a total of approximately $426.9 billion, including $411.7 billion under TARP investment programs and $15.2 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were $441.7 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP programs was $870 million associated with bank programs (CPP and the Community Development Capital Initiative).

Treasury officials then provided the Representatives with an update on the CPP. As of the meeting date, Treasury's remaining aggregate CPP investment in 32 institutions was approximately $420 million. The largest remaining CPP investment was Treasury's common stock holdings in First BanCorp ("FBP"), amounting to $186 million as of January 31. Officials noted that the sale of FBP common stock was continuing under a second pre-arranged written trading plan.

Officials also noted that Treasury had issued a letter to certain CPP institutions (and posted it on the Treasury website) stating that it plans to move on to the next phase of CPP auctions that will require less individual institution documentation.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA's inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that some 10,700 new permanent HAMP modifications were initiated in December 2014. Treasury officials noted the recent enhancements to MHA programs that increase pay-for-performance incentives for homeowners in HAMP. As of December 2014, there were 968,202 active permanent modifications.

Treasury officials then discussed the general status of, and funding drawn by HHF programs. Officials briefly described recent programs changes in Alabama and Florida, to better assist at-risk borrowers. Since the inception of HHF, the 19 eligible HHF jurisdictions had drawn a total of approximately $5.0 billion under the program, out of a total committed amount of $7.6 billion.

Staff of the Oversight Board then discussed the timing of the next quarterly report.

The meeting was adjourned at approximately 4:15 p.m. (EDT).

[signed electronically]

Mr. Gonzalez, General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting
March 23, 2015

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Monday, March 23, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

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, Deputy Assistant Secretary for Financial Stability, Department of the Treasury

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

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

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

Mr. Leventis, Principal Economist, Federal Housing Finance Agency

Ms. Nolan, Supervisory Financial Analyst, Federal Reserve Board

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

The Representatives then considered draft minutes for the meeting of the Board on February 25, 2015, 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");

Community Development Capital Initiative ("CDCI"); and the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives. Among the materials distributed in advance of the meeting 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 provided Representatives with an update on recent developments in the TARP programs. As of March 23, Treasury had disbursed a total of approximately $427.1 billion, including $411.7 billion under TARP investment programs and $15.4 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were $441.8 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP programs was about $800 million, all associated with bank programs (CPP and CDCI).

Treasury officials then provided the Representatives with an update on the CPP. As of the meeting date, Treasury's remaining aggregate CPP investment in 31 institutions was approximately $342 million. As of February 28, the largest remaining CPP investment was Treasury common stock holdings in First BanCorp ("FBP"). Officials noted that Treasury had completed its second pre-arranged written trading plan for the sale of FBP common stock. As of the meeting date, Treasury's remaining investment in FBP totaled approximately $125 million, representing about 4.8 percent of FBP's common shares.

Treasury officials then briefly discussed the CDCI program, noting that 64 institutions remained in the program.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA's Home Affordable Modification Program ("HAMP"). Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA's inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that some 10,800 new permanent HAMP modifications and 9,600 new HAMP trials were initiated in January 2015. As of January 2015, there were more than 970,000 active permanent HAMP modifications in place.

Treasury officials then discussed the general status of, and funding drawn by HHF programs. Since the inception of HHF, the 19 eligible HHF jurisdictions had drawn a total of approximately $5.1 billion under the program, out of a total committed amount of $7.6 billion. Officials also noted that some 230,000 borrowers had been assisted since the beginning of the program.

Officials from the Federal Housing Finance Agency ("FHFA") then briefed members on developments in the housing and housing finance markets. The information reviewed included data related to mortgage rates and Treasury yields, housing price indices and sales, and refinancing activities. During this discussion, FHFA officials also presented data related to delinquencies, GSE foreclosure prevention actions, and re-default experience on GSE-modified mortgages.

Staff of the Oversight Board provided members with an update regarding the Oversight Board's quarterly report to Congress for the period ending December 31, 2014.

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

[signed electronically]

Mr. Gonzalez, General Counsel and
Secretary