FINANCIAL STABILITY OVERSIGHT BOARD
QUARTERLY REPORT TO CONGRESS

For the quarter ending
December 31, 2014

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

Statutory Members

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Board of Governors of the Federal Reserve System

Jacob J. Lew
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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
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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 October 1, 2014 to December 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.

The Oversight Board met three times during the quarterly period, specifically on October 20, November 17, and December 19, 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.

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[1] The respective Members named the following Representatives: Mr. David Wilcox, Division Director, Federal Reserve Board; Mr. Seth Carpenter, Acting 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 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 of 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. With the December 19 sale of all remaining Ally common shares, 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 being 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 July, August and September, new permanent modifications totaled about 14,400 per month, while total active permanent modifications increased from nearly 960,000 at the end of June to roughly 961,600 at the end of September.[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 September, nearly 84,300 2MP modifications were active, up from 83,400 at the end of June. Some 141,700 2MP modifications had been started, cumulatively, through September, and nearly 38,500 of these involved full extinguishment of the second lien. As of the end of September there were roughly 168,700 active permanent HAMP first-lien modifications with principal reduction. Also through September, 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 about 290,000 short sales and nearly 33,300 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 27,900 non-HAMP modifications had been initiated per month during July, August and September, slightly above the average for the foregoing three months (27,300). 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 September some 29.6 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 12.1 percent of HAMP

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[3] Beginning in mid-2014, Treasury's Making Home Affordable ("MHA") Program Performance Reports are produced on a quarterly, rather than monthly, schedule. Accordingly, the discussion of TARP mortgage borrower assistance actions cites levels and changes for MHA program actions over calendar quarters, conforming to the timing and presentation of data in the now-quarterly MHA 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 third quarter of 2013 had become delinquent by 60 days or more within 12 months of receiving a modification (figure 1). By comparison, among loan modifications made permanent in the third quarter of 2012, some 13.0 percent had become delinquent by 60 or more days within the same 12-month interval. Each continued an overall trend of declining delinquency rates at those intervals across cohorts.

In contrast, 22.3 percent of non-HAMP modifications made permanent in the third 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 third 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 11.5 percent of HAMP permanent modifications finalized in the third quarter of 2013 had fallen 60 days delinquent within 12 months.

Figure 1

Modification Became Permanent in:	Delinquency: Months After Conversion to Permanent Modification					
	12		24		36	
	#	60+ Days	#	60+ Days	#	60+ Days
2009Q3	4,654	25.8%	5,084	36.8%	5,183	43.9%
2009Q4	51,507	20.4%	55,632	31.5%	56,446	39.7%
2010Q1	161,277	20.3%	168,095	31.8%	166,347	39.7%
2010Q2	173,619	19.5%	178,946	31.0%	175,157	39.2%
2010Q3	104,305	18.2%	106,337	29.4%	104,628	37.1%
2010Q4	65,096	18.4%	66,383	29.6%	65,909	36.4%
2011Q1	79,717	17.0%	80,983	27.5%	81,136	33.8%
2011Q2	92,703	16.2%	91,572	27.3%	91,647	33.1%
2011Q3	86,909	15.6%	85,133	25.8%	86,889	31.0%
2011Q4	67,772	14.7%	67,652	23.4%	*24,426*	*28.9%*
2012Q1	50,886	14.1%	50,778	22.5%		
2012Q2	45,255	13.6%	44,989	22.0%		
2012Q3	49,717	13.0%	50,504	20.8%		
2012Q4	42,433	12.3%	*13,916*	*20.1%*		
2013Q1	42,044	12.6%				
2013Q2	33,723	11.8%				
2013Q3	34,849	12.1%				
2013Q4	*10,192*	*12.2%*				
2014Q1						
2014Q2						
2014Q3						
All	1,196,658	16.8%	1,066,004	28.1%	857,768	36.6%

Notes:

- Performance of HAMP Tier 1 Permanent Modifications as of September, 2014, showing selected details for the full set of quarterly cohorts that lays behind more summarized cohort information contained in the regular 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 third quarter of 2012, 20.8 percent had become delinquent by 60 or more days 24 months after the modification. Similarly, 36 months after becoming permanent, loan modifications made during the third quarter of 2011 experienced a serious delinquency rate of 31.0 percent.

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

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

modification. For example, rate resets began in October 2014 for the approximately 30,000 homeowners who received modifications in 2009. A Treasury analysis of modifications made permanent before December 2013 showed that a little over 80 percent of borrowers will experience at least one future rate reset; that, for 92 percent of homeowners, the reset(s) will result in a rate at or below five percent, well below the homeowner's interest rate before modification; and that the typical final rate increase after all resets will result in a cumulative monthly payment increase of approximately $200. Treasury continues 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.[8]

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 September 30, 2014 (figure 2). 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 $19.93 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 December 31, 2014, and are provided in Section III.

[8] 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. See also Appendix 5 of MHA Performance Report for breakdown by state of estimated payment increase at first interest rate increase and after all interest rate increases.

Figure 2

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

Programs as of December 31, 2014 (dollar amounts in billions)	**Obligation/ Commitment**	**Disbursed as of December 31**	**Outstanding Investment Balance as of December 31**	**Estimated Lifetime Cost as of September 30[1]**
Bank Support Programs:				
Capital Purchase Program (CPP):				
Citigroup	$ 25.00	$ 25.00	$ -	$ (6.89)
Other banks with assets $10 billion or greater	$ 165.33	$ 165.33	$ 0.17	$ (10.23)
Banks with assets less than $10 billion[2]	$ 14.57	$ 14.57	$ 0.28	$ 0.97
Total	$ 204.89	$ 204.89	$ 0.46	$ (16.15)
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	$ 0.11
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**	**$ 0.91**	**$ 0.07**
Making Home Affordable	$ 29.79	$ 9.92	n/a	$ 29.79
Hardest Hit Fund	$ 7.60	$ 4.98	n/a	$ 7.60
FHA-Refinance[4]	$ 1.03	$ 0.06	n/a	$ 0.03
Sub-total for Housing Programs	**$ 38.42**	**$ 14.96**	**n/a**	**$ 37.42**
Total for TARP Programs	**$ 455.50**	**$ 426.68**	**$ 0.91**	**$ 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	**$ 455.50**	**$ 426.68**	**$ 0.91**	**$ 19.93**

Footnotes

[1] Lifetime cost information is as of September 30, 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 a detailed update on the various programs, policies, financial commitments, and administrative actions taken by Treasury under EESA during the quarterly period, from October 1 to December 31, 2014, subject to review and oversight of the Oversight Board.

a. Capital and Guarantee Programs for Financial Institutions

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

As of December 31, 2014, 34 institutions remained in the CPP program with total outstanding CPP obligations of $0.47 billion. As of that date, Treasury had received approximately $207.41 billion in gross proceeds from repayments and auction sales under the CPP, exceeding the $204.89 billion in total funds initially disbursed.[9] 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 $226.41 billion.

During the quarterly period, Treasury completed its first pre-defined written trading plan for the sale of its First BanCorp ("FBP") common stock. Under that plan, Treasury sold 4.39 million shares and recovered approximately $22.06 million.

On December 11, Treasury announced that it would continue to wind down its investment in FBP through a second pre-defined written trading plan for the sale of FBP common stock. At the time of that announcement, Treasury held approximately 15.29 million shares, or approximately 7.2 percent of FBP common stock. More information is available in Treasury's Press Release here: http://www.treasury.gov/press-center/press-releases/Pages/jl9715.aspx.

a. Repayments, Dispositions, and Auction Sales

During the quarterly period, one financial institution fully repaid its CPP investment of $2.10 million. In addition, in November 2014, Treasury sold via auction all of its CPP investments in three institutions for aggregate gross proceeds of $35.56 million. Treasury had originally invested a combined total of $68.07 million in these institutions. Treasury also restructured and subsequently sold its investment in three institutions for total proceeds of $17.42 million.

b. Update on Warrant Dispositions and Dividends and Interest

During the quarterly period, Treasury received proceeds of approximately $0.26 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 $2.57 million.

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[9] This amount received includes all proceeds received as of December 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.

c. *Missed Payments by Portfolio Institutions*[10]

As of December 31, 2014, the cumulative total of non-current dividend or interest payments by CPP portfolio institutions was approximately $62.58 million.[11]

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.

d. *Bankruptcies and Receiverships*

Two institutions participating in the CPP program had their subsidiary banks placed in receivership during the quarterly period. These actions bring to 32 the total number of CPP recipients in receivership or bankruptcy since the inception of the program, 11 of which had exited the receivership or bankruptcy process by December 2014 (figure 3).

[10] 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).

[11] 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).

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		

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

As of December 31, 2014, there were 65 institutions remaining in the CDCI. During the quarterly period, four financial institutions delivered a total of $8.05 million in full and partial repayments.

During the quarterly period, Treasury also collected $2.35 million in dividend and interest payments from CDCI institutions. One CDCI institution missed a (dividend) payment during the quarterly period. As of December 31, 2014, cumulative dividends and interest income received from CDCI investments was approximately $45.58 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 October 17, Treasury announced that it had completed its second pre-defined written trading plan for Ally Financial ("Ally") common stock. Under the second plan, Treasury sold 11.25 million shares of Ally common stock and recovered approximately $245.5 million. More information is available in Treasury's Press Release here: http://www.treasury.gov/press-center/press-releases/Pages/jl2668.aspx.

On December 19, Treasury sold all of its remaining 54.9 million shares of Ally common stock at $23.25 per share, recovering approximately $1.3 billion for taxpayers. More information is available in Treasury's Press Release here: http://www.treasury.gov/press-center/press-releases/Pages/jl9727.aspx.

In total, Treasury recovered approximately $19.6 billion on its investment in Ally, approximately $2.4 billion more than was originally invested in the company.[12]

c. Housing Stabilization and Foreclosure Mitigation

During the quarterly period, a quarterly Making Home Affordable ("MHA") Program Performance Report was released covering program activity during the period July 2014 through September 2014, including a quarterly MHA Servicer Assessment for the same period.[13] This report was released in conjunction with the monthly housing scorecards on the health of the nation's housing market produced by HUD.[14] In addition, a Performance Summary for HHF was released covering the third quarter of 2014.[15]

[12] This recovery amount is measured on a cash-in and cash-out basis, and includes disbursements and repayments related to the loan extended to GM for the GMAC Rights Offering ($884 million).

[13] The 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.

[14] 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.

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

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").

In December, Treasury and HUD announced enhancements to programs under Making Home Affordable (MHA) to better assist struggling homeowners and communities still recovering from the effects of the financial crisis. The enhancements increased pay-for-performance incentives for new and current homeowners receiving HAMP permanent modifications, enabling these homeowners to earn up to $10,000 over the first six years of their modification, to be applied to their outstanding principal balance. In addition, in an effort to bolster the safety net for homeowners who face difficulty making their payments even after a modification, Treasury and HUD introduced enhancements to two other MHA programs – HAMP (including FHA HAMP) and the HAFA Program. For more information, please see Treasury's press release: http://www.treasury.gov/press-center/press-releases/Pages/jl9714.aspx.

Figure 4

	As of Sep 30, 2014	**3Q 2014**
MHA First Lien Permanent Modifications Started	1,695,306	58,367
HAMP Tier 1 Permanent Modifications Started	*1,345,522*	*19,536*
HAMP Tier 2 Permanent Modifications Started	*71,183*	*9,848*
Treasury FHA Permanent Modifications Started	*55,303*	*13,962*
Other (Primarily GSE Standard Modifications Started)	*223,298*	*15,021*
Second Lien Modification Program - Modifications Started	141,697	4,411
Home Affordable Foreclosure Alternatives Program - Transactions Completed	323,287	21,256
Unemployment Program - Forbearance Plans Started	41,471	816
Cumulative Activity	**2,201,761**	**84,850**

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 December 31, 2014, Treasury had disbursed $9.9 billion in incentive payments for MHA, $0.7 billion of which was disbursed during the fourth quarter of 2014.[16] Based on all MHA activity in place as of December 31, 2014, 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 September 30, 2014, nearly 1.4 million HAMP permanent modifications had been completed since the start of the program. As of September 30, 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 total of $32.7 billion in monthly mortgage payments. During the period July to September 2014, some 29,384 new permanent modifications and 32,293 new HAMP trial plans were initiated, as reported in Treasury's Monthly Report to Congress.[17]

b. HAMP PRA

As of September 30, 2014, there had been 211,442 permanent HAMP modifications started with principal reduction, according to data reported during the quarterly period. Of all non-GSE loans eligible for principal reduction entering HAMP in June 2014 (the most recent semiannual tabulation available in the quarterly period), 64 percent included a principal reduction feature.

ii. HHF

As of December 31, 2014, all 18 states and the District of Columbia were operating HHF programs throughout their respective jurisdictions and collectively had drawn approximately $4.98 billion (66 percent) of the $7.60 billion allocated under the program. Each of these eligible jurisdictions draws down funds as they are needed (figure 5). 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 December 31, 2014, there were 73 active programs across the 19 HHF jurisdictions. Approximately 67 percent of total program funds were targeted to help unemployed borrowers,

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[16] 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.

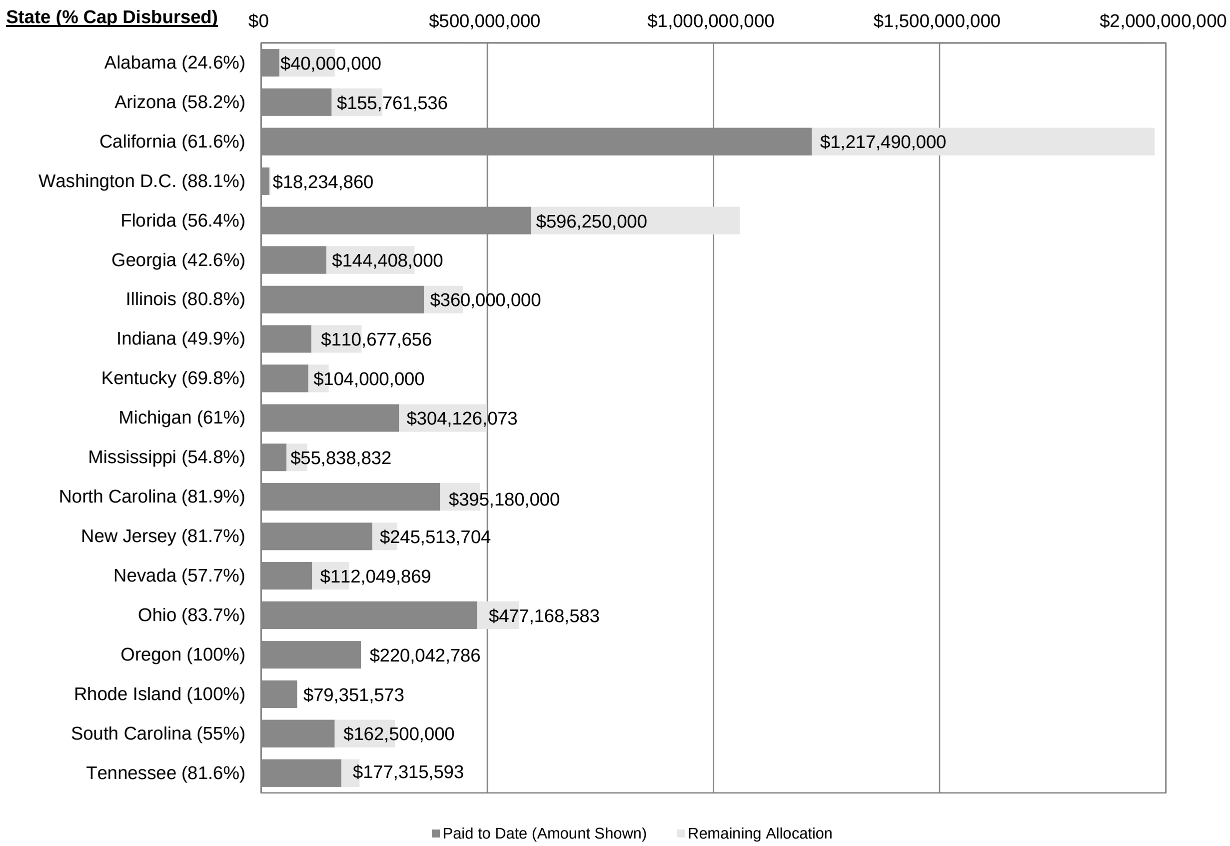
[17] Treasury's Monthly Reports to Congress (also known as "105(a) reports") are available at http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Monthly-Report-to-Congress.aspx

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 Arizona, California, Georgia, Kentucky, Michigan, Mississippi, and Ohio. Program changes are outlined each month in the Monthly Report to Congress.[18]

Figure 5

Hardest Hit Fund as of December 31, 2014



d. Administrative Activities of the Office of Financial Stability (OFS)

The Oversight Board monitors the progress made by OFS in ensuring that the necessary infrastructure is in place to design and implement all programs established under EESA. Establishing this infrastructure includes the hiring of staff, and establishing the necessary internal controls, compliance, and monitoring mechanisms for the programs that Treasury established under

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

TARP. The following discussion outlines the status and progress made as of December 31, 2014, in the areas of staffing, procurement, conflict of interest mitigation, internal controls, and oversight.

i. Staffing

As of December 31, 2014, OFS had 82 full-time employees (32 career civil servants, and 50 term employees) who support TARP, a decline from the 109 full-time employees reported at year-end 2013. This reflects the progress made by OFS in winding down TARP. The total number of employees does not include 19 reimbursable Treasury employees from outside OFS who continue to provide support to OFS on an as-needed basis.

ii. Procurement

OFS continued to engage private-sector firms to assist with the significant volume of work associated with TARP. As of December 31, 2014, Fannie Mae and Freddie Mac accounted for 79 percent of all OFS procured contracts and financial agent agreements ("FAAs") while assisting in the program administration and compliance management of the MHA program as financial agents. Transaction-structuring agents and asset managers continued to serve as financial agents that engaged in the management and disposition of the portfolio of assets associated with several TARP programs. The Bank of New York Mellon continued to provide custodial services as a financial agent to OFS. The balance of contractors were engaged to assist with TARP programs in the areas of accounting and internal controls, administrative support, facilities, legal advisory, financial advisory, and information technology.

As part of Treasury's commitment to transparency and accountability of taxpayer dollars, OFS continued to publish all contracts and FAAs online.[19] This listing provides information on procurement contracts and FAAs including dollar value, performance period, and a category description.[20]

iii. Conflicts of Interest Mitigation

OFS's compliance division continued to identify and address potential conflict-of-interest issues that might arise with both new and existing arrangements with contractors and financial agents, pursuant to OFS's Final Conflict of Interest ("COI") Regulation. The controls to identify and mitigate potential COI issues include: review and approval of the COI mitigation plans contained in proposed contracts and financial agency agreements; receipt and review of conflict of interest certifications provided by all contractors and financial agents; management and disposition of all COI inquiries arising during the course of the agreements; and on-site compliance reviews of contractors' and financial agents' COI controls and processes.

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[19] The listing of FAAs is available at: http://www.treasury.gov/initiatives/financial-stability/Pages/doing-business-with-ofs.aspx

[20] This section of the website also describes the authority to enter into procurement contracts and FAAs, OFS's commitments to small business, and the ongoing commitment to maintaining a fair and open competitive process

iv. Governance and Internal Controls

OFS has received clean audit opinions from the Government Accountability Office (GAO) in each year since the inception of TARP. In November, the GAO released its audits of the FY2014 and FY2013 financial statements for TARP. The GAO provided unqualified opinions on OFS's financial statements and internal controls over financial reporting. The GAO found that OFS's statements were presented fairly in all material respects and according to generally accepted accounting principles.

In addition, OFS continued to assess and address the various risks facing the organization through performing risk assessments, developing policies and procedures, and regularly monitoring the effectiveness of internal controls through testing. The Department's Risk and Control Group, in coordination with a Senior Assessment Team in OFS, remains responsible for leading this effort, and OFS management regularly monitors activities to confirm that control procedures are performed consistently and as designed. In addition to established policies and procedures, related online training was available to all OFS staff. As part of OFS's commitment to transparency, policies and procedures were also provided to the other oversight bodies (GAO and the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP")) for review.

v. Oversight

During the quarterly period, Treasury provided the Oversight Board with an update on its progress in implementing several of the recommendations contained in the reports of the oversight bodies. In the cases where Treasury had declined to implement a recommendation or sought to reach the recommendation's objectives by other means that Treasury considered to be more practical, effective, or supportive of achieving financial stability, Treasury had explained its reasons to the oversight body that made the recommendation.

Treasury continued to track oversight recommendations and managed the implementation of recommendations related to TARP through the Joint Audit Management System ("JAMES"). The JAMES is a Treasury-wide tracking system that contains information on audit reports issued by the Treasury Office of Inspector General, the Treasury Inspector General for Tax Administration, GAO and SIGTARP. The JAMES details all findings and recommendations in each oversight report and tracks the status and completion of planned corrective actions required to satisfy those recommendations.

With respect to such recommendations, as of December 31, 2014, Treasury had implemented approximately 64 percent of the recommendations, and was in the process of implementing an additional 13 percent, and after careful consideration, had declined to implement approximately 19 percent. The remaining recommendations were either cancelled or not applicable to TARP programs.

APPENDIX A

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

Minutes of the Financial Stability Oversight Board Meeting
October 20, 2014

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Monday, October 20, 2014, via conference call.

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Rutherford, Acting 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, 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

Mr. Leventis, Principal 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 September 22, 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 October 17, Treasury had disbursed a total of approximately $425.5 billion, including $411.7 billion under TARP investment programs and $13.8 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were $440.0 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP programs was $2.9 billion, of which approximately one-third related to bank programs (CPP and the Community Development Capital Initiative) and two-thirds related to Ally Financial, Inc. ("Ally").

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. Treasury's remaining aggregate CPP investment in 42 institutions was approximately $610 million. This included Treasury's common stock holdings in First BanCorp ("FBP"), the largest remaining CPP investment totaling $220 million as of October 16. Officials then noted that the first trading plan for the sale of a portion of FBP common stock was continuing, and that results of the sale would be available after the conclusion of the 90-day trading plan, in December.

Treasury officials then provided the Representatives with an update on the AIFP. Treasury officials noted that the sale of approximately 20 million shares of Ally Financial, Inc. ("Ally"), recently completed under two trading plans, had resulted in proceeds of $465 million. After the sales, Treasury owned 54.9 million shares of common stock, or approximately 11.4 percent of Ally.

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 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, as described in the most recent MHA Performance Report, which since May is being produced on a quarterly basis. Officials noted that the volume of monthly modifications continued to trend gradually downward, most recently, some 9,700 non-GSE modifications in August. Officials then noted upcoming announcements to further streamline administrative requirements under the MHA programs to enhance their efficiency going forward.

Treasury officials then discussed the general status of, and funding drawn, by HHF programs, noting that funding to provide assistance under these programs continued to increase relative to one year ago. For example, in September two HFAs drew $95 million in new funds. Since the inception of HHF, the 19 HFAs had drawn a total of $4.5 billion and had assisted 212,000 homeowners. Alabama recently became the 6th state to approve HHF funding for blight elimination.

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

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

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Mr. Gonzalez, General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting November 17, 2014

A meeting of the Financial Stability Oversight Board ("Board") was held at 2:30 p.m. (EDT) on Monday, November 17, 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

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

The meeting was called to order by Mr. Wilcox at approximately 2:30 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on October 20, 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 November 13, Treasury had disbursed a total of approximately $426.1 billion, including $411.7 billion under TARP investment programs and $14.4 billion under TARP housing-related programs to assist at-risk homeowners. Total receipts on all TARP investment programs were $440.3 billion, including the proceeds of non-TARP common shares in American International Group ("AIG"). Treasury's remaining investment in TARP investment programs was approximately $2.5 billion, including approximately $1. 5 billion in Ally Financial, Inc. ("Ally") and approximately $1.0 billion 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 39 institutions was approximately $580 million, including investment in four institutions recently announced for auction. Treasury's common stock holdings in First BanCorp ("FBP"), the largest remaining CPP investment, totaled $239 million. Officials noted that the initial trading plan for the sale of a portion of FBP common stock remained in progress.

Treasury officials then provided the Representatives with an update on the AIFP. Treasury continues to assess exit alternatives with respect to Ally.

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 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, as described in the most recent MHA Performance Report, which earlier in 2014 shifted from a monthly to a quarterly frequency. Officials noted that the monthly volume of new permanent modifications in September was approximately 9,600 (excluding GSE modifications). This figure was largely unchanged from the prior month, although monthly volumes, overall, had continued to trend downward in 2014. Officials then noted the recent release of a supplemental directive revising HAMP

Tier II program requirements, aimed at further streamlining administrative requirements to enhance program efficiency going forward.

Treasury officials then reported on the status of the interest rate resets of existing HAMP permanent modification, which began in August for the earliest HAMP borrowers, in accordance with standard HAMP terms that provide for gradual interest rate increases beginning after the fifth year of the modification. Treasury estimated a median first-year monthly payment increase of $95 and estimated final median increase of $211 over the life of a loan. While the loan resets had affected approximately 15,000 borrowers as of November, the number of loans experiencing interest rate resets will accelerate in December and thereafter. Treasury officials indicated that targeted advance communications were well underway to borrowers as they approached their first rate reset. Treasury will continue to closely monitor the population of borrowers receiving the rate resets to assess any adverse effects on loan performance.

Treasury officials then discussed the general status of, and funds drawn by, HHF programs. In October, two HFAs drew a total of $281 million while four states made changes to their programs to better assist at-risk borrowers. Since the inception of HHF, the 19 HFAs across the eligible jurisdictions had drawn a total of $4.8 billion and had assisted more than 200,000 homeowners.

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

The meeting was adjourned at approximately 2:45 p.m. (EDT).

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Mr. Gonzalez, General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting
December 19, 2014

A meeting of the Financial Stability Oversight Board ("Board") was held at 10:00 a.m. (EDT) on Friday, December 19, at the offices of the Department of the Treasury ("Treasury").

MEMBER REPRESENTATIVES PARTICIPATING:

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

Mr. Rutherford, Acting Undersecretary 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
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

Mr. Valverde, Senior Advisor, Office of Domestic Finance, Department of the Treasury

Mr. Leventis, Principal Economist, Federal Housing Finance Agency

The meeting was called to order by Mr. Wilcox at approximately 10:10 a.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on November 17, 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"); the Making Home Affordable ("MHA") and Hardest Hit Fund ("HHF") initiatives; and information concerning actions taken by Treasury in response to recommendations by the Government Accountability Office ("GAO") and the Special Inspector General for the TARP ("SIGTARP"). 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. Officials reported that Treasury agreed to sell all of its remaining 54.9 million shares of Ally Financial Inc. ("Ally") common stock for approximately $1.3 billion, exiting the last TARP investment under the AIFP. Including the Ally-related proceeds and the sale of Treasury's AIG shares, taxpayers have recovered approximately $442 billion on TARP investments, compared to $426 billion disbursed. Treasury's remaining investment in TARP investment programs is approximately $1.0 billion associated with bank programs (CPP and the Community Development Capital Initiative ("CDCI")).

Treasury officials then provided the Representatives with an update on the CPP and CDCI. As of November 30, 2014, Treasury's remaining aggregate CPP investment in 35 institutions was approximately $560 million. In November, Treasury sold preferred stock in three institutions to private investors; received proceeds from one institution related to the repurchase of CPP preferred securities and exercised warrants held by Treasury; and entered into a securities purchase agreement pursuant to which Treasury agreed to sell to the CPP preferred stock of one institution, subject to the conditions specified in such agreement. As of November 30, Treasury's remaining aggregate CDCI investment in 66 institutions was approximately $460 million.

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 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 the monthly volume of new permanent modifications in October was 10,023 (excluding GSE modifications). Treasury officials then reported on the HHF programs. As of November 30, 2014, the 19 HFAs have drawn a total of $4.8 billion. In total, there are 73 active programs across the 19 HFAs. Officials also discussed generally the recent changes California has made to its principal reduction and mortgage payment assistance programs. As part of this discussion, Treasury officials reviewed the results of MHA's quarterly servicer assessment for 3Q2014. In this context, officials discussed Treasury's findings in relation to other public reports with regard to non-bank servicer Ocwen.

Treasury officials reviewed and discussed the OFS Agency Financial Report for Fiscal Year 2014, which describes the activities and financial results for the TARP since its inception in October 2008 through the fiscal year ended September 30, 2014 ("Financial Report FY2014"). The GAO audited the FY 2014 financial statements prepared by OFS for the TARP and found that the OFS maintained, in all material respects, effective internal control over financial reporting and found no material weaknesses in OFS internal controls. Treasury officials also discussed the steps being taken by Treasury to address the two significant deficiencies identified by GAO in OFS's internal controls over financial reporting, and the corrective action plan Treasury will implement to address these concerns by June 30, 2015. As part of this discussion, official also discussed Treasury's administration of the OFS, including staffing and related operational expenses.

Treasury officials provided Representatives with an update on Treasury's progress in responding to prior recommendations made by the GAO and SIGTARP.

Representatives and officials then engaged in a roundtable discussion regarding the current state of the U.S. housing and financial markets and the effect of the programs established under the TARP in providing support to the housing market and assistance to at-risk mortgage borrowers. As part of this discussion, staff from the Federal Housing Finance Agency ("FHFA") briefed Representatives on developments in the housing and housing finance markets. The data reviewed included data related to mortgage rates and delinquencies, mortgage originations, foreclosures, housing prices, and sales. During this discussion, FHFA officials also presented data related to the foreclosure prevention actions taken by the Government Sponsored Enterprises.

Representatives and Staff of the Oversight Board then discussed administrative matters. Staff discussed, among other topics, the timing of the Oversight Board's report to Congress for the quarter ending September 30, 2013, and planning for 2014 monthly meetings of the Oversight Board.

The meeting was adjourned at approximately 11:10 a.m. (EDT).

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Mr. Gonzalez, General Counsel and Secretary