SIGTARP

Office of the Special Inspector General for the Troubled Asset Relief Program

Advancing Economic Stability Through Transparency, Coordinated Oversight and Robust Enforcement

Quarterly Report to Congress
January 26, 2011

MISSION

SIGTARP's mission is to advance economic stability by promoting the efficiency and effectiveness of TARP management, through transparency, through coordinated oversight, and through robust enforcement against those, whether inside or outside of Government, who waste, steal or abuse TARP funds.

STATUTORY AUTHORITY

SIGTARP was established by Section 121 of the Emergency Economic Stabilization Act of 2008 ("EESA") and amended by the Special Inspector General for the Troubled Asset Relief Program Act of 2009 ("SIGTARP Act"). Under EESA and the SIGTARP Act, the Special Inspector General has the duty, among other things, to conduct, supervise and coordinate audits and investigations of any actions taken under the Troubled Asset Relief Program ("TARP") or as deemed appropriate by the Special Inspector General. In carrying out those duties, SIGTARP has the authority set forth in Section 6 of the Inspector General Act of 1978, including the power to issue subpoenas.

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EXECUTIVE SUMMARY

This past quarter, the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") marked its second anniversary. In the time since its inception in December 2008, SIGTARP has had notable success in fulfilling its goals of transparency, oversight and enforcement. Through nine quarterly reports and 13 completed audits, SIGTARP has brought light to some of the darkest areas of the financial crisis and the Government's response to it, and has provided 68 recommendations to Treasury. Treasury's adoption of many of these recommendations has helped protect aspects of the Troubled Asset Relief Program ("TARP") against vulnerability to fraud, with potential losses to fraud unlikely to come even close to standard expectations for a Government program. Where fraud has managed to slip in, SIGTARP's Investigations Division has already produced outstanding results in bringing to justice those who have sought to profit criminally from TARP, with 45 individuals charged civilly or criminally with fraud, of whom 13 have been criminally convicted. SIGTARP's investigative efforts have helped prevent $555.2 million in taxpayer funds from being lost to fraud. And with 142 ongoing investigations (including 64 into executives at financial institutions that applied for and/or received TARP funding through TARP's Capital Purchase Program ["CPP"]), much more remains to be done.

Last quarter also marked the second anniversary for TARP. Now in its third year of operation, TARP remains a study in contrasts. On the financial side, TARP's outlook has never been better. Not only did TARP funds help head off a catastrophic financial collapse, but estimates of TARP's ultimate direct financial cost to the taxpayer have fallen substantially, from the Office of Management and Budget's ("OMB") August 2009 estimate of $341 billion to a November 2010 Congressional Budget Office ("CBO") estimate of just $25 billion. Indeed, with the recent closing of American International Group, Inc.'s ("AIG") recapitalization plan, there is a chance that TARP may break even or possibly turn a profit on one of its most controversial transactions, while General Motors Company's recent initial public offering demonstrates Treasury's ability to exit some of its most difficult investments. While Treasury's ultimate return on its investment depends on a host of variables that are largely unknowable at this time, TARP's financial prospects are today far better than anyone could have dared to hope just two years ago. At the same time, a tunnel-vision focus on the good financial news should not distract from the hard work still ahead, with more than $160 billion in TARP funding still outstanding and an additional $59.7 billion available to be spent, or from the careful and necessary assessment of TARP's significant, non-financial costs. Those costs include the damage to Government credibility that has plagued the program, as detailed in SIGTARP's October 2010 Quarterly Report, the failure of programs designed to help Main Street rather than Wall Street, and perhaps TARP's most significant legacy, the moral hazard and potentially disastrous consequences associated with the continued existence of financial institutions that are "too big to fail."

TARP and Too Big to Fail

Earlier this month, SIGTARP published the audit report "Extraordinary Financial Assistance Provided to Citigroup, Inc.," which examines a series of transactions over several months that resulted in the Government's remarkable bailout of one of the world's largest financial institutions. The report details how the Government assured the world in 2008 that it would use TARP to prevent the failure of any major financial institution and then demonstrated its resolve by standing behind Citigroup Inc., along with others such as AIG and Bank of America Corp. ("Bank of America"). Indeed, public statements by then-Secretary of the Treasury Henry Paulson in late 2008 and Treasury Secretary Timothy Geithner in early 2009 made clear that they were ready, willing, and able to use TARP funds to ensure that not one of the nation's largest banks would be permitted to fail. While these statements and actions succeeded in reassuring troubled markets, they also did much more: by effectively guaranteeing these institutions against failure, they encouraged future high-risk behavior by insulating the risk-takers who had profited so greatly in the run-up to the crisis from the consequences of failure, and gave an unwarranted competitive advantage, in the form of enhanced credit ratings and access to cheaper credit and capital, to institutions perceived by the market as having an implicit Government guarantee. In many ways, TARP has thus helped mix the same toxic cocktail of implicit guarantees and distorted incentives that led to disastrous consequences for the Government-sponsored enterprises (GSEs) — the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac").

Institutions such as Citigroup operate in an environment where size matters because the then-explicit and now implicit Government guarantee that they will not be allowed to fail results in a gross distortion of a normally functioning market, where an institution's creditors, shareholders, and executives bear the brunt of poor decisions, not the taxpayers. First, for executives at such institutions, the Government safety net provides the motivation to take greater risks than they otherwise would in search of ever-greater profits. This "heads I win, tails the Government bails me out" mentality promotes behavior that, while it may benefit shareholders and executives in the short term if the risks pay off, increases the likelihood of failure and, therefore, the possibility of another taxpayer-funded bailout. Second, an institution's "too big to fail" status has a dramatic impact on its creditors and other counterparties, which then gives it an advantage over its smaller competitors. Ratings agencies continue to give such institutions higher credit ratings based on the existence of an implicit Government backstop. Creditors, in turn, give those institutions access to debt at a price that does not fully account for the risks created by their behavior. Cheaper credit is effectively a subsidy, which translates into greater profits, which allows the largest institutions to become even larger relative to the economy and materially disadvantages smaller banks. The prospect of a Government bailout also reduces market discipline, giving creditors, investors, and counterparties less incentive to monitor vigilantly those institutions that they perceive won't be allowed to fail. In short, the continued existence of institutions that are "too big to fail" — an undeniable byproduct of former Secretary Paulson and Secretary Geithner's use of TARP to assure the markets that during a time of crisis that they would not let such institutions fail — is a recipe for disaster. These institutions and their leaders are incentivized to engage in precisely the sort of behavior that could trigger the next financial crisis, thus perpetuating a doomsday cycle of booms, busts, and bailouts.

The Dodd-Frank Act and Too Big to Fail

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act" or "Act"), signed into law by the President last July, was intended, in part, "to end 'too big to fail'" and "to protect the American taxpayer by ending bailouts." Secretary Geithner, testifying before the Congressional Oversight Panel ("COP") in June 2010, shortly before the Act's passage, said "The reforms will end 'too big to fail.'"[1] The Act's proponents cite several provisions as particularly important components of this effort. These include, among others, creation of the Financial Stability Oversight Council ("FSOC"), charged with, among other things, the responsibility for developing the specific criteria and analytic framework for assessing systemic significance; granting the Federal Reserve new power to supervise institutions that FSOC deems systemically significant; granting the Federal Deposit Insurance Corporation ("FDIC") new resolution authority for financial companies deemed systemically significant; requiring the development of "living wills" designed to assist in the orderly liquidation of such companies; and granting regulatory authority to set more stringent capital, liquidity, and leverage requirements and to limit certain activities that might increase systemic risk.

Whether these provisions, which rely heavily on the discretion and actions of the financial regulators, will ultimately be successful remains to be seen. First, many commentators, from Government offlcals to finance academics to legislators, have expressed concern that the Act does not solve the problem. For example, Kansas City Federal Reserve Bank President Thomas Hoenig has repeatedly expressed "doubt that our too-big-to-fail problem has been solved,"[2] noting in December 2010 that "after this round of bailouts, the five largest financial institutions are 20 percent larger than they were before the crisis. They control $8.6 trillion in financial assets — the equivalent of nearly 60 percent of gross domestic product. Like it or not, these firms remain too big to fail." Massachusetts Institute of Technology professor Simon Johnson argued in September 2010 that "there is nothing [in the Act] that ensures our biggest banks will be safe enough or small enough or simple enough so that in the future they cannot demand bailout — the bailout potential exists as long as the government reasonably fears global financial panic if such banks are allowed to default on their debts." Senators Sherrod Brown and Ted Kaufman, among others, have noted that "too big to fail" isn't just the United States' problem, but the world's, and have argued that by itself the Dodd-Frank Act cannot provide the *global* regulatory framework required to resolve incredibly complex mega-banks operating in scores of countries. Senator Kaufman and others have also questioned the wisdom of delegating so much responsibility to the very same regulators who performed so poorly in identifying the most recent crisis before it struck. Others, including Congressman Spencer Bachus and Speaker of the House John Boehner, have expressed concern that the Dodd-Frank Act's provisions, particularly those relating to designation and resolution, will "institutionalize" Government bailouts.[3]

Second, the new authorities in the Dodd-Frank Act are a work in progress — a tremendous amount of research and rule making by FSOC, FDIC, and a host of other regulators remains to be done. Their tasks will not be easy. Secretary Geithner told SIGTARP in December 2010, for example, that identifying institutions as systemically significant, one of the Act's premier mandates, "depends too much on the state of the world at the time," and that he believes "you won't be able to make a judgment about what's systemic and what's not until you know the nature of the shock." If the Secretary is correct, and regulators have difficulty properly identifying non-banks as systemically significant and therefore subject to the Act's restrictions, then the Act's effectiveness will undoubtedly be undermined. Even in the realm of the possible, the path regulators choose to take could make all the difference. FDIC Chairman Sheila Bair, for example, has argued that FSOC should use the Dodd-Frank Act's "living will" provisions as a tool to force companies to simplify their operations and shrink their size if necessary to ensure that orderly liquidation is possible:

> Under Dodd-Frank, the FDIC and the Federal Reserve wield considerable authority to shape the content of these [living will] plans. If the plans are not found to be credible, the FDIC and the Fed can even compel the divestiture of activities that would unduly interfere with the orderly liquidation of these companies. The success or failure of the new regulatory regime will hinge in large part on how credible those resolution plans are as guides to resolving those companies. And let us be clear: we will require these institutions to make substantial changes to their structure and activities if necessary to ensure orderly resolution. *If we fail to follow through, and don't ensure that these institutions can be unwound in an orderly fashion during a crisis, we will have fallen short of our goal of ending Too Big to Fail.* (Emphasis added.)[4]

If either Chairman Bair's position prevails, and the Dodd-Frank Act is used to simplify and shrink large institutions as necessary, or if some other effective regime is adopted along with similar provisions being implemented internationally, then perhaps in the long run the Act will have a chance to end "too big to fail." In short, the proof will be in the pudding, and the pudding is still being cooked.

Finally, even if all the required regulations are properly calibrated and fully implemented, the ultimate success of the Dodd-Frank Act depends to a certain degree on market perception. As long as the relevant actors (executives, ratings agencies, creditors and counterparties) believe there will be a bailout, the problems of "too big to fail" will almost certainly persist.

Federal Reserve Chairman Ben Bernanke, in a speech to community bankers in March 2010, summed up the problem this way:

> The costs to all of us of having firms deemed too big to fail were stunningly evident during the days in which the financial system teetered near collapse. But the existence of too-big-to-fail firms also imposes heavy costs on our financial system even in more placid times. Perhaps most important, if a firm is *publicly perceived* as too big, or interconnected, or systemically critical for the authorities to permit its failure, its creditors and counterparties have less incentive to evaluate the quality of the firm's business model, its management, and its risk-taking behavior. As a result, such firms face limited market discipline, allowing them to obtain funding on better terms than the quality or riskiness of their business would merit and giving them incentives to take on excessive risks. (Emphasis added.)

In other words, unless and until institutions currently viewed as "too big to fail" are either broken up so that they are no longer perceived to be a threat to the financial system, or a structure is put in place that gives adequate assurance to the market that they will be left to suffer the full consequences of their own recklessness, the prospect of more bailouts will continue to fuel more bad behavior with potentially disastrous results.

Thus far, the Dodd-Frank Act appears not to have solved the perception problem. The largest institutions continue to enjoy access to cheaper credit based on the existence of the implicit Government guarantee against failure. Indeed, earlier this month one of the world's most influential credit rating agencies, Standard & Poor's ("S&P"), announced its intention to make permanent the prospect of Government support as a factor in determining a bank's credit rating, a radical change from pre-TARP practice. According to S&P, "We believe that banking crises will happen again. We expect this pattern of banking sector boom and bust and government support to repeat itself in some fashion, *regardless of governments' recent and emerging policy response*."(Emphasis added.) S&P intends to "recognize government support throughout the cycle and not just during a crisis," and has described the U.S. Government's likelihood of support for a systemically important bank as "moderately high." In short, S&P is telling the market that it does not believe that the Dodd-Frank Act has yet ended the problems of "too big to fail," and given the discounts that such institutions continue to receive, the market seems to be listening.

Secretary Geithner, in a December 2010 interview with SIGTARP, likewise acknowledged that despite the "better tools" provided by the Dodd-Frank Act, "[i]n the future we may have to do exceptional things again" if we face a crisis as large as the last one. To the extent that those "exceptional things" include taxpayer-supported bailouts,* his acknowledgement serves as an important reminder that TARP's price tag goes far beyond dollars and cents, and that the ultimate cost of TARP will remain unknown until the next financial crisis occurs.

HAMP

As SIGTARP discussed in its October 2010 Quarterly Report, after two years, TARP's Main Street goals of "increas[ing] lending," and "promot[ing] jobs and economic growth" had been largely unmet, but it is TARP's failure to realize its most specific Main Street goal, "preserving homeownership," that has had perhaps the most devastating consequences. Treasury's central foreclosure prevention effort designed to address that goal — the Home Affordable Modification Program ("HAMP") — has been beset by problems from the outset and, despite frequent retooling, continues to fall dramatically short of any meaningful standard of success. Indeed, even the "good news" of falling estimates for TARP's cost is driven in part by the ineffectiveness of HAMP and related programs, which provide for TARP-funded grants and incentives. In its most recent TARP cost estimate, CBO cited diminished expectations for participation in TARP's housing programs in lowering its anticipated cost, estimating that all of Treasury's foreclosure programs combined will spend only $12 billion out of an allocation of approximately $46 billion. While Treasury continues to insist that HAMP will expend the full allocation of TARP funding, if CBO is correct then considerable TARP funds that could have been made available through better program design and administration may well never reach the distressed homeowners on Main Street whom Congress intended to benefit from TARP just as much as the rebounding Wall Street financial institutions.

Today, HAMP appears to be under siege, with a chorus of criticisms from all points on the ideological spectrum growing more insistent and calls for termination

* It was apparent to SIGTARP from the context of the interview, including the reference to doing something exceptional "again" in the face of a future financial crisis, that Secretary Geithner was referring to the possibility of future bailouts. While Treasury has not disputed the quotation attributed to Secretary Geithner or the context in which it was presented in SIGTARP's audit report "Extraordinary Financial Assistance to Citigroup, Inc.," a Treasury spokesperson has reportedly suggested that Secretary Geithner was actually referring to using the tools of the Dodd-Frank Act to wind down an institution.

or a dramatic restructuring gaining traction. The numbers are remarkably discouraging. According to RealtyTrac data, a record 2.9 million homes received foreclosure filings in 2010, up from 2.8 million in 2009, and 2.3 million in 2008. RealtyTrac predicts that filings will be 20% higher in 2011, crossing the 3 million threshold. Similarly, the firm's data reveal that bank repossessions continue to increase, from just under 820,000 in 2008 to over 918,000 in 2009 to 1.05 million in 2010.

In contrast, the number of permanent mortgage modifications under HAMP remains anemic — there were just under 522,000 ongoing permanent modifications as of December 31, 2010, with approximately 238,000 of those funded by and attributable to TARP. The remaining were funded outside of TARP by the GSEs. A combined total of more than 792,000 trial and permanent modifications have been cancelled, with more than 152,000 trial modifications still in limbo. These permanent modification numbers pale in comparison not only to foreclosure filings, but also to Treasury's initial prediction that HAMP would "help up to 3 to 4 million at-risk homeowners avoid foreclosure" "by reducing monthly payments to sustainable levels."

While Treasury continues its astonishing silence by refusing to provide an estimate, goal, or projection of the total number of permanent modifications it expects to complete and maintain, in December 2010, the Congressional Oversight Panel ("COP") estimated that, if current trends hold, HAMP will result in only 700,000 to 800,000 effective permanent modifications.[5] Unfortunately, COP's dispiriting projection appears all too reasonable, with participation trends getting worse and worse with each passing quarter. For example, HAMP produced only a net increase of slightly more than 18,000 permanent modifications per month over the most recent quarter, down 35% from the quarter before that, with the TARP portion yielding only approximately 10,000 modifications per month. And even those who do obtain permanent modifications still remain in danger of redefaulting on their loans. That danger persists notwithstanding Treasury's attempt to launch two programs funded by more than $12 billion in TARP funds to address one of the leading indicators of redefault, underwater mortgages in which borrowers owe more than their homes are worth. Treasury reported to SIGTARP that FHA Short Refinance, launched on September 7, 2010, had only resulted in 15 refinances as of December 31, 2010, and was unable to report any information about homeowner participation in its Principal Reduction Alternative program, which was available to servicers in June 2010 but formally launched on October 1, 2010.

As SIGTARP and the other oversight bodies have chronicled in audits and reports, HAMP's failure to have a material impact on the foreclosure crisis has many causes, starting with a rushed launch based on inadequate analysis and without fully developed rules, which has required frequent changes to program guidelines and caused unnecessary confusion and delay.[6] Perhaps most fundamentally, Treasury has steadfastly refused to adopt meaningful goals and benchmarks for HAMP despite consistent and repeated recommendations from

SIGTARP and the other TARP oversight bodies — COP and the Government Accountability Office ("GAO"). Rather than develop meaningful goals and metrics for the program, which would allow meaningful oversight, promote accountability, and provide guidance for useful change, Treasury instead has regularly changed its criteria for success, citing at different times the total number of trial modification offers extended to borrowers, regardless of whether they were accepted, and then the total number of trial modifications, regardless of whether they became permanent, which far fewer than half have actually done. More recently, after SIGTARP and others pointed out the destructive impact of many failed trial modifications, Treasury has retreated to arguing that a benefit of HAMP has been its impact on private modifications that occur outside of the HAMP program. This too is a questionable measure of success. While Treasury may deserve some credit for having had a positive, if inadvertent, impact on industry practice, according to the December 2010 COP report, "when pressed, Treasury acknowledges that there is no clear causal link between HAMP and proprietary modifications," which often include more unfavorable terms for the borrower, are more likely to redefault, and permit broader imposition of fees.[7] Regardless of Treasury's stated criteria, however, while HAMP may provide a significant benefit for those who are fortunate enough to benefit from a sustainable permanent modification, given the current pace of foreclosures, HAMP's achievements look remarkably modest, and hope that this program can ever meet its original expectations is slipping away.

Servicers

One of the great frustrations with HAMP, as expressed by legislators, consumer advocates, oversight bodies, and even Treasury itself, has been the abysmal performance of loan servicers, which not only operate as the point of contact for distressed homeowners seeking to participate in the program but also administer the loans on behalf of investors. Anecdotal evidence of their failures has been well chronicled. From the repeated loss of borrower paperwork, to blatant failure to follow program standards, to unnecessary delays that severely harm borrowers while benefiting servicers themselves, stories of servicer negligence and misconduct are legion, and the servicers' conflicts of interest in administering HAMP — they too often have financial interests that don't align with those of either borrowers or investors — have been described both by SIGTARP and COP.

Treasury's reaction to servicer non-compliance with the requirements of HAMP and its related programs appears to be driven largely by the fear that forcing servicers to comply with their contractual obligations will drive them away from HAMP. Despite nearly daily accounts of errors and more serious misconduct, Treasury reports that it has yet to impose a financial penalty on, or claw back incentives from, a single servicer for any reason other than failure to provide data. Treasury recently told COP that since participation by the servicers is purely voluntary, "our abilities to enforce specific performance are extremely limited" and "aggressive enforcement [is] difficult." This same fear of servicer withdrawal was offered by Treasury in response to SIGTARP's recommendation that Treasury reconsider its decision to make its Principal Reduction Alternative program entirely voluntary, and Treasury continues to operate an appeals system that leaves the ultimate decision of whether to approve or deny a modification squarely with the servicer. At some point, Treasury needs to ask itself what value there is in a program under which not only participation, but also compliance with the rules, is voluntary. TARP's oversight bodies — SIGTARP, COP, and GAO — have all called on Treasury to get tough on servicers. Without meaningful servicer accountability, the program will continue to flounder. Treasury needs to recognize the failings of HAMP and be willing to risk offending servicers. And if getting tough means risking servicer flight, so be it; the results could hardly be much worse.

As HAMP approaches its second anniversary, the time has come for Treasury to set realistic and meaningful goals for its collective foreclosure prevention efforts, even though those goals will necessarily be far more modest than those envisioned when the program was announced. Doing so, in conjunction with a thorough reevaluation of its failing programs and imposing discipline on servicers with real penalties for violating program guidelines, will maximize the potential benefits for struggling homeowners going forward.

For a description of the role of loan servicers in the residential mortgage business, and the relationship between that role and HAMP, see SIGTARP's October 2010 Quarterly Report, Section 3: "The Economics of Loan Servicing."

PROGRAM UPDATES AND FINANCIAL OVERVIEW

TARP consists of 13 implemented programs. Because TARP investment authority expired on October 3, 2010, no new obligations may be made with TARP funds. However, dollars that have already been obligated to existing programs may still be expended. As of October 3, 2010, $474.8 billion had been obligated across TARP to provide support for U.S. financial institutions, the automobile industry, the markets in certain types of asset-backed securities, and homeowners. Of the obligated amount, $389.8 billion had been spent as of December 31, 2010, leaving $80.0 billion in five programs remaining as obligated and available to spend. When including the January 14, 2011, recapitalization of AIG, $410.1 billion had been spent and $59.7 billion still remains available to spend. As of December 31, 2010, 148 TARP recipients had paid back all or a portion of their principal or repurchased shares, for an aggregate total of $235.4 billion of repayments and a $5 billion reduction in exposure to possible future liabilities, leaving $149.4 billion in TARP funds outstanding (not including an additional $20.3 billion in TARP funds expended in connection with the AIG recapitalization on January 14, 2011).

In addition to the principal repayments, Treasury has received interest and dividend payments on its investments, as well as revenue from the sale of its warrants.

As of December 31, 2010, the Government had received $35.2 billion in interest, dividends, and other income, including $10.2 billion in proceeds that had been received from the sale of warrants and preferred stock received as a result of exercised warrants. At the same time, some TARP participants have missed dividend payments: among CPP participants, 155 have missed dividend or interest payments to the Government, although some of them made the payments on a later date. As of December 31, 2010, there were $276.4 million in unpaid CPP dividends.

OVERSIGHT ACTIVITIES OF SIGTARP

SIGTARP actively strives to fulfill its audit and investigative functions. Since its inception, SIGTARP has issued 13 audit reports, including two that have been issued since the end of the last quarter. In addition to "Extraordinary Financial Assistance Provided to Citigroup, Inc.," discussed earlier, SIGTARP also issued the audit report, "Selecting Fund Managers for the Legacy Securities Public-Private Investment Fund." This document, released on October 7, 2010, discussed the process for selecting fund managers to participate in the Public-Private Investment Program. Detailed discussion of these audits is included in Section 1: "The Office of the Special Inspector General for the Troubled Asset Relief Program" of this report, which also discusses SIGTARP's announcement of three new audit projects during the past quarter, as well as 10 other previously announced audits in process.

SIGTARP's Investigations Division has developed into a highly sophisticated white-collar investigative agency. As of December 31, 2010, SIGTARP had 142 ongoing criminal and civil investigations, many in partnership with other law enforcement agencies. Since SIGTARP's inception, its investigations have delivered substantial results, including:

- asset recoveries of $151.8 million, with an additional estimated savings of $555.2 million through fraud prevention
- civil or criminal actions against 45 individuals to date, including 22 senior officers (Chief Executive Officers, owners, founders, or senior executives) of their organizations
- criminal convictions of 13 defendants for fraud
- civil cases naming 12 corporate entities as defendants

Although much of SIGTARP's investigative activity remains confidential, over the past quarter there have been significant public developments in several of SIGTARP's investigations. For a description of recent developments, including those relating to SIGTARP investigations into the Shmuckler Group, LLC, the Residential Relief Foundation, Park Avenue Bank, Omni National Bank, and Nations Housing Modification Center, see Section 1: "The Office of the Special Inspector General for the Troubled Asset Relief Program" of this report.

SIGTARP RECOMMENDATIONS ON THE OPERATION OF TARP

One of SIGTARP's oversight responsibilities is to provide recommendations to Treasury so that TARP programs can be designed or modified to facilitate effective oversight and transparency and to prevent fraud, waste, and abuse. Section 4: "SIGTARP Recommendations" includes new recommendations, provides updates on existing recommendations, and summarizes implementation measures for previous recommendations.

This quarter, Section 4 includes a follow-up discussion of recommendations regarding the implementation of the Small Business Lending Fund ("SBLF") that were first published in SIGTARP's October 2010 Quarterly Report. SIGTARP examines Treasury's response to three recommendations designed to ensure the soundness of TARP recipients that may seek to enter SBLF and to prevent TARP recipients from receiving windfall benefits through SBLF without any relevant increase in lending. While Treasury "generally agrees with and is implementing" SIGTARP's recommendation that all institutions applying for SBLF investment undergo a new financial health analysis, it has rejected the remaining two SIGTARP recommendations. Those recommendations were designed to prevent SBLF from providing windfall benefits to existing CPP participants who refinance to SBLF and to reduce the risk of potentially needless harm to taxpayers. Section 4 reviews Treasury's responses in detail and sets forth SIGTARP's discussion of those responses.

Additionally, Section 4 provides two new SIGTARP recommendations related to the recapitalization of Treasury's CPP investments, or their refinancing into SBLF. In the past, as part of its due diligence on CPP institutions seeking to recapitalize, Treasury consulted with SIGTARP in advance of such action in order to determine whether such institutions were the subject of an ongoing criminal investigation by SIGTARP. Doing so gave Treasury the opportunity to avoid shifting the risk of loss from fraud onto private investors who might participate in the restructuring and to examine with particular care the information provided by the CPP institution. Recently, it appears that Treasury has stopped identifying these candidates to SIGTARP in advance of a public announcement. As detailed in Section 4, SIGTARP recommends that Treasury return to prior practice. In addition, because similar concerns will arise when CPP recipients seek to refinance into the SBLF program, and at the same time seek additional taxpayer dollars, SIGTARP recommends that Treasury should similarly consult with SIGTARP to learn whether the entity is the subject of an ongoing investigation.

REPORT ORGANIZATION

The report is organized as follows:

- Section 1 discusses the activities of SIGTARP.
- Section 2 details how Treasury has spent TARP funds thus far and contains an explanation or update of each program.
- Section 3 describes the operations and administration of the Office of Financial Stability, the office within Treasury that manages TARP.
- Section 4 discusses SIGTARP's recommendations to Treasury with respect to the operation of TARP.

The report also includes numerous appendices containing, among other things, figures and tables detailing all TARP investments through December 31, 2010, except where otherwise noted.

SECTION 1

THE OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

SIGTARP CREATION AND STATUTORY AUTHORITY

The Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") was created by Section 121 of the Emergency Economic Stabilization Act of 2008 ("EESA"). Under EESA, SIGTARP has the responsibility, among other things, to conduct, supervise, and coordinate audits and investigations of the purchase, management, and sale of assets under the Troubled Asset Relief Program ("TARP") and, with certain limitations, other actions taken under EESA. SIGTARP is required to report quarterly to Congress to describe SIGTARP's activities and to provide certain information about TARP over that preceding quarter. EESA gives SIGTARP the authorities listed in Section 6 of the Inspector General Act of 1978, including the power to obtain documents and other information from Federal agencies and to subpoena reports, documents and other information from persons or entities outside the Government.

TARP investment authority expired on October 3, 2010. As a result, Treasury cannot make new purchases or guarantees of troubled assets. This termination of authority, however, does not affect Treasury's ability to administer existing troubled asset purchases and guarantees. In accordance with Section 106(e) of EESA, Treasury may expend TARP funds after October 3, 2010, as long as it does so pursuant to obligations entered into before that date. SIGTARP's oversight mandate did not end with the expiration of Treasury's authorization for new TARP funding. Rather, under the authorizing provisions of EESA, SIGTARP is to carry out its duties until the Government has sold or transferred all assets and terminated all insurance contracts acquired under TARP. In other words, SIGTARP will remain "on watch" as long as TARP assets remain outstanding.

SIGTARP OVERSIGHT ACTIVITIES SINCE THE OCTOBER 2010 QUARTERLY REPORT

SIGTARP has continued to fulfill its oversight role on multiple parallel tracks: auditing various aspects of TARP and TARP-related programs and activities; investigating allegations of fraud, waste, and abuse in TARP programs; coordinating closely with other oversight bodies; and striving to promote transparency in TARP programs.

SIGTARP Audit Activity

SIGTARP has initiated a total of 26 audits and two evaluations since its inception. SIGTARP has issued a total of 13 audit reports, including two since the close of the quarter ended September 30, 2010. On October 7, 2010, SIGTARP issued "Selecting Fund Managers for the Legacy Securities Public-Private Investment Fund," and on January 13, 2011, SIGTARP issued "Extraordinary Financial

Assistance Provided to Citigroup, Inc." In the past quarter, SIGTARP also announced three new audit projects. In addition, 10 other previously announced audits and evaluations are in progress; SIGTARP anticipates releasing reports on those audits in the coming months.

Selecting Fund Managers for the Legacy Securities Public-Private Investment Fund

On October 7, 2010, SIGTARP released the audit report, "Selecting Fund Managers for the Legacy Securities Public-Private Investment Fund." The report discussed the process for selecting fund managers to participate in the Public-Private Investment Program ("PPIP"). PPIP is designed to marry private capital with TARP funding to create individual investment funds, known as Public-Private Investment Funds ("PPIFs") that purchase certain mortgage-backed securities. According to Treasury, the program was intended to "restart the market for legacy securities."

SIGTARP found that Treasury constructed a reasonable architecture to accomplish its objective of identifying larger firms to manage PPIFs. It hired a law firm to assist in designing the application and establishing the selection criteria. In reviewing 141 applications, Treasury received assistance from other Federal Government agencies and from an independent advisor with expertise in evaluating complex investments. Treasury conducted a multi-stage evaluation process with each stage reducing the number of applicants moving to the next stage, and performed due diligence reviews. It also adequately documented the selection process. Treasury determined, and SIGTARP agreed, that the legal structure of PPIP did not require it to use the Federal Acquisition Regulation in selecting fund managers.

While the selection process ultimately succeeded in creating nine privately managed funds with the means to purchase almost $30 billion in distressed assets, several aspects of the process are noteworthy:

- Treasury's published selection criteria created confusion and uncertainty among applicants. While Treasury published five criteria, it did not state how many of these criteria applicants were required to meet, or make clear how applicants could demonstrate that they met the criteria. The application introduced further uncertainty with the caveat that Treasury only "anticipated" using the five criteria, suggesting that the criteria might change after the applications were submitted. After receiving only four applications, and dozens of requests for clarification from potential applicants, Treasury responded that it would use a "holistic" approach in which "failure to meet any one criteria [would] not necessarily disqualify a proposal." Internally, Treasury interpreted this modification to mean that all applicants had to meet four of the five stated criteria in order to be considered, though it did not reveal that interpretation to applicants.

- Treasury refined its criteria during the selection process in a way that impaired the transparency of the process. For example, in order for an applicant to be deemed as meeting the criterion that it demonstrate it had the operational capacity to manage funds consistent with Treasury's investment objective, Treasury imposed an absolute requirement that each applicant demonstrate that it had a minimum of $1 billion in total assets under management. Treasury did not, however, disclose this change to applicants. This single, undisclosed requirement had the effect of reducing the applicant pool by more than 40%. While perhaps technically compliant with its public statement that no one criterion would result in disqualification, this new undisclosed threshold had the additional consequence that any applicants that failed to meet it would also automatically fail to meet a separate criterion that it have at least $10 billion in eligible assets, so that one strike instantly became two, and with two strikes they were out.
- Treasury's published selection criterion that fund managers have at least $10 billion in assets under management also risked unnecessarily discouraging applications from smaller asset managers that might have had significant expertise. The eventual size of PPIP and the fact that two-thirds of the selected managers failed to meet the threshold suggest that it was unnecessary.
- Treasury gave an advantage to larger applicants with respect to the requirement that applicants demonstrate a capacity to raise $500 million in private capital. Of 13 applicants that failed to make a statement on whether or not they would be able to raise the capital, Treasury passed the 10 that referenced $7.5 billion or more in total assets under management and rejected the three that referenced between $1 billion and $3 billion in assets. After the application process was completed, Treasury waived the $500 million threshold for the two PPIF managers that could not meet it, putting into question the significance of a criterion that more than half of the applicants were deemed unable to meet.

In sum, while Treasury designed and adequately documented a reasonable selection process, the implementation of that process had several flaws. First, the initial selection criteria created confusion among applicants; subsequent attempts at clarification failed to remedy that confusion and were arguably misleading; and Treasury's undisclosed modification to one criterion impaired transparency. Second, the emphasis on the size of potential fund managers, while perhaps understandable, not only threatened to discourage qualified potential applicants but also, given the selections ultimately made, may have been unnecessary. As a result, the taxpayer may have lost the benefit of the participation of qualified, albeit smaller, fund managers because they were avoidably deterred from applying or unnecessarily rejected.

Finally, Treasury encouraged applicants to form partnerships with small, veteran-, minority-, and woman-owned private asset managers, which resulted in the inclusion of one or more minority-owned partners for eight of the nine selected fund managers. But without guidance from Treasury on either the nature or the extent of the expected role of a minority partner, applicants were left to their own interpretation, which resulted in the minority-owned businesses largely participating to raise capital, with only two actually involved in managing assets, and one firm that appears to provide no assistance whatsoever.

Treasury responded to the report by letter dated October 4, 2010. In its response, Treasury described the audit's summary of the fund manager selection process as informative and likely to be helpful in explaining that process to the public. Treasury also stated that it "strongly disagree[s] with a number of [SIGTARP's] statements and conclusions regarding certain details of the fund manager selection process that [SIGTARP] believe[s] were not sufficient." Treasury added that it will continue to review the report and "may respond" more fully at a later date.

As of the drafting of this report, Treasury had not provided a more complete response to the audit. As a result SIGTARP, and therefore Congress and the public at large, has no way of knowing what "statements and conclusions" Treasury supposedly "strongly disagrees" with in its October 4, 2010, letter. In that context, it is important to note that Treasury was given an opportunity to review a discussion draft of the report and to provide comments. Treasury did so, changes were made to the report as appropriate, and at the end of that process, Treasury offered no material factual objections to the draft audit report. Treasury might not agree with how the audit's conclusions portray Treasury's decision-making process on the selection of fund managers — without a more complete response it is difficult to know — but Treasury has not challenged the essential underlying facts upon which those conclusions are based. Indeed, Treasury's failure to document in a more complete response the "statements" in the report to which it supposedly so "strongly" objects suggests that it simply is unable to so. SIGTARP strongly encourages Treasury to avoid what has become a too-frequent response to SIGTARP's audit reports: issue a vague response at the time of publication suggesting that it disagrees with the factual foundation of the report, along with an equally vague promise to detail its objection at a later date, and then fail to do so. While perhaps serving some short-term goal, such an approach betrays Treasury's oft-stated but insufficiently acted upon commitment to transparency.

Extraordinary Financial Assistance Provided to Citigroup, Inc. ("Citigroup")

On January 13, 2011, SIGTARP released the audit report "Extraordinary Financial Assistance Provided to Citigroup, Inc." The report examined the Government's decision to provide Citigroup extraordinary financial assistance in late November 2008, the method of identifying the Citigroup assets that the Government would guarantee as part of that assistance, and Citigroup's termination of the assistance.

In November 2008, even though it had received $25 billion from TARP's Capital Purchase Program just weeks earlier, Citigroup teetered on the brink of failure. Federal officials, worried that Citigroup would fail absent a strong statement of support from the Federal Government, and that such failure could cause catastrophic damage to the economy, decided to rescue one of the world's largest financial institutions. Late on November 23, 2008, following a frantic few days dubbed "Citi weekend," Citigroup agreed to a Government proposal that would provide Citigroup asset guarantees and a $20 billion capital infusion in exchange for preferred shares of Citigroup stock. The essential purpose of the deal, as then Treasury Secretary Henry Paulson and then Federal Reserve Bank of New York President Timothy Geithner later confirmed to SIGTARP, was to assure the world that the Government would not let Citigroup fail.

SIGTARP found that the Government constructed a plan that not only achieved the primary goal of restoring market confidence in Citigroup, but also carefully controlled the risk of Government loss on the asset guarantee. The Government summarily rejected Citigroup's initial proposal for an asset guarantee and made a take-it-or-leave it offer that Citigroup only reluctantly accepted, against the advice of Citigroup insiders who considered the Government's terms too expensive in light of the assistance provided. In the end, Citigroup accepted the deal chiefly because of its expected impact on the market's perception of Citigroup's viability. After the deal was announced, that impact was immediate — Citigroup's stock price stabilized, its access to credit improved, and the cost of insuring its debt declined. And while the transactions hardly solved all of Citigroup's problems — just months later the Government was compelled to significantly restructure its ownership interest in a manner that left it as Citigroup's single largest common stockholder — the Government incurred no losses and even profited on its overall investment in Citigroup by more than $12 billion. Nevertheless, two aspects of the Citigroup rescue bear noting.

First, the conclusion of the various Government actors that Citigroup had to be saved was strikingly *ad hoc*. While there was consensus that Citigroup was too systemically significant to be allowed to fail, that consensus appeared to be based as much on gut instinct and fear of the unknown as on objective criteria. Citigroup CEO Vikram Pandit summed up the feeling at the time when he told SIGTARP that no one knew what the systemic effects of a Citigroup failure would be, and no one wanted to find out.

Given the urgent nature of the crisis surrounding Citigroup, the *ad hoc* character of the systemic risk determination is not surprising, and SIGTARP found no evidence that the determination was incorrect. Nevertheless, the absence of objective criteria for reaching such a conclusion raised concerns. Then-Director of the Office of Thrift Supervision John Reich, at the Federal Deposit Insurance Corporation ("FDIC") board meeting on November 23, 2008, in which the FDIC made its determination to proceed with the Citigroup transactions, observed that there had been "some selective creativity exercised in the determination of what is systemic and what's not," and that there "has been a high degree of pressure exerted in certain situations, and not in others, and I'm concerned about parity." Concerns about "selective creativity" and "parity" could be addressed at least in part by the development, in advance of the next crisis, of clear, objective criteria and a detailed roadmap as to how those criteria should be applied. Treasury Secretary Geithner told SIGTARP that he believed creating effective, purely objective criteria for evaluating systemic risk is not possible, saying "it depends too much on the state of the world at the time. You won't be able to make a judgment about what's systemic and what's not until you know the nature of the shock" the economy is undergoing. He also said that whatever criteria were developed in advance, markets and institutions would adjust and "migrate around them."

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") charged the Financial Stability Oversight Council ("FSOC") with responsibility for developing the specific criteria and analytical framework for assessing systemic significance. That process is under way. SIGTARP remains convinced that even if some aspects of systemic significance are necessarily subjective and dependent on the nature of the crisis at the time, an emphasis on the development of clear, objective criteria in advance of the next crisis would significantly aid decision makers burdened by enormous responsibility, extreme time pressure, and uncertain information. It is also imperative that FSOC not simply accept the adaptability of Wall Street firms to work around regulation, but instead maintain the flexibility to respond in kind.

Second, the Government's actions with respect to Citigroup undoubtedly contributed to the increased moral hazard that has been a direct byproduct of TARP. While the year-plus of Government dependence left Citigroup a stronger institution, it remained, and arguably remains, an institution that is too big, too interconnected, and too essential to the global financial system to be allowed to fail. When the Government assured the world in 2008 that it would not let Citigroup fail, it did more than reassure troubled markets — it encouraged high-risk behavior by insulating risk-takers from the consequences of failure.

Unless and until an institution such as Citigroup is either broken up, so that it is no longer a threat to the financial system, or a structure is put in place to assure that it will be left to suffer the full consequences of its own folly, the prospect of more bailouts will potentially fuel more bad behavior with potentially disastrous results. Notwithstanding the passage of the Dodd-Frank Act, which does give the FDIC new resolution authority in financial companies deemed systemically significant, the market still gives the largest financial institutions an advantage over smaller institutions by enabling larger firms to raise funds more cheaply, and enjoy enhanced credit ratings based on the assumption that the Government remains as a backstop. And because of the prospect of another Government bailout, executives at such institutions might be motivated to take greater risks than they otherwise would.

The Dodd-Frank Act was intended, in part, to address the problem of institutions that are "too big to fail." Whether it will successfully address the moral hazard effects of TARP remains to be seen, and there is much important work left to be done. As Secretary Geithner told SIGTARP, while the Dodd-Frank Act gives the Government "better tools," and reduced the risk of failures, "[i]n the future we may have to do exceptional things again" if the shock to the financial system is sufficiently large. Secretary Geithner's candor about the difficulty of determining "what's systemic and what's not until you know the nature of the shock" and the prospect of having to "do exceptional things again" in such an unknowable future crisis is commendable. At the same time, it underscores a TARP legacy, the moral hazard associated with the continued existence of institutions that remain "too big to fail." It also serves as a reminder that the ultimate cost of bailing out Citigroup and other "too big to fail" institutions will remain unknown until the next financial crisis occurs.

Treasury responded to the report in a letter dated January 12, 2011, which broadly concurred with the report. The FDIC responded to the report in a letter dated January 12, 2011, which offered four "clarifications" to the report. While SIGTARP did not incorporate the FDIC's suggested changes, the letter was attached to the audit report. The Federal Reserve responded to the report by letter after it was issued (although the letter was dated January 12, 2011), which is reproduced in Appendix G. The Office of the Comptroller of the Currency stated that it would not provide a formal response to the report.

Audits and Evaluations Underway

SIGTARP has ongoing audits and evaluations on 10 previously announced topics and expects to issue those reports in the coming months.

Office of the Special Master Decisions on Executive Compensation

This audit is examining the decisions of the Office of the Special Master for TARP Executive Compensation on executive compensation at firms receiving exceptional TARP assistance. This audit assesses the criteria used by the Special Master to evaluate executive compensation and whether the criteria were applied consistently.

Capital Purchase Program ("CPP") Applications Receiving Conditional Approval

This audit is examining those CPP applications that received preliminary approval from Treasury's Investment Committee conditioned upon the institutions meeting certain requirements before funds were disbursed. One example was Colonial Bancgroup Inc. ("Colonial"), which received CPP approval conditioned on its raising $300 million in private capital but was later the center of a major fraud investigation initiated by SIGTARP that led to the indictment of Lee Farkas on charges that he attempted to defraud Treasury of more than $550 million in connection with its conditional approval of Colonial's application for TARP funds. The audit assesses the basis for the decision to grant such conditional approvals and the bank regulators' roles in such decisions; whether and how timeframes were established for meeting such conditions; and whether internal controls were in place to ensure that the conditions were met before funds were disbursed.

Term Asset-Backed Securities Loan Facility ("TALF") Collateral Monitors' Valuation

This audit is examining the Federal Reserve's basis for hiring collateral monitors for the TALF program, the role of the collateral monitors, and the appropriateness of the approved loan amounts.

Office of Financial Stability Contracting for Professional Services

Undertaken at the request of Senator Tom Coburn, this audit is examining the processes Treasury uses to procure professional services in support of its management of TARP, specifically those to ensure that contract prices are fair and reasonable and that vendors' invoices accurately reflect the work performed.

CPP Exit Strategy

This audit is examining the process that Treasury and Federal banking regulators established for banks to repay Treasury and exit CPP.

Home Affordable Modification Program ("HAMP") Internal Controls

Building on SIGTARP's other audit work regarding HAMP, this audit is examining the extent to which Treasury has established a system of internal controls for HAMP.[8] This audit is also reviewing the reasons Treasury reported erroneous re-default rates through June in its "Servicer Performance Report" and the corrective actions Treasury is taking to help assure its future performance reports are accurate.

Application of the HAMP Net Present Value ("NPV") Test

This audit, conducted in response to a request from Senator Jeff Merkley and eight other Senators, is examining the following issues: (i) whether participating loan servicers are correctly applying the NPV test under the program; (ii) the extent to which Treasury ensures that servicers are appropriately applying the NPV test per HAMP guidelines when assessing borrowers for program eligibility; and (iii) the procedures servicers follow to communicate to borrowers the reasons for NPV test failure, as well as to identify the full range of loss mitigation options available to such borrowers.

Hardest Hit Fund

Undertaken at the request of Representative Darrell Issa, this audit is examining (i) the extent to which Treasury applied consistent and transparent criteria, including applicable provisions of EESA, in selecting the states and programs to receive money under the Hardest Hit Fund; (ii) the extent to which Treasury has determined the programs to be funded by the Hardest Hit Fund are innovative as compared to existing Federal and state programs; (iii) whether Treasury has put sufficient mechanisms in place to prevent waste, fraud and abuse in the Hardest Hit Fund; and (iv) the goals and metrics Treasury has adopted and reported to the public for the operation of the Hardest Hit Fund.

Decision-Making Process Regarding Citigroup Deferred Tax Assets

Undertaken at the request of Representative Dennis Kucinich, this evaluation is examining (i) the rationale behind Treasury's decision to issue Notice 2010-2 (the "Notice") regarding Internal Revenue Code Section 382, which limits the amount of net operating losses a corporation experiencing a change of ownership may use to offset future taxable income; (ii) whether Treasury was aware of the tax effect that may result from the Notice's issuance; (iii) the identity of principal decision makers involved in issuing the Notice; and (iv) the extent to which Treasury's policy to timely dispose of TARP investments factored into the issuance decision.

Assessment of American International Group, Inc. ("AIG") Severance Payments

At the request of Senator Charles Grassley, SIGTARP is conducting an evaluation and review of executive compensation regulations issued by Treasury in relation to severance payments to certain former executives at AIG. Additionally, this evaluation is examining the circumstances of an alleged conflict of interest within the Office of the Special Master.

New Audits Underway

Over the past quarter SIGTARP announced three new audit projects:

Review of Treasury's Investment in General Motors Company ("GM")

This audit is examining Treasury's decision-making process relating to its substantial investment in GM, specifically (i) Treasury's process and plans, and its supporting analyses, for its actual and/or planned disposal of its investments in GM; and (ii) the role Treasury played in reviewing, approving, or otherwise participating in GM's decision to acquire AmeriCredit (now GM Financial).

Review of GM's Decision to "Top Up" the Pension Plan for Hourly Workers of Delphi Automotive LLP ("Delphi")

This audit is examining GM's decision to "top up" Delphi's pension plan for hourly workers, including (i) Treasury's role in GM's decision to top up the pension plan; and (ii) whether the Administration or the Automotive Task Force pressured GM to provide additional funding for the plan.

PPIP Internal Controls

Undertaken at the request of Senator Claire McCaskill, this audit is examining (i) the extent and effectiveness of Treasury's oversight and monitoring for each PPIF; (ii) the extent to which each PPIP manager's internal controls address the compliance requirements of the limited partnership agreement and other applicable laws and regulations; and (iii) the extent to which Treasury and PPIF managers have implemented controls to identify, mitigate, and resolve potential conflicts of interest.

SIGTARP Investigations Activity

SIGTARP's Investigations Division has developed into a highly sophisticated white-collar investigative agency. As of December 31, 2010, SIGTARP had 142 ongoing criminal and civil investigations (including investigations relating to executives at 64 financial institutions that applied for and/or received funding under CPP) many in partnership with other law enforcement agencies. Since SIGTARP's inception, its investigations have delivered substantial results, including:

- asset recoveries of $151.8 million, with an additional estimated savings of $555.2 million through fraud prevention
- civil or criminal actions against 45 individuals to date, including 22 senior officers (CEOs, owners, founders or senior executives) of their organizations
- criminal convictions of 13 defendants for fraud
- civil cases naming 12 corporate entities as defendants

SIGTARP's investigations concern suspected TARP fraud, accounting fraud, securities fraud, insider trading, bank fraud, mortgage fraud, mortgage servicer misconduct, fraudulent advance-fee schemes, public corruption, false statements, obstruction of justice, theft of trade secrets, money laundering, perjury to Congress, and tax-related investigations. While the majority of SIGTARP's investigative activity remains confidential, over the past quarter there have been significant public developments in several of SIGTARP's investigations.

The Shmuckler Group, LLC ("Shmuckler Group")

On November 18, 2010, Howard Shmuckler was arrested pursuant to a 30-count indictment obtained by the Prince George's County State's Attorney's Office in Maryland. Shmuckler owned and operated Shmuckler Group a company located in Vienna, Virginia, that purportedly offered mortgage modification services. He was charged with conspiracy, theft, and operating a business without a license, all relating to an alleged mortgage modification scam that took advantage of the publicity surrounding the TARP-supported HAMP program.

According to a related cease and desist order issued by the Maryland Commissioner of Financial Regulation, Shmuckler, along with two other individuals and their affiliated companies, are alleged to have collected more than $1.2 million in upfront fees from 372 Maryland homeowners by falsely promising to persuade banks to modify the terms of the homeowners' mortgages. According to the same order, Shmuckler contracted with Nova Key LLC to market and sell Shmuckler Group loan modification services to homeowners, including advertising that targeted Spanish-speaking homeowners who had obtained subprime mortgages that they could not afford and who had fallen behind on their mortgage payments. The order further alleges that: Shmuckler and his associates falsely promised to return upfront fees to homeowners for whom they failed to obtain modifications; falsely represented the progress of the homeowners' loan modifications; and directed homeowners to stop making payments on their mortgage loans and not to contact their lenders. According to the order, many of these homeowners subsequently lost their homes to foreclosure.

This case resulted from a joint investigation conducted by SIGTARP, the Office of the State's Attorney for Prince George's County, and the Maryland Department of Labor Licensing and Regulation's Financial Regulation Division.

Residential Relief Foundation

On November 17, 2010, pursuant to court order, the Federal Trade Commission ("FTC") halted the operations of the Residential Relief Foundation and affiliated companies and individuals. This action, supported by SIGTARP's investigative efforts, was based on a civil complaint filed by the FTC alleging that the defendants violated Federal law by falsely claiming that they would obtain loan modifications and significantly lower mortgage payments for consumers in return for upfront fees. The complaint also charges the defendants with misrepresenting an affiliation with the Federal Government, falsely claiming to have taken reasonable and appropriate measures to protect consumers' personal information from unauthorized access, and improperly disposing of consumers' information in unsecured dumpsters, in violation of the FTC Act.

Specifically, the FTC complaint alleges that the defendants falsely claimed their loan modification program could result in waiver of late payments, late fees, and legal fees; conversion of adjustable rates to fixed rates as low as 1%; reduction of principal balances; and up to 40% lower mortgage payments. According to the FTC complaint, the Residential Relief Foundation used a logo similar to the Great Seal of the United States and told consumers that it is nearly impossible for homeowners to obtain mortgage modifications on their own. Claiming quick results and a high success rate, the defendants charged a $1,495 up-front fee, advised homeowners to stop making mortgage payments, and falsely claimed that reports the defendants created would enable homeowners to obtain the promised results, according to the complaint. In addition, the FTC charged that in marketing debt relief services for credit card debt, the defendants falsely told people they could become debt free in 12 to 36 months, remove late fees and penalties, and reduce debts up to 50%.

At the FTC's request, a Federal court ordered a halt to the operation, appointed a receiver, and froze the defendants' assets, pending trial. The FTC action seeks to stop the defendants' deceptive claims permanently and make them forfeit their ill-gotten gains. SIGTARP provided investigative support in furtherance of the FTC's case. SIGTARP's investigation is ongoing.

Park Avenue Bank

In the continuing action concerning Park Avenue Bank, on January 4, 2011, Carlos Peralta pled guilty in the U.S. District Court for the Southern District of New York to wire fraud. Peralta participated in a fraudulent investment scheme through which he caused the pastors of a church in Coral Springs, Florida to wire $103,940 from a bank account in Florida to an account at the Park Avenue Bank in Manhattan.

As previously reported, on October 8, 2010, Charles Antonucci, the former president and CEO of Park Avenue Bank, pled guilty in the U.S. District Court for the Southern District of New York to offenses including securities fraud, making false statements to bank regulators, bank bribery, and embezzlement of bank funds. As noted in SIGTARP's Quarterly Report to Congress dated April 20, 2010, Antonucci was arrested in March 2010 after attempting to steal $11 million of TARP funds by, among other things, making fraudulent claims about the bank's capital position. With his guilty plea, Antonucci became the first defendant convicted of attempting to steal from the taxpayers' investment in TARP. The ongoing SIGTARP investigation is being conducted in partnership with the Federal Bureau of Investigation ("FBI"), U.S. Immigration and Customs Enforcement ("ICE"), the New York State Banking Department Criminal Investigations Bureau, and the FDIC Office of Inspector General ("FDIC OIG").

Omni National Bank ("Omni")

Omni was a national bank headquartered in Atlanta. Omni failed and was taken over by the FDIC on March 27, 2009. Prior to its failure, Omni applied for, but did not receive, TARP funding. As part of a mortgage fraud task force that also included the U.S. Attorney's Office for the Northern District of Georgia, FDIC OIG, the Office of the Inspector General for the Department of Housing and Urban Development ("HUD OIG"), the U.S. Postal Inspection Service ("USPIS"), and the FBI, SIGTARP participated in several investigations concerning Omni that led to criminal charges. SIGTARP's involvement, including an examination into whether the various frauds had an impact on Omni's CPP application, is ongoing.

As a result of the investigation, on January 5, 2011, Karim W. Lawrence, an officer and employee of Omni, pled guilty to charges of corruptly receiving commissions or gifts in exchange for procuring loans.

Previously, on August 3, 2010, Brent Merriell was sentenced to three years and three months in prison for his role in a scheme to prompt Omni to forgive $2.2 million in loans, having pled guilty to charges of making false statements to the FDIC and six counts of aggravated identity theft in connection with the scheme. Additionally, Jeffery Levine, Omni's former executive vice president, pled guilty in January 2010 to charges of causing material overvaluations in the books, reports and statements that were later submitted as part of Omni's TARP application. In addition to Merriell and Levine, Mark Anthony McBride, Christopher Loving, and Delroy Davy pled guilty in connection with this case to mortgage fraud, making false statements to SIGTARP Special Agents, and bank fraud and conspiracy charges, respectively.

United Law Group ("ULG")

As described in the April 2010 Quarterly Report, in March 2010 SIGTARP, along with USPIS, FBI, ICE, and the Orange County District Attorney's Office, executed a publicly filed search warrant obtained by the U.S. Attorney for the Central District of California at the offices of United Law Group ("ULG"). This investigation focuses on allegations that ULG, taking advantage of the publicity surrounding HAMP, engaged in a mortgage modification advance-fee scheme. The search warrant affidavit alleges that ULG charged struggling homeowners fees ranging from $1,500 to $12,000 without performing services, while advising victims to stop paying their mortgages and terminate contact with their lenders. The affidavit further alleges that many ULG customers subsequently lost their homes to foreclosure.

On June 30, 2010, ULG filed for bankruptcy protection. On December 20, 2010, as a direct result of SIGTARP's investigative efforts, the Honorable Robert Kwan issued a preliminary injunction assigning control of a bank account held by ULG containing client funds to ULG's bankruptcy trustee. The bankruptcy trustee assigned to wind down the operations of ULG in Irvine, California, estimates that approximately $1 million from the seized account will be returned to the estate to serve as restitution to victims. SIGTARP's investigation with its law enforcement partners is ongoing.

Nations Housing Modification Center ("NHMC")

On October 14, 2010, Roger Jones pled guilty to conspiracy to commit wire fraud in U.S. District Court for the Southern District of California. The charges against Jones relate to his participation in an advance-fee scheme noted in previous SIGTARP quarterly reports. According to his indictment, Jones and others took criminal advantage of the publicity surrounding the Administration's mortgage modification efforts under HAMP. Operating companies under the names NHMC or "Federal Housing Modification Department," they used fraudulent statements and representations to induce customers to pay $2,500-$3,000 to purchase loan modification services that were never delivered. For example, the indictment alleges that they mailed solicitation letters in envelopes that deceptively bore a Capitol Hill return address (in fact merely a post office box) and that were designed to mimic official Federal correspondence. Court documents allege that the fraud grossed $900,000. At his guilty plea, Jones admitted not only to participating in the conspiracy but also to making material false statements to SIGTARP agents that significantly obstructed or impeded an aspect of the SIGTARP investigation. Jones' sentencing is scheduled for early 2011.

As previously reported, Glenn Steven Rosofsky and Michael Trap also pled guilty in connection with this case. Trap pled guilty in March 2010 to conspiracy to commit fraud and money laundering. Rosofsky pled guilty in June 2010 to offenses including money laundering, conspiracy to commit wire fraud, and filing a false tax return. This case was jointly investigated with the Internal Revenue Service Criminal Investigation, the FTC, the San Diego District Attorney's Office, and the United States Attorney's Office for the Southern District of California, with the support of the Treasury Financial Crimes Enforcement Network and the New York High Intensity Financial Crime Area.

The TCW Group, Inc./The DoubleLine Funds

As described in greater detail on page 88 of the January 2010 Quarterly Report, on December 4, 2009, The TCW Group, Inc. ("TCW"), one of the nine asset managers selected by Treasury to participate in PPIP, dismissed Jeffrey Gundlach, a "key man" under TCW's contract with Treasury, who served as TCW's chief investment officer and the lead portfolio manager of its PPIF. At that time, consistent with the terms of the Limited Partnership Agreement between Treasury and TCW, Treasury froze TCW's PPIF and halted all fund transactions. On January 4, 2010, TCW withdrew as a manager in PPIP and its PPIF was liquidated.

On January 12, 2010, Gundlach and others organized The DoubleLine Funds ("DoubleLine"), a fund management company. In an SEC filing on December 9, 2010, DoubleLine disclosed that on January 7, 2010, TCW "commenced litigation against [DoubleLine] in the Superior Court of the State of California, County of Los Angeles, Central District, alleging unfair competition." According to the SEC filing, the suit alleges, among other things, that Gundlach and other former TCW employees now at DoubleLine misappropriated TCW's confidential information and are using it to compete against TCW for assets under management. Additionally, the filing disclosed that "employees and former employees of [DoubleLine] have been interviewed by representatives of [SIGTARP], and by the office of the United States Attorney for the Southern District of New York, in connection with the PPIP and in connection with the same allegations of misappropriation of proprietary information made by [TCW] in its litigation against [DoubleLine]. [DoubleLine] understands that the inquiry stems at least in part from a federal grand jury inquiry." SIGTARP's investigation is ongoing.

SIGTARP Hotline

One of SIGTARP's primary investigative priorities is to operate the SIGTARP Hotline and thus provide a simple, accessible way for the American public to report concerns, allegations, information, and evidence of violations of criminal and civil laws in connection with TARP. From its inception in February 2009 through December 31, 2010, the SIGTARP Hotline has received and analyzed more than 24,000 Hotline contacts. These contacts run the gamut from expressions of concern over the economy to serious allegations of fraud involving TARP, and a substantial number of SIGTARP's investigations were generated in connection with Hotline tips. The SIGTARP Hotline can receive information anonymously. SIGTARP honors all applicable whistleblower protections and will provide confidentiality to the fullest extent possible. SIGTARP urges anyone aware of waste, fraud or abuse involving TARP programs or funds, whether it involves the Federal Government, state and local entities, private firms or individuals, to contact its representatives at 877-SIG-2009 or www.sigtarp.gov.

Communications with Congress

One of the primary functions of SIGTARP is to ensure that members of Congress remain adequately and promptly informed of developments in TARP initiatives and of SIGTARP's oversight activities. To fulfill that role, the Special Inspector General and his staff meet regularly with and brief members and Congressional staff:

- On October 27 and 29, 2010, SIGTARP Chief of Staff Christy Romero presented open briefings for House and Senate staff, respectively. The focus of each briefing was SIGTARP's October 2010 Quarterly Report.

Copies of the written testimony, hearing transcripts, and a variety of other materials associated with Congressional hearings since SIGTARP's inception are posted at www.sigtarp.gov/reports.shtml.

Constitutionality of the Special Master

On November 2, 2009, SIGTARP sent a letter to Treasury inquiring about the constitutionality of its appointment of the Special Master for TARP Executive Compensation ("Special Master"), pursuant to the Interim Final Rule on TARP Standards for Compensation and Corporate Governance. After an exchange of letters with Treasury, on August 20, 2010, SIGTARP submitted to the Office of Legal Counsel ("OLC"), Department of Justice, a request for a legal opinion regarding the constitutionality of the Special Master under the Appointments Clause of the United States Constitution. The General Counsel of the Treasury Department joined in the request. (Copies of correspondence related to this question are in Appendix H: "Correspondence" to the October 2010 Quarterly Report to Congress.)

In a November 5, 2010, memorandum, the Office of Legal Counsel expressed its opinion that the Special Master's appointment is constitutional under the Appointments Clause of the Constitution. A copy of the memorandum is attached in Appendix G: "Correspondence."

THE SIGTARP ORGANIZATION

From the day that the Special Inspector General was confirmed by the Senate, SIGTARP has worked to build its organization through various complementary strategies, leveraging the resources of other agencies, and, where appropriate and cost-effective, obtaining services through SIGTARP's authority to contract. SIGTARP continues to make substantial progress in building its operation.

Hiring

As of December 31, 2010, SIGTARP had 139 full-time personnel, including one detailee from the FBI. SIGTARP's employees hail from many Federal agencies, including the Department of Justice, FBI, the Internal Revenue Service Criminal Investigation, Air Force Office of Special Investigations, GAO, Department of Transportation, Department of Energy, the Securities and Exchange Commission, U.S. Secret Service, U.S. Postal Service, U.S. Army Criminal Investigation Command, Naval Criminal Investigative Service, Treasury-Office of the Inspector General, Department of Energy-Office of the Inspector General, Department of Transportation-Office of the Inspector General, Department of Homeland

Security-Office of the Inspector General, FDIC OIG, Office of the Special Inspector General for Iraq Reconstruction, and the Department of Housing and Urban Development Office of Inspector General. SIGTARP employees also hail from various private sector businesses and law firms. Hiring is actively ongoing. The SIGTARP organizational chart, as of January 3, 2011, is included in Appendix H: "Organizational Chart."

Budget

SIGTARP expended $19.6 million in fiscal year 2009 and $33.5 million in fiscal year 2010. In fiscal year 2010, 51% of SIGTARP's budget went for personnel costs and 29% for services provided by other Government agencies, as noted in the breakdown of 2010 funding provided by Figure 1.1.

On February 2, 2010, the Administration submitted to Congress Treasury's fiscal year 2011 budget request, which includes SIGTARP's full initial request for $49.6 million. Adjusting for the fiscal year 2011 pay raise reduction, the annual amount has been revised to $49.4 million. Public Law 111-242, the Continuing Appropriations Act of 2011 as amended and extended through March 4, 2011, provides $15.4 million based on an annual estimate of $36.3 million. Figure 1.2 provides a detailed breakdown of SIGTARP's fiscal year 2011 budget, which reflects an adjusted total spending plan of $51 million, which includes, among other things, portions of SIGTARP's initial funding that have not yet been spent.

Physical and Technical SIGTARP Infrastructure

SIGTARP occupies office space at 1801 L Street, NW, in Washington, D.C., the same office building in which most Treasury officials managing TARP are located. To facilitate more efficient and effective investigative activities across the nation, SIGTARP has also opened regional offices in New York City, Los Angeles, San Francisco and Atlanta.

SIGTARP has a website, www.SIGTARP.gov, on which it posts all of its reports, testimony, audits, contracts, and more. Since its inception, SIGTARP's website has had more than 49 million web "hits," and there have been more than 2.8 million downloads of SIGTARP's quarterly reports, which are available on the site.[9]

FIGURE 1.1

SIGTARP FY 2010 ACTUALS
($ MILLIONS, PERCENTAGE OF $33.5 MILLION)

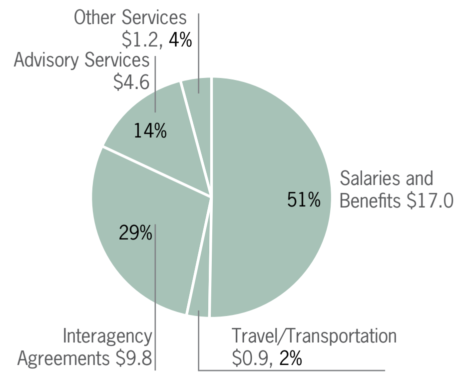
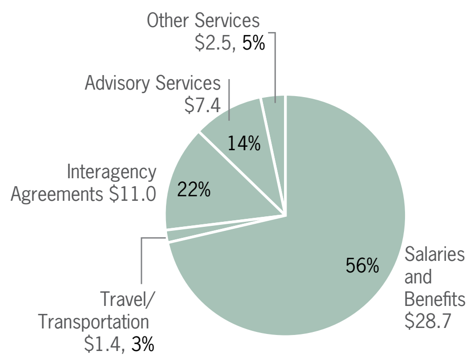


FIGURE 1.2

SIGTARP FY 2011 PROPOSED BUDGET
($ MILLIONS, PERCENTAGE OF $51.0 MILLION)



SECTION 2 TARP OVERVIEW

This section summarizes how the U.S. Department of the Treasury ("Treasury") has managed the Troubled Asset Relief Program ("TARP"). This section also reviews TARP's overall finances, provides updates on established TARP component programs, and gives the status of TARP executive compensation restrictions.

TARP FUNDS UPDATE

Because TARP investment authority expired on October 3, 2010, no new obligations may be made with TARP funds. However, dollars that have already been obligated to existing programs may still be expended. As of October 3, 2010, $474.8 billion had been obligated to 13 announced programs. Of the obligated amount, as of December 31, 2010, $389.8 billion had been spent and $80.0 billion remained obligated and available to be spent. When including the January 14, 2011, recapitalization of American International Group, Inc. ("AIG"), $410.1 billion has been spent and $59.7 billion remains obligated and available to be spent. Also, $5.0 billion was obligated under the Asset Guarantee Program ("AGP") but was not expended; those dollars are not available for further use.[10]

Obligations: Definite commitments that create a legal liability for the Government to pay funds.

Initial authorization for TARP funding came through the Emergency Economic Stabilization Act of 2008 ("EESA"), which was signed into law on October 3, 2008.[11] EESA appropriated $700 billion to "restore liquidity and stability to the financial system of the United States."[12] On December 9, 2009, the Secretary of the Treasury ("Treasury Secretary") exercised the powers granted him under Section 120(b) of EESA and extended TARP through October 3, 2010.[13] In accordance with Section 106(e) of EESA, Treasury may expend TARP funds after October 3, 2010, as long as it does so pursuant to obligations entered into before that date.[14]

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which became law (Public Law 111-203) on July 21, 2010, amended the timing and amount of TARP funding.[15] The upper limit of the Treasury Secretary's authority to purchase and guarantee assets under TARP was reduced to $475 billion from the original $700 billion available.

With the expiration of TARP funding authorization, no new expenditures may be made through the Capital Purchase Program ("CPP"), the Capital Assistance Program ("CAP"), the Targeted Investment Program ("TIP"), AGP, the Auto Supplier Support Program ("ASSP"), the Auto Warranty Commitment Program ("AWCP"), the Unlocking Credit for Small Businesses ("UCSB") initiative, or the Community Development Capital Initiative ("CDCI") because all obligated dollars have been spent. For five programs — the Making Home Affordable ("MHA") program, the Systemically Significant Failing Institutions ("SSFI") program, the Term Asset-Backed Securities Loan Facility ("TALF"), the Public-Private Investment Program ("PPIP"), and the Automotive Industry Financing Program ("AIFP") — dollars that were obligated but unspent as of October 3, 2010, are available to be

TABLE 2.1

OBLIGATIONS, EXPENDITURES, AND OBLIGATIONS AVAILABLE FOR EXPENDITURE ($ BILLIONS)

Program Name	Obligation	Expenditure	Available to Be Spent
Housing Programs under TARP	$45.6	$1.0	$44.6
CPP	204.9	204.9	0.0
CDCI	0.6	0.6	0.0[a]
SSFI	69.8	47.5	22.3[b]
TIP	40.0	40.0	0.0
AGP	5.0	0.0[c]	0.0[c]
TALF	4.3	0.1	4.2
PPIP	22.4	15.6	6.9[d]
UCSB	0.4	0.4	0.0
Automotive Industry Support Programs (AIFP, ASSP, and AWCP)[e]	81.8	79.7	2.1
Total	**$474.8**	**$389.8**	**$80.0**[f]

Notes: Numbers may not total due to rounding. Obligation figures are as of 10/3/2010 and expenditure figures are as of 12/31/2010.
[a] CDCI obligation amount of $570.1 million. There are no remaining dollars to be spent on CDCI. Of the total obligation, $363.3 million was related to CPP conversions and $206.7 million was related to expenditures for new TARP participants or as an additional investment in the CPP conversions.
[b] Does not reflect AIG recapitalization, which resulted in the expenditure of an additional $20.3 billion. As of January 14, 2011, $2.0 billion remains available to be spent.
[c] AGP did not have an initial outlay of cash.
[d] Total obligation of $22.4 billion and expenditure of $15.6 billion for PPIP includes $356.3 million of the initial obligation to The TCW Group, Inc. ("TCW") that was funded. TCW subsequently repaid the funds that were invested in its PPIF; however, these dollars are not included in the amount available to be spent.
[e] Includes $80.7 billion for AIFP, $0.6 billion for AWCP, and $0.4 billion for ASSP.
[f] The $5 billion reduction in exposure under AGP is not included in the expenditure total since this amount was not an actual cash outlay, as noted in Note c.

Source: Treasury, *Transactions Report*, 12/31/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/tarp-transactions/DocumentsTARPTransactions/1-4-11%20Transactions%20Report%20as%20of%201-3-11.pdf, accessed 1/16/2011; Treasury, response to SIGTARP data call, 1/7/2011.

expended up to the obligated amount. No new obligations may be made for TARP programs. Table 2.1 provides a breakdown of program obligations, expenditures, and obligations available to be spent as of December 31, 2010. Table 2.1 lists 10 TARP subprograms, instead of all 13, because it excludes CAP, which was never funded, and because Automotive Industry Support Programs include all three automotive programs.

Cost Estimates

Several Government agencies are responsible under EESA for generating cost estimates for TARP, including the Office of Management and Budget ("OMB"), the Congressional Budget Office ("CBO"), and Treasury, whose estimated costs are annually audited by the Government Accountability Office ("GAO"). Beginning with OMB's August 2009 cost estimate of a $341 billion loss, the cost estimates have continued to decrease.[16] In the past quarter, OMB, CBO, and Treasury have each issued new estimates.

On October 15, 2010, OMB reduced its estimate of TARP's cost to $113 billion, based on data as of May 31, 2010.[17]

On November 29, 2010, CBO issued an updated TARP cost estimate based on its evaluation as of November 18, 2010.[18] CBO estimated that the ultimate cost of TARP will be $25 billion.[19]

On November 15, 2010, Treasury issued its fiscal year 2010 TARP audited agency financial statements, which contained its cost estimate as of September 30, 2010.[20] Treasury estimated that the ultimate cost of TARP will be $78 billion, down from its previous cost estimates of $101 billion on May 31, 2010, and $105 billion on March 31, 2010.[21] In its November document, Treasury also prepared a *pro forma* TARP cost estimate based on the then proposed restructuring of Treasury's and the Federal Reserve's investment in AIG under SSFI, the terms of which were initially announced on September 30, 2010.

According to Treasury, the effects of this restructuring are expected to reduce the cost of SSFI to an estimated $5 billion (as opposed to a $37 billion anticipated loss under Treasury's traditional audited standard for assessing its potential loss on SSFI) and the estimated lifetime cost of TARP to $46 billion.[22] The *pro forma* estimate assumed that Treasury's preferred stock investment would be converted to common stock at AIG's market price on October 1, 2010. By the terms of the restructuring, which closed on January 14, 2011, Treasury's ultimate recovery of TARP funds from AIG is expected to be realized by a sale of that common stock, which may occur at a higher or lower market price.[23]

For more information on the AIG recapitalization, see the "Systemically Significant Failing Institutions Program" discussion in this section. The most recent TARP program cost estimates from each agency are listed in Table 2.2.

According to Treasury, the highest losses from TARP are expected to come primarily from housing programs, assistance to the automotive industry, and, potentially, SSFI.[24] OMB estimates a higher cost for SSFI and AIFP; however, its estimates do not take into account the AIG restructuring or General Motors' recent initial public offering.[25] A notable difference also exists between CBO's estimate for TARP's housing programs, which assumes that only $12.0 billion of the $45.6 billion obligated will be spent, and Treasury's continued assertion that it will expend all of the obligated funds.[26]

Pro Forma: In finance, refers to the presentation of hypothetical financial information assuming that certain events will happen.

TABLE 2.2

COST (GAIN) OF TARP PROGRAMS ($ BILLIONS)

Program Name	OMB Estimate	CBO Estimate	Treasury Estimate, Audited TARP Agency Financial Report	Treasury Estimate, TARP Agency Financial Report (pro forma for AIG Recapitalization)
Report issued:	**10/15/2010**	**11/29/2010[b]**	**11/15/2010**	**11/15/2010**
Data as of:	**5/31/2010[a]**	**11/18/2010**	**9/30/2010**	**9/30/2010[c]**
Housing Programs	$46	$12	$46	$46
Capital Purchase Program	(3)	(15)	(11)	(11)
Systemically Significant Failing Institutions	48	14	37	5
Targeted Investment Program and Asset Guarantee Program	(7)	(7)	(8)	(8)
Automotive Industry Support Programs[h]	30	19	15	15
Term Asset Lending Facility	(1)	1	0	0
Public-Private Investment Program	1	0	(1)	(1)
Other[d]	*	*	*	*
Total	**$113[f]**	**$25[e]**	**$78[g]**	**$46[g]**

Notes: Numbers may not total due to rounding.
[a] The estimate takes into account the statutory effects of the Dodd-Frank Act, which became law on 7/21/2010.
[b] CBO's estimates are derived from data as of 11/18/2010, except for the PPIP and the mortgage programs, which reflect transactions as of 10/31/2010.
[c] Data as of 9/30/2010, with the exception of SSFI, which includes pro forma data as of 10/1/2010.
[d] Consists of CDCI and UCSB, both of which have an estimated cost between –$500 million and $500 million.
[e] The estimate does not include administrative costs or calculations of interest.
[f] The estimate includes administrative costs and interest effects of $12 billion.
[g] The estimate includes interest on re-estimates but excludes administrative costs.
[h] Includes AIFP, ASSP, and AWCP.

Sources: CBO Estimate: CBO, "Report on the Troubled Asset Relief Program—November 2010," 11/2010, www.cbo.gov/ftpdocs/119xx/doc11980/11-29-TARP.pdf, accessed 11/30/2010; CBO, response to SIGTARP data call, 1/3/2011; OMB Estimate: OMB, "OMB Report under the Emergency Economic Stabilization Act, Section 202," 10/15/2010, www.whitehouse.gov/sites/default/files/OMB212Sharp_omb_eop_gov_20101015_175127.pdf, accessed 12/14/2010; Treasury Estimate: Treasury, "Office of Financial Stability Agency Financial Report—Fiscal Year 2010," 9/30/2010, www.financialstability.gov/docs/2010%20OFS%20AFR%20Nov%2015.pdf, accessed 11/17/2010.

FINANCIAL OVERVIEW OF TARP

The enactment of the Dodd-Frank Act reduced TARP's maximum investment authority from $698.8 billion to $475.0 billion.[27] The $698.8 billion represented the initial $700.0 billion authorized for TARP by EESA less a $1.2 billion reduction as a result of the Helping Families Save Their Homes Act of 2009.[28] Treasury has obligated $474.8 billion of the $475.0 billion. Of the total obligations, $389.8 billion was expended as of December 31, 2010, through 13 announced programs intended to support U.S. financial institutions, companies, and individual mortgage borrowers.[29]

As of December 31, 2010, 148 TARP recipients had repaid all or a portion of their principal or repurchased their shares, for a total of $235.4 billion returned to Treasury and a $5.0 billion reduction in Government exposure.[30] As of December 31, 2010, $149.4 billion of TARP funds remained outstanding, and $80.0 billion was still available to be spent. When including the January 14, 2011, AIG recapitalization, an additional $20.3 billion of TARP funds is outstanding, with $59.7 billion still available to be spent.[31] Figure 2.1 provides a snapshot of the cumulative obligations, expenditures, repayments, and exposure reductions as of December 31, 2010.

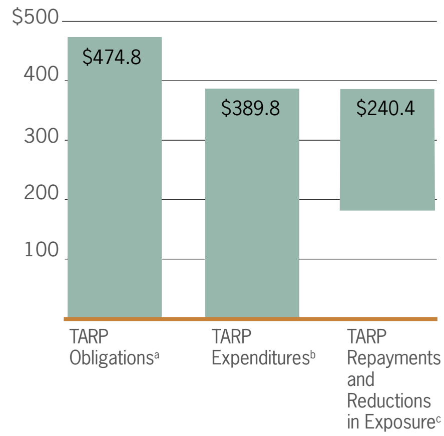
As of December 31, 2010, the Government had also collected $35.2 billion in interest, dividends, and other income, including approximately $10.2 billion in proceeds from the sale of warrants and stock received as a result of exercised warrants.[32]

Most of the outstanding TARP money is in the form of equity ownership in troubled, or previously troubled, companies. Treasury (and therefore the taxpayer) remains a shareholder in companies that have not repaid the Government. Treasury's equity ownership is largely in two forms — common and preferred stock — although it also has received debt in the form of senior subordinated debentures.

FIGURE 2.1

CUMULATIVE TARP OBLIGATIONS, EXPENDITURES, REPAYMENTS, AND REDUCTIONS IN EXPOSURE

($ BILLIONS)



Notes: Numbers may not total due to rounding. Obligations reported as of 10/3/2010. Expenditures and repayments and reductions in exposure reported as of 12/31/2010.
[a] Treasury experienced a $2.6 billion loss on some investments under the Capital Purchase Program ("CPP").
[b] Expenditure total does not include $5.0 billion for AGP as this amount was not an actual cash outlay.
[c] Repayments include $167.9 billion for CPP, $40.0 billion for TIP, $26.9 billion for auto programs, and $0.6 billion for PPIP. The $5.0 billion reduction in exposure under AGP is not included in the expenditure total since this amount was not an actual cash outlay.

Sources: Treasury, *Transactions Report*, 12/31/2010; Treasury, TARP/Financial Stability Plan Budget Table 1/3/11, accessed 1/4/11.

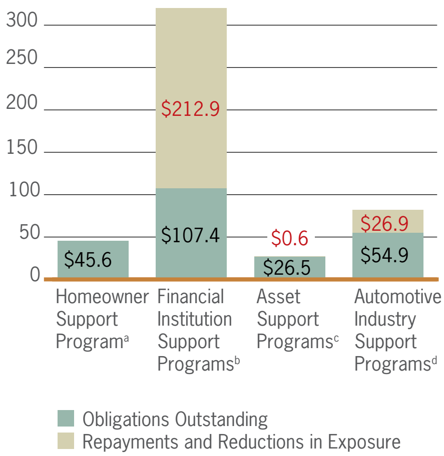
Common Stock: Equity ownership entitling an individual to share in corporate earnings and voting rights.

Preferred Stock: Equity ownership that usually pays a fixed dividend before distributions for common stock owners but only after payments due to debt holders and depositors. It typically confers no voting rights. Preferred stock also has priority over common stock in the distribution of assets when a bankrupt company is liquidated.

Senior Subordinated Debentures: Debt instrument ranking below senior debt but above equity with regard to investors' claims on company assets or earnings. Senior debt holders are paid in full before subordinated debt holders are paid. There may be additional distinctions of priority among subordinated debt holders.

FIGURE 2.2

TARP OBLIGATIONS OUTSTANDING, REPAYMENTS, AND REDUCTIONS IN EXPOSURE BY SUPPORT CATEGORY
($ BILLIONS)



Notes: Numbers may not total due to rounding. Obligations as of 10/3/2010, and repayments as of 12/31/2010.
[a] Includes MHA.
[b] CPP, CDCI, SSFI, TIP, and AGP. Repayments are composed of $167.9 billion for CPP, $40.0 billion for TIP, and a $5.0 billion reduction in exposure under AGP. Does not include the 1/14/2011 recapitalizations of AIG under SSFI.
[c] TALF, PPIP, and UCSB. Repayments are composed of $0.6 billion for PPIP.
[d] AIFP, ASSP, and AWCP. Repayments are composed of $25.8 billion for AIFP, $0.4 billion for ASSP, and $0.6 billion for AWCP.

Sources: Treasury, *Transactions Report*, 12/31/2010; Treasury, TARP/Financial Stability Plan Budget Table, 1/3/11, accessed 1/4/11.

As of December 31, 2010, and prior to the AIG recapitalization, obligated funds totaling $80 billion were still available to be drawn down by TARP recipients under five of TARP's 13 announced programs.[33] TARP's component programs fall into four categories, depending on the type of assistance offered:

- **Homeowner Support Programs** — These programs are intended to help homeowners who are having trouble making their mortgage payments by subsidizing loan modifications, loan servicer costs, potential equity declines, and incentives for foreclosure alternatives.
- **Financial Institution Support Programs** — These programs share a common stated goal of stabilizing financial markets and improving the economy.
- **Asset Support Programs** — These programs attempt to support asset values and market liquidity by providing funding to certain holders or purchasers of assets.
- **Automotive Industry Support Programs** — These programs are intended to stabilize the American automotive industry and promote market stability.

Figure 2.2 shows how TARP funding is distributed among the four program categories.

Homeowner Support Programs

The stated purpose of TARP's homeowner support programs is to help homeowners and financial institutions that hold troubled housing-related assets. Although Treasury originally committed to use $50.0 billion in TARP funds for these programs, it obligated only $45.6 billion.[34]

- **Making Home Affordable ("MHA") Program** — According to Treasury, this foreclosure mitigation effort is intended to "help bring relief to responsible homeowners struggling to make their mortgage payments, while preventing neighborhoods and communities from suffering the negative spillover effects of foreclosure, such as lower housing prices, increased crime, and higher taxes."[35] MHA, for which Treasury has obligated $29.9 billion, has many components, including several funded through TARP: the Home Affordable Modification Program ("HAMP"), the Federal Housing Administration ("FHA") HAMP loan modification option for FHA-insured mortgages ("Treasury FHA-HAMP"), the U.S. Department of Agriculture Rural Housing Service's Rural Development ("RD") HAMP ("RD-HAMP"), and the Second Lien Modification Program ("2MP").[36] HAMP in turn encompasses various initiatives in addition to the modification of first-lien mortgages, including the Home Affordable Foreclosure Alternatives ("HAFA") program, the Home Price Decline Protection ("HPDP") program, the Home Affordable Unemployment Program ("UP"), and the

Principal Reduction Alternative ("PRA") program. HAMP is intended to help homeowners with mortgage modifications and foreclosure-prevention efforts.[37] Additionally, part of the overall MHA obligation of $29.9 billion includes $2.7 billion to support the Treasury/FHA Second Lien Program ("FHA2LP"), which complements the FHA Short Refinance program and is intended to support the extinguishment of second-lien loans.[38]

As of December 31, 2010, HAMP had expended $1.0 billion of TARP money.[39] Total expenditures in incentives and payments for HAFA were $9.5 million in connection with 2,181 deed-in-lieu and short sale transactions. Expenditures in incentives and payments for 2MP were $2.9 million in connection with 141 full extinguishments, 2 partial extinguishments, and 3,114 permanent modifications of second liens.[40] As of December 31, 2010, there were 237,516 active permanent first-lien modifications under the completed TARP-funded portion of the program, an increase of 30,782 active permanent modifications over the past quarter.[41] In addition, the Government-sponsored enterprises ("GSEs") have provided 284,114 active permanent modifications using $655.9 million in non-TARP funds, an increase of 24,140 over the past quarter.[42] See the "Making Home Affordable Programs" discussion in this section for more detailed information, including participation numbers for each of the MHA programs and subprograms.

- **Housing Finance Agency ("HFA") Hardest-Hit Fund** — The stated purpose of this program was to provide TARP funds to create "measures to help families in the states that have been hit the hardest by the aftermath of the burst of the housing bubble."[43] Treasury obligated $7.6 billion for this program in four increments: an initial amount of $1.5 billion made available on June 23, 2010; a second amount of $600.0 million made available on August 3, 2010; a third amount of $2.0 billion made available on September 23, 2010; and a final $3.5 billion made available on September 29, 2010.[44] As of December 31, 2010, $103.6 million had been drawn down by the states for the Hardest-Hit Fund.[45] See the "Making Home Affordable Programs" discussion in this section for more detailed information.
- **FHA Short Refinance** — Treasury estimates that this program will use $10.8 billion of TARP funds, which includes approximately $8.1 billion to purchase a letter of credit to provide loss protection on refinanced first liens. Additionally, to facilitate the refinancing of new FHA-insured loans under this program, Treasury has allocated approximately $2.7 billion in TARP funds for incentive payments to servicers and holders of existing second liens for full or partial principal extinguishments under the related FHA2LP; these funds are part of the overall HAMP funding of $29.9 billion, as noted above.[46] As of December 31, 2010, there had been 15 refinancings under the program.[47] See the "Making Home Affordable Programs" discussion in this section for more detailed information.

Systemically Significant: Term referring to any financial institution whose failure would impose significant losses on creditors and counterparties, call into question the financial strength of similar institutions, disrupt financial markets, raise borrowing costs for households and businesses, and reduce household wealth (also commonly used to describe institutions "too big to fail").

Qualifying Financial Institutions ("QFIs"): Private and public U.S.-controlled banks, savings associations, bank holding companies, certain savings and loan holding companies, and mutual organizations.

Community Development Financial Institutions ("CDFIs"): Financial institutions eligible for Treasury funding to serve urban and rural low-income communities through the CDFI Fund. CDFIs were created in 1994 by the Riegle Community Development and Regulatory Improvement Act. These entities must be certified by Treasury; certification confirms that they target at least 60% of their lending and other economic development activities to areas underserved by traditional financial institutions.

Financial Institution Support Programs

Treasury primarily invests capital directly into the financial institutions it aids. For TARP purposes, financial institutions included banks, bank holding companies, and, if deemed critical to the financial system, some systemically significant institutions.[48]

- **Capital Purchase Program ("CPP")** — Under CPP, Treasury directly purchased preferred stock or subordinated debentures in qualifying financial institutions ("QFIs").[49] CPP was intended to provide funds to "stabilize and strengthen the U.S. financial system by increasing the capital base of an array of healthy, viable institutions, enabling them [to] lend to consumers and business[es]."[50] Treasury invested $204.9 billion in 707 institutions through CPP; $167.9 billion had been repaid as of December 31, 2010, leaving an outstanding balance of $37.0 billion.[51] Of the repaid amount, $363.3 million was converted from CPP investments into CDCI and therefore still represents outstanding obligations to TARP.[52] CPP closed on December 29, 2009.[53] Treasury continues to manage its portfolio of CPP investments, including, for certain struggling institutions, converting its preferred equity ownership into a more junior form of equity ownership, often at a discount to par value (which may result in a loss) in an attempt to preserve some value that might be lost if these institutions were to fail. See the "Capital Purchase Program" discussion in this section for more detailed information.
- **Community Development Capital Initiative ("CDCI")** — Under CDCI, Treasury used TARP money to buy preferred stock or subordinated debt in Community Development Financial Institutions ("CDFIs"). Treasury intended for CDCI to "improve access to credit for small businesses in the country's hardest-hit communities."[54] Under CDCI, TARP made capital investments in the preferred stock or subordinated debt of eligible banks, bank holding companies, thrifts, and credit unions.[55] Eighty-four institutions have received $570.1 million in funding under CDCI.[56] However, 28 of these institutions converted their existing CPP investment into CDCI and 10 of those that converted received additional funding under CDCI.[57]
- **Small Business Lending Fund ("SBLF")** — On September 27, 2010, the President signed into law the Small Business Jobs Act of 2010, which created the $30 billion Small Business Lending Fund. The Administration intends for the fund to stimulate small-business lending.[58] Under SBLF, Treasury invests capital in banks that have less than $10 billion in assets in return for preferred shares, in a manner similar to that followed under CPP and CDCI, albeit with incentives to increase certain types of lending and with fewer governance

provisions.[59] On December 20, 2010, Treasury issued guidelines under which CPP and CDCI recipients can refinance into SBLF.[60] Although this program operates outside of TARP, many TARP recipients will likely convert their investments from CPP to SBLF and thus benefit from a lower dividend rate and more relaxed governance restrictions.[61] See the "Small Business Lending Initiatives" discussion in this section for more detailed information.

- **Systemically Significant Failing Institutions Program** — SSFI enabled Treasury to invest in systemically significant institutions to prevent them from failing.[62] Only one firm received SSFI assistance: AIG. There were two TARP investments in AIG. On November 25, 2008, Treasury bought $40 billion of AIG's preferred stock, the proceeds of which were used to repay a portion of AIG's debt to the Federal Reserve Bank of New York ("FRBNY"). Then, on April 17, 2009, Treasury obligated approximately $29.8 billion to an equity capital facility that AIG has been allowed to draw on as needed.[63]

  On January 14, 2011, AIG completed a series of several integrated transactions, the Recapitalization Plan, with the intent to facilitate the governmental monetization of its loans and investments in AIG.[64] In carrying out the Recapitalization Plan:

  - AIG repaid and terminated its revolving credit facility with FRBNY with cash proceeds that it had received from AIG's sales of equity interests in two special purpose vehicles ("SPVs"), American International Assurance Co., Ltd. ("AIA") and American Life Insurance Company ("ALICO").[65]
  - AIG drew down an additional $20.3 billion in available TARP funds from the equity capital facility and purchased an equivalent amount of FRBNY's preferred interest in the AIA and ALICO SPVs, which was then provided to Treasury. At the closing of the Recapitalization Plan, AIG exercised the right to designate the remaining $2 billion of the TARP Series F equity capital facility as a new Series G stand-by equity commitment available for general corporate purposes.[66] FRBNY's remaining $6.1 billion interest in the SPVs was then redeemed by AIG for cash.[67]
  - AIG issued common stock in exchange for the then outstanding $49.1 billion in preferred stock and accrued dividends that Treasury acquired through TARP investments in AIG and the 79.8% ownership interest in AIG (held in the form of preferred stock) received by FRBNY. The conversion of the TARP preferred stock provided the Government with an additional incremental 12% ownership interest in AIG, bringing the total common equity ownership to approximately 92.1%.[68]

Special Purpose Vehicle ("SPV"):
Off-balance-sheet legal entity that holds transferred assets presumptively beyond the reach of the entities providing the assets.

See the "Systemically Significant Failing Institutions" portion of this section for a detailed discussion of the AIG transactions.

- **Targeted Investment Program ("TIP")** — Through TIP, Treasury invested in financial institutions it deemed critical to the financial system.[69] There were two expenditures under this program totaling $40 billion — the purchases of $20 billion each of senior preferred stock in Citigroup Inc. ("Citigroup") and Bank of America Corp. ("Bank of America").[70] Treasury also accepted common stock warrants from each, as required by EESA. Both banks fully repaid Treasury for their respective TIP investments.[71] Treasury auctioned its Bank of America warrants on March 3, 2010, and has announced its intention to sell its Citigroup warrants in a public auction in the first quarter of 2011.[72] See the "Targeted Investment Program and Asset Guarantee Program" portion of this section for more information on these two transactions.
- **Asset Guarantee Program ("AGP")** — AGP was designed to provide insurance-like protection for a select pool of mortgage-related or similar assets held by participants whose portfolios of distressed or illiquid assets threatened market confidence.[73] Treasury, the Federal Deposit Insurance Corporation ("FDIC"), and the Federal Reserve offered certain loss protections in connection with $301 billion in troubled Citigroup assets.[74] In exchange for providing the loss protection, Treasury received $4 billion of preferred stock that was later converted to trust preferred securities ("TRUPS") on a dollar-for-dollar basis. The FDIC received $3 billion of preferred stock that was similarly converted.[75] On December 23, 2009, in connection with Citigroup's TIP repayment, Citigroup and the Government terminated the AGP agreement. Under the agreement, Treasury's guarantee commitment was terminated with no loss on the protected assets. In addition, Treasury agreed to cancel $1.8 billion of the TRUPS issued by Citigroup, reducing the amount of preferred stock from $4.0 billion to $2.2 billion, in exchange for early termination of the guarantee. Additionally, the FDIC and Treasury agreed that at the close of Citigroup's participation in the FDIC's Temporary Liquidity Guarantee Program, the FDIC will transfer $800 million of TRUPS that it retained as a premium to Treasury if no loss is suffered.[76] On September 30, 2010, Treasury announced the sale of all of its TRUPS for $2.2 billion in gross proceeds, which represents a profit to taxpayers.[77] See the "Targeted Investment Program and Asset Guarantee Program" discussion in this section for more information on this program.

Asset Support Programs

The stated purpose of these programs was to support the liquidity and market value of assets owned by financial institutions. These assets included various classes of asset-backed securities ("ABS") and several types of loans. Treasury's asset support programs sought to bolster the balance sheets of financial firms and help free capital so that these firms could extend more credit to support the economy.

Senior Preferred Stock: Shares that give the stockholder priority dividend and liquidation claims over junior preferred and common stockholders.

Illiquid Assets: Assets that cannot be quickly converted to cash.

Trust Preferred Securities ("TRUPS"): Securities that have both equity and debt characteristics, created by establishing a trust and issuing debt to it.

Asset-Backed Securities ("ABS"): Bonds backed by a portfolio of consumer or corporate loans, *e.g.*, credit card, auto, or small-business loans. Financial companies typically issue ABS backed by existing loans in order to fund new loans for their customers.

- **Term Asset-Backed Securities Loan Facility ("TALF")** — TALF was originally designed to increase credit availability for consumers and small businesses through a $200 billion Federal Reserve loan program. TALF provided investors with non-recourse loans secured by certain types of ABS, including credit card receivables, auto loans, equipment loans, student loans, floor plan loans, insurance-premium finance loans, loans guaranteed by the Small Business Administration ("SBA"), residential mortgage servicing advances, and commercial mortgage-backed securities ("CMBS").[78] The last subscription for newly issued CMBS was settled June 28, 2010; this marked the program's closure to new loans.[79] FRBNY facilitated 13 TALF subscriptions of non-mortgage-related ABS over the life of the program totaling approximately $59.0 billion, with $20.5 billion of TALF borrowings outstanding as of December 31, 2010.[80] FRBNY also conducted 13 CMBS subscriptions totaling $12.1 billion, with $4.2 billion in loans outstanding as of December 31, 2010.[81] Treasury originally obligated $20 billion of TARP funds to support this program by providing loss protection to the loans extended by FRBNY in the event that a borrower surrendered the ABS collateral and walked away from the loan.[82] As of December 31, 2010, there had been no surrender of collateral. Treasury reduced its obligation for TALF to $4.3 billion based on the amount of loans outstanding at the end of the active lending phase of the program in June 2010. As of December 31, 2010, $100 million in TARP funds had been allocated under TALF for administrative expenses.[83] An overview of TALF later in this section provides more information on these activities.
- **Public-Private Investment Program ("PPIP")** — PPIP's goal was to restart credit markets by using a combination of private equity, matching Government equity, and Government debt to purchase legacy securities, *i.e.*, CMBS and residential mortgage-backed securities ("RMBS").[84] Under the program, eight Public-Private Investment Funds ("PPIFs") managed by private asset managers invested in RMBS and CMBS. Although Treasury initially pledged up to $30.0 billion for PPIP, the obligation is now limited to $22.4 billion.[85] As of December 31, 2010, the PPIFs had drawn down $15.6 billion in debt and equity financing from Treasury funding out of the total obligation, which includes $592.8 million that has been repaid.[86] As the PPIFs continue to make purchases, they will continue to have access to the remaining funding through the end of their respective investment periods, the last of which will close in December 2012.[87] See the "Public-Private Investment Program" discussion later in this section for details about the program structure and fund-manager terms.
- **Unlocking Credit for Small Businesses ("UCSB")/Small Business Administration Loan Support Initiative** — In March 2009, Treasury officials announced that Treasury would buy up to $15 billion in securities backed by

Commercial Mortgage-Backed Securities ("CMBS"): Bonds backed by one or more mortgages on commercial real estate (*e.g.*, office buildings, rental apartments, hotels).

Legacy Securities: Real estate-related securities lingering on the balance sheets of financial institutions because of pricing difficulties that resulted from market disruption.

Residential Mortgage-Backed Securities ("RMBS"): Bonds backed by a pool of mortgages for residential real estate (*e.g.*, home mortgages for residences with up to four dwelling units).

SBA Pool Certificate: Ownership interest in a bond backed by SBA-guaranteed loans.

SBA loans under UCSB.[88] Treasury entered into an agreement with two pool assemblers, Coastal Securities, Inc. ("Coastal Securities") and Shay Financial Services, Inc. ("Shay Financial").[89] Under the agreements, Treasury's agent, Earnest Partners, purchased SBA pool certificates from Coastal Securities and Shay Financial without confirming to the counterparties that Treasury was the buyer.[90] Treasury obligated a total of $400.0 million for UCSB and has made purchases of $368.1 million in securities under the program. See the discussion of "Unlocking Credit for Small Businesses/Small Business Administration Loan Support" in this section for more information on the program.

Automotive Industry Financing Program ("AIFP")

TARP's automotive industry support through AIFP aimed to "prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States."[91]

Through AIFP, Treasury made emergency loans to Chrysler Holding LLC ("Chrysler"), Chrysler Financial Services Americas LLC ("Chrysler Financial"), and GM. Additionally, Treasury bought senior preferred stock from GMAC Inc. ("GMAC"), which was later renamed Ally Financial Inc. ("Ally Financial"), and assisted Chrysler and GM during their bankruptcy restructurings. Treasury initially allocated $84.8 billion to AIFP, then reduced the total obligation to $81.8 billion.[92] As of December 31, 2010, $79.7 billion had been disbursed through AIFP and $26.9 billion had been repaid. These investments paid an additional $3.4 billion in dividends, interest, and other income. These figures include the amounts related to AIFP, ASSP, and AWCP.[93]

With respect to AIFP support to GM, in return for a total of $49.5 billion in loans, Treasury received $6.7 billion in debt in New GM (which was subsequently repaid) in addition to $2.1 billion in preferred stock and a 60.8% common equity stake.[94] On December 2, 2010, GM closed an initial public offering in which Treasury sold a portion of its ownership stake for $13.5 billion, reducing its ownership percentage to 33.3% (an amount that could be diluted should GM's bondholders or the United Auto Workers Retiree Medical Benefits Trust exercise warrants they received).[95] On December 15, 2010, GM repurchased the $2.1 billion in preferred stock from Treasury. Treasury's remaining investment in GM is approximately $27.1 billion.[96]

With respect to AIFP support to Chrysler, Treasury provided $12.5 billion in loans to Chrysler, Inc. ("Old Chrysler") and Chrysler Group LLC ("New Chrysler"). Treasury also received a 9.9% equity stake, which has been diluted to 9.2% after Fiat recently increased its ownership interest by meeting certain performance metrics and which may be diluted further.[97]

With respect to AIFP support to Ally Financial, Treasury invested a total of $17.2 billion. On December 30, 2010, Treasury's investment was restructured to provide for a 73.8% common equity stake, $2.7 billion in TRUPS (including amounts received in warrants that were immediately converted into additional securities), and $5.9 billion in mandatorily convertible preferred shares.[98]

Treasury provided a $1.5 billion loan to Chrysler Financial, which was fully repaid with interest in July 2009.[99]

See "Automotive Industry Support Programs" later in this section for a detailed discussion of these companies.

AIFP also included two subprograms:

- **Auto Supplier Support Program ("ASSP")** — According to Treasury, this program was intended to provide auto suppliers "with the confidence they need to continue shipping their parts and the support they need to help access loans to pay their employees and continue their operations."[100] The original allocation of $5.0 billion was reduced to $3.5 billion — $1.0 billion for Chrysler and $2.5 billion for GM.[101] Of the $3.5 billion available, only $413.1 million was borrowed.[102] After purchasing substantially all of the assets of Old GM and Old Chrysler, New GM and New Chrysler assumed the debts associated with ASSP.[103] After repayment of all funds expended under ASSP, along with $115.9 million in interest, fees, and other income, ASSP ended on April 5, 2010, for GM and on April 7, 2010, for Chrysler.[104] See "Auto Supplier Support Program" in this section for more information.
- **Auto Warranty Commitment Program ("AWCP")** — This program was designed to bolster consumer confidence by guaranteeing Chrysler and GM vehicle warranties during the companies' restructuring through bankruptcy. It ended in July 2009 after Chrysler fully repaid its AWCP loan of $280.1 million with interest and GM repaid just the principal — $360.6 million — of its loan.[105]

The following tables and figures summarize the status of TARP and TARP-related initiatives:

- Table 2.3 — total funds subject to SIGTARP oversight as of December 31, 2010
- Table 2.4 — obligations/expenditures by program as of December 31, 2010
- Figure 2.3 — obligations/expenditures outstanding by program
- Figure 2.4 — obligations/expenditures outstanding, repayments, and reductions in exposure, by program

For more information on AWCP, see SIGTARP's October 2009 Quarterly Report, page 91.

- Table 2.5 and Table 2.6 — summary of TARP terms and agreements
- Table 2.7 — summary of largest warrant positions held by Treasury, by program, as of December 31, 2010
- Table 2.8 — summary of dividends, interest payments, and fees received, by program, as of December 31, 2010

For a report of all TARP purchases, obligations, expenditures, and revenues, see Appendix C: "Reporting Requirements."

TABLE 2.3

TOTAL FUNDS SUBJECT TO SIGTARP OVERSIGHT, AS OF 12/31/2010 ($ BILLIONS)

Program	Brief Description or Participant	Total Funding ($)	TARP Funding ($)
Capital Purchase Program ("CPP") CLOSED	Investments in 707 banks to date; received $167.9 billion in capital repayments	$204.9 ($167.9)	$204.9 ($167.9)
Automotive Industry Financing Program ("AIFP") CLOSED	GM, Chrysler, GMAC, Chrysler Financial; received $25.8 billion in loan repayments	80.7 (25.8)	80.7 (25.8)
Auto Suppliers Support Program ("ASSP") CLOSED	Government-backed protection for auto parts suppliers; received $0.4 billion in loan repayments	0.4[a] (0.4)	0.4[a] (0.4)
Auto Warranty Commitment Program ("AWCP") CLOSED	Government-backed protection for warranties of cars sold during the GM and Chrysler bankruptcy restructuring periods	0.6 (0.6)	0.6 (0.6)
Unlocking Credit for Small Businesses ("UCSB")	Purchase of securities backed by SBA loans	0.4[b]	0.4[b]
Systemically Significant Failing Institutions ("SSFI")	AIG Investment	69.8	69.8
Targeted Investment Program ("TIP") CLOSED	Citigroup, Bank of America Investments	40.0 (40.0)	40.0 (40.0)
Asset Guarantee Program ("AGP") CLOSED	Citigroup, asset guarantee	301.0 (301.0)	5.0 (5.0)
Term Asset-Backed Securities Loan Facility ("TALF") CLOSED	FRBNY non-recourse loans for purchase of asset-backed securities	71.1 (46.4)	4.3[c] (0.0)
Housing Programs under TARP	Modification of mortgage loans	70.6[d]	45.6[e]
Community Development Capital Initiative ("CDCI") CLOSED	Investments in Community Development Financial Institutions ("CDFIs")	0.6	0.6
Public-Private Investment Program ("PPIP")	Disposition of legacy assets; Legacy Securities Program	29.8[f] (0.6)	22.4[g] (0.6)
Total Obligations		**$869.9**	**$474.8**

Notes: Numbers may not total due to rounding. Numbers in red represent repayments and reductions in exposure as of 12/31/2010.
[a] Treasury's original commitment under this program was $5 billion, which was reduced to $3.5 billion effective 7/1/2009. Of the $3.5 billion available, only $413 million was borrowed.
[b] Treasury reduced commitment from $15 billion to an obligation of $400 million.
[c] Treasury reduced obligation from $20 billion to $4.3 billion.
[d] Program was initially announced as a $75 billion initiative with $50 billion funded through TARP. Treasury reduced the commitment from $50 billion to an obligation of $45.6 billion; therefore, including the $25 billion estimated to be spent by the Government-sponsored enterprises, the total program amount is $70.6 billion.
[e] Treasury reduced commitment from $50 billion to an obligation of $45.6 billion.
[f] PPIP funding includes $7.4 billion of private-sector equity capital. Includes $0.4 billion of initial obligations to The TCW Group, Inc., which has been repaid.
[g] Treasury reduced commitment from $30 billion to approximately $22.4 billion in debt and equity obligations to the Public-Private Investment Funds.

Sources: Treasury, *Transactions Report*, 12/31/2010; Treasury Press Release, "U.S. Government Finalizes Terms of Citi Guarantee Announced in November," 1/16/2009, www.treasury.gov/press-center/press-releases/Pages/hp1358.aspx, accessed 1/20/2011; FRBNY, response to SIGTARP data call, 1/5/2011; Treasury, "Making Home Affordable Updated Detailed Program Description," 3/4/2009, www.treasury.gov/press-center/press-releases/Documents/housing_fact_sheet.pdf, accessed 7/2/2010; Treasury, "Legacy Securities Public-Private Investment Program, Program Update – Quarter Ended September 30, 2010," 10/20/2010, www.treasury.gov/initiatives/financial-stability/investment-programs/PPIP/S-PPIP/Documents/External%20Report%20-%2009-10%20vFinal.pdf, accessed 1/20/2011.

TABLE 2.4

OBLIGATION/EXPENDITURE LEVELS BY PROGRAM, AS OF 12/31/2010 ($ BILLIONS)

	Amount	Percent (%)			
Authorized Under EESA	$700.0				
Released Immediately	$250.0	52.6%			
Released Under Presidential Certificate of Need	100.0	21.1%			
Released Under Presidential Certificate of Need & Resolution to Disapprove Failed	350.0	73.7%			
Helping Families Save Their Home Act of 2009	(1.2)	-0.3%			
The Dodd-Frank Act	(223.8)	-47.1%			
Total Released	**$475.0**	**100.0%**			
Less: Obligations by Treasury under TARP[a]	**Obligation**	**Obligation as Percent of Released**	**Repaid/ Reduced Exposure**	**Obligation/ Expenditure Outstanding**	**Section Reference**
Capital Purchase Program ("CPP"):	$204.9	43.1%	($167.9)		"Financial Institution Support Programs"
CPP Total Gross	**$204.9**	**43.1%**	**($167.9)**	**$37.0**	
Community Development Capital Initiative ("CDCI"):	$0.6	0.1%	—		"Financial Institution Support Programs"
CDCI Total	**$0.6**	**0.1%**	**—**	**$0.6**	
Systemically Significant Failing Institutions ("SSFI") Program:					"Financial Institution Support Programs"
American International Group, Inc. ("AIG")	$69.8	14.7%	—		
SSFI Total	**$69.8**	**14.7%**	**—**	**$69.8**	
Targeted Investment Program ("TIP"):					"Financial Institution Support Programs"
Bank of America Corporation	$20.0	4.2%	($20.0)		
Citigroup, Inc.	20.0	4.2%	($20.0)		
TIP Total	**$40.0**	**8.4%**	**($40.0)**	**—**	
Asset Guarantee Program ("AGP"):					"Financial Institution Support Programs"
Citigroup, Inc.[b]	$5.0	1.1%	($5.0)		
AGP Total	**$5.0**	**1.1%**	**($5.0)**	**—**	
Term Asset-Backed Securities Loan Facility ("TALF"):					"Asset Support Programs"
TALF LLC	$4.3	0.9%	—		
TALF Total	**$4.3**	**0.9%**	**—**	**$4.3**	
Unlocking Credit for Small Businesses ("UCSB"):	$0.4	0.1%	—		"Asset Support Programs"
UCSB Total	**$0.4**	**0.1%**	**—**	**$0.4**	

Continued on next page.

OBLIGATION/EXPENDITURE LEVELS BY PROGRAM, AS OF 12/31/2010 (BILLIONS) (CONTINUED)

Less: Obligations by Treasury under TARP[a]	Obligation	Obligation as Percent of Released	Repaid/ Reduced Exposure	Obligation/ Expenditure Outstanding	Section Reference
Automotive Industry Financing Program ("AIFP"):					
General Motors Corporation ("GM")	$49.5	10.4%	($22.4)		"Automotive Industry Support Programs"
General Motors Acceptance Corporation LLC ("GMAC")	17.2	3.6%	—		
Chrysler Holding LLC	12.5	2.6%	(1.9)		
Chrysler Financial Services Americas LLC[c]	1.5	0.3%	(1.5)		
AIFP Total	**$80.7**	**17.0%**	**($25.8)**	**$54.9**	
Automotive Supplier Support Program ("ASSP"):					
GM Suppliers Receivables LLC[d]	$0.3	0.1%	($0.3)		"Automotive Industry Support Programs"
Chrysler Holding LLC[d]	0.1	0.0%	(0.1)		
ASSP Total	**$0.4**	**0.1%**	**($0.4)**	**—**	
Automotive Warranty Commitment Program ("AWCP"):					
General Motors Corporation ("GM")	$0.4	0.1%	($0.4)		"Automotive Industry Support Programs"
Chrysler Holding LLC	0.3	0.1%	(0.3)		
AWCP Total	**$0.6**	**0.1%**	**($0.6)**	**—**	
Legacy Securities Public-Private Investment Program ("PPIP")					
Invesco Legacy Securities Master Fund, L.P.	$2.6	0.5%	($0.2)		"Asset Support Programs"
Wellington Management Legacy Securities PPIF Master Fund, LP	3.4	0.7%	—		
AllianceBernstein Legacy Securities Master Fund, L.P.	3.5	0.7%	—		
Blackrock PPIF, L.P.	2.1	0.4%	—		
AG GECC PPIF Master Fund, L.P.	3.7	0.8%	—		
RLJ Western Asset Public/Private Master Fund, L.P.	1.9	0.4%	—		
Marathon Legacy Securities Public-Private Investment Partnership, L.P.	1.4	0.3%	—		
Oaktree PPIP Fund, L.P.	3.5	0.7%	—		
UST/TCW Senior Mortgage Securities Fund, L.P.[e]	0.4	0.1%	(0.4)		
PPIP Total	**$22.4**	**4.7%**	**($0.6)**	**$21.8**	

Continued on next page.

OBLIGATION/EXPENDITURE LEVELS BY PROGRAM, AS OF 12/31/2010 (BILLIONS) (CONTINUED)

Less: Obligations by Treasury under TARP[a]	Obligation	Obligation as Percent of Released	Repaid/ Reduced Exposure	Obligation/ Expenditure Outstanding	Section Reference
Housing Programs under TARP					
Home Affordable Modification Program (“HAMP”)					
Countrywide Home Loans Servicing LP	$6.3	1.3%			
Wells Fargo Bank, NA	5.1	1.1%			
J.P.Morgan Chase Bank, NA	3.2	1.3%			
OneWest Bank	1.8	0.4%			“Homeowner Support Programs”
Bank of America, N.A.	1.6	0.3%			
GMAC Mortgage, Inc.	1.5	0.3%			
American Home Mortgage Servicing, Inc	1.3	0.3%			
CitiMortgage, Inc.	1.1	0.2%			
Litton Loan Servicing LP	1.1	0.2%			
Other Financial Institutions	6.9	1.5%			
Housing Finance Agency: Hardest Hit Funds Program (“HFA”)	7.6	1.6%			
Treasury FHA Refinance	8.1	1.7%			
MHA Total	**$45.6**	**9.6%**	**—**	**$45.6**	
TARP Obligations Subtotal	**$474.7**	**100.0%**			
TARP Repayments/Reductions in Exposure Subtotal			**($240.4)**		
TARP Obligations/Expenditures Outstanding Subtotal				**$234.4**	

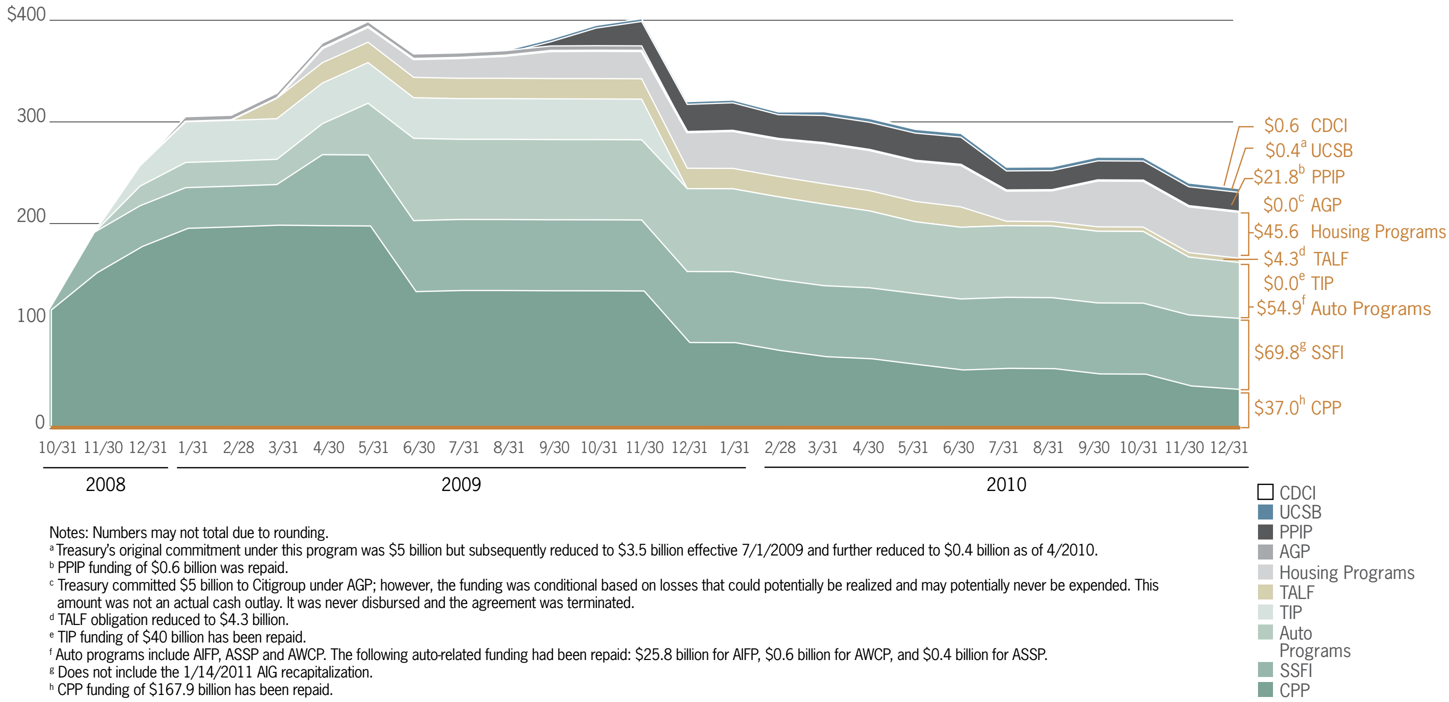
Notes: Numbers affected by rounding. Numbers may not total due to rounding.
[a] From a budgetary perspective, what Treasury has obligated to spend (e.g., signed agreements with TARP fund recipients).
[b] Treasury committed $5 billion to Citigroup under AGP; however, the funding was conditional based on losses that could potentially be realized and may potentially never be expended. This amount was not an actual outlay of cash.
[c] Treasury's $1.5 billion loan to Chrysler Financial represents the maximum loan amount. The loan was incrementally funded until it reached the maximum amount of $1.5 billion on 4/9/2009.
[d] Represents an SPV created by the manufacturer. Balance represents the maxiumum loan amount, which will be funded incrementally. Treasury's original commitment under this program was $5 billion, but subsequently reduced to $3.5 billion effective 7/1/2009. Of the $3.5 billion available, only $413 million was borrowed.
[e] Treasury selected nine fund management firms to establish PPIFs. One PPIF manager, The TCW Group, Inc., subsequently withdrew. According to Treasury, the current PPIP obligation is $22.4 billion, this includes $365.25 million of an initial obligation to TCW that was funded. TCW repaid the funds that were invested in their PPIF.

Sources: Emergency Economic Stabilization Act, P.L. 110-343, 10/3/2008; Library of Congress, “A joint resolution relating to the disapproval of obligations under the Emergency Economic Stabilization Act of 2008,” 1/15/2009, www.thomas.loc.gov, accessed 1/25/2009; Helping Families Save Their Homes Act of 2009, P.L. 111-22, 5/20/2009; Treasury, *Transactions Report*, 12/31/2010; Treasury, response to SIGTARP data call, 10/7/2010; Treasury, *Section 105(a) Report*, 8/10/2010.

FIGURE 2.3

OUTSTANDING OBLIGATIONS/EXPENDITURES, BY PROGRAM, CUMULATIVE

($ BILLIONS)



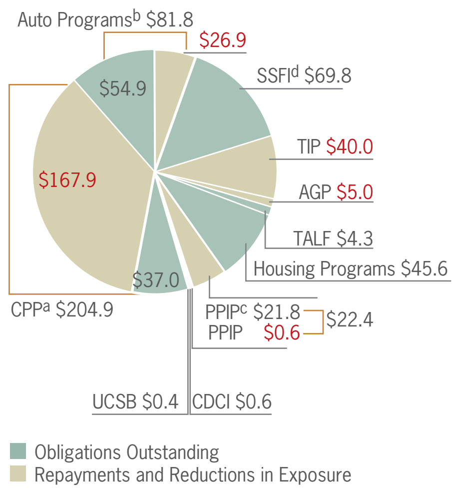
Notes: Numbers may not total due to rounding.
a Treasury's original commitment under this program was $5 billion but subsequently reduced to $3.5 billion effective 7/1/2009 and further reduced to $0.4 billion as of 4/2010.
b PPIP funding of $0.6 billion was repaid.
c Treasury committed $5 billion to Citigroup under AGP; however, the funding was conditional based on losses that could potentially be realized and may potentially never be expended. This amount was not an actual cash outlay. It was never disbursed and the agreement was terminated.
d TALF obligation reduced to $4.3 billion.
e TIP funding of $40 billion has been repaid.
f Auto programs include AIFP, ASSP and AWCP. The following auto-related funding had been repaid: $25.8 billion for AIFP, $0.6 billion for AWCP, and $0.4 billion for ASSP.
g Does not include the 1/14/2011 AIG recapitalization.
h CPP funding of $167.9 billion has been repaid.

Sources: Treasury, *Transactions Report*, 12/31/2010.

FIGURE 2.4

OBLIGATIONS/EXPENDITURES OUTSTANDING, REPAYMENTS, AND REDUCTIONS IN EXPOSURE BY PROGRAM

($ BILLIONS, PERCENT OF $474.8 BILLION IN OBLIGATIONS)



Notes: Numbers may not total due to rounding.
a As of 12/31/2010, $167.9 billion of CPP funding had been repaid.
b As of 12/31/2010, $26.9 billion of Auto Programs funding had been repaid (including $0.6 billion for AWCP and $0.4 billion for ASSP).
c As of 12/31/2010, $0.6 billion of PPIP funding had been repaid.
d Does not include the 1/14/2011 AIG recapitalization.

Sources: Treasury, *Transactions Report*, 12/31/2010; Treasury, response to SIGTARP data call, 1/7/2011.

TABLE 2.5

DEBT AGREEMENTS

TARP Program	Company	Date of Agreement	Cost Assigned	Description of Investment	Investment Information	Interest/ Dividends	Term of Agreement
CPP - S-Corps	52 QFIs	1/14/2009[a]	$0.5 billion	Senior Subordinated Securities	Each QFI may issue senior securities with an aggregate principal amount of 1% - 3% of its risk-weighted assets, but not to exceed $25 billion.	7.7% for first 5 years; 13.8% thereafter	30 years
				Senior Subordinated Security Warrants that are exercised immediately	Treasury will receive warrants to purchase an amount equal to 5% of the senior securities purchased on the date of investment.	13.8%	30 years
AIFP	General Motors	12/31/2008	$19.8 billion[b]	Debt Obligation with Warrants and Additional Note	This loan was funded incrementally; $4 billion funded on 12/31/2008, $5.4 billion funded on 1/21/2009, and $4 billion funded on 2/17/2009. Subsequently, this loan was then amended; $2 billion on 4/22/2009 and $4 billion on 5/20/2009 (General Advances). In addition, on 5/27/2009, $361 million was set aside in an SPV for the AWCP (Warranty Advances).	For General Advances - (i) the greater of (a) 3-month LIBOR or (b) 2% plus (ii) 3%; For Warrant Advances (i) the greater of (a) 3-month LIBOR for the related interest period or (b) 2% plus (ii) 3.5%	12/29/2011
AIFP	General Motors	1/16/2009	$0.9 billion	Debt Obligation	This loan was exchanged for a portion of GM's common equity interest in GMAC LLC on 5/29/2009. See "Equity Agreement" table for more information.	3-month LIBOR + 3%	1/16/2012
AIFP	Chrysler	1/2/2009[c]	$4.8 billion[b]	Debt Obligation with Additional Note	Loan of $4 billion; Additional note of $267 million (6.67% of the maximum loan amount). Subsequently, this loan was then amended; $500 million on 4/29/2009, this amount was never drawn and subsequentlly de-obligated (General Advances). In addition, on 4/29/2009, $280 million was set aside in an SPV for the AWCP, this advance was repaid (Warrant Advances).	For General Advances - (i) the greater of (a) 3-month LIBOR or (b) 2% plus (ii) 3%; For Warrant Advances(i) the greater of (a) 3-month LIBOR for the related interest period or (b) 2% plus (ii) 3.5%	1/2/2012
AIFP	Chrysler Financial	1/16/2009	$1.5 billion	Debt Obligation with Additional Note	Loan was funded incrementally at $100 million per week until it reached the maximum amount of $1.5 billion on 4/9/2009. Additional note is $75 million (5% of total loan size), which vests 20% on closing and 20% on each anniversary of closing	"LIBOR + 1% for first year LIBOR + 1.5% for remaining years"	1/16/2014

Continued on next page.

DEBT AGREEMENTS (CONTINUED)

TARP Program	Company	Date of Agreement	Cost Assigned	Description of Investment	Investment Information	Interest/ Dividends	Term of Agreement
AIFP	Chrysler	5/1/2009	$3.8 billion	Debt Obligation with Additional Note	Loan of $3.0 billion committed to Chrysler for its bankruptcy period. Subsequently, this loan was amended; $757 million was added on 5/20/2009. Treasury funded $1.9 billion during bankruptcy period. The remaining amount will be de-obligated.	(i) the greater of (a) 3-month Eurodollar or (b) 2% plus (ii) 3.0%	9/30/2009, subject to certain conditions
AIFP	Chrysler	5/27/2009	$6.6 billion	Debt Obligation with Additional Note, Equity Interest	Commitment to New CarCo Acquisition LLC (renamed Chrysler Group LLC on or about 6/10/2009) of up to $6.6 billion. The total loan amount is up to $7.1 billion including $500 million of debt assumed from Treasury's 1/2/2009 credit agreement with Chrysler Holding LLC. The debt obligations are secured by a first priority lien on the assets of New CarCo Acquisition LLC (the company that purchased Chrysler LLC's assets in a sale pursuant to Section 363 of the Bankruptcy Code).	For $2 billion: (i) The 3-month Eurodollar rate, plus (ii) (a) 5% or, on loans extended past the original maturity date, (b) 6.5%. For $5.1 billion note: (i) The 3-month Eurodollar Rate plus 7.91% and (ii) an additional $17 million in PIK interest per quarter. For other notes: 3-month Eurodollar rate plus 7.91%.	For $2 billion note: 12/10/2011; provided that issuer may extend maturity for up to $400 million of principal to 6/10/2017 . For other notes: 6/10/2017.
AIFP	General Motors	6/3/2009, amended 7/10/2009	$30.1 billion	Debt Obligation with Additional Note	Original $30.1 billion funded. Amended loan documents provided that $986 million of the original DIP loan was left for the old GM. In addition $7.1 billion was assumed by NewGM of which $0.4 billion was repaid resulting in $6.7 billion remaining outstanding.	Originally, (i) the greater of (a) 3-Month Eurodollar or (b) 2% plus (ii) 3.0%. For amounts assumed by New GM, the interest rates became (i) the greater of (a) 3-month Eurodollar or (b) 2% plus (ii) 5%	Originally 10/31/2009, for amounts assumed by New GM, June 10, 2015, subject to acceleration
PPIP	ALL	"9/30/2009 and later"	$20 billion	Debt Obligation with Contingent Interest Promissory Note	Each of the loans will be funded incrementally, upon demand by the fund manager.	LIBOR + 1%	The debt obligation for each fund matures at the earlier of the dissolution of the fund or 10 years.

Continued on next page.

DEBT AGREEMENTS (CONTINUED)

TARP Program	Company	Date of Agreement	Cost Assigned	Description of Investment	Investment Information	Interest/ Dividends	Term of Agreement
CDCI - Credit Unions	ALL			Subordinated Debt for Credit Unions	Each QCU may issue CDCI Senior Securities with an aggregate principal amount equal to not more than 3.5% of its total assets and not more than 50% of the capital and surplus of the QCU.	2% for first 8 years, 9% thereafter	
CDCI - S-corps	ALL			Subordinated Debt for S-corps	Each QFI may issue CDCI Senior Securities with an aggregate principal amount equal to not more than 5% of (i), if the QFI is a Certified Entity the risk-weighted assets of the QFI, or (ii), if the QFI is not a Certified Entity, the sum of the RWAs of each of the Certified Entities, in each case less the aggregate capital or, as the case may be, principal amount of any outstanding TARP assistance of the QFI.	3.1% for first 8 years, 13.8% thereafter	

Notes: Numbers affected by rounding.
[a] Announcement date of CPP S-Corporation Term Sheet.
[b] Amount includes AWCP commitments.
[c] Date from Treasury's 1/27/2009 *Transactions Report*. The Security Purchase Agreement has a date of 12/31/2008.

Sources: Treasury, "Loan and Security Agreement By and Between General Motors Corporation as Borrower and The United States Department of Treasury as Lender Dated as of December 31, 2008." 12/31/2008. Treasury, "General Motors Corporation, Indicative Summary of Terms for Secured Term Loan Facility," 12/19/08; Treasury, "General Motors Promissory Note," 1/16/2009; Treasury, "Loan and Security Agreement By and Between Chrysler Holding LLC as Borrower and The United States Department of Treasury as Lender Dated as of December 31, 2008." 12/31/2008; Treasury, "Chrysler, Indicative Summary of Terms for Secured Term Loan Facility," 12/19/2008; Treasury, "Chrysler LB Receivables Trust Automotive Industry Financing Program, Secured Term Loan, Summary of Terms," 1/16/2009; OFS, response to SIGTARP draft report, 1/30/2009; Treasury, *Transactions Report*, 9/30/2010; Treasury, response to SIGTARP data call, 10/7/2010; Treasury's "TARP Community Development Capital Initiative Program Agreement, CDFI Bank / Thrift Senior Preferred Stock, Summary of CDCI Senior Preferred Terms," 04/26/2010; Treasury's "TARP Community Development Capital Initiative CDFI Credit Unions Senior Securities Summary of Terms of CDCI Senior Securities," 04/26/2010; Treasury's "TARP's Community Development Capital Initiative CDFI Subchapter S Corporation Senior Securities Summary of Terms of CDCI Senior Securities," 04/26/2010.

TABLE 2.6

EQUITY AGREEMENTS

TARP Program	Company	Date of Agreement	Cost Assigned	Description of Investment	Investment Information	Dividends	Term of Agreement
CPP – Public	286 QFIs	"10/14/2008[a] and later"	$200.1 billion	Senior Preferred Equity	1-3% of risk-weighted assets, not to exceed $25 billion for each QFI	5% for first 5 years, 9% thereafter	Perpetual
				Common Stock Purchase Warrants	15% of senior preferred amount	—	Up to 10 years
CPP – Private	369 QFIs	"11/17/2008[b] and later"	$ 4 billion	Preferred Equity	1-3% of risk-weighted assets, not to exceed $25 billion for each QFI	5% for first 5 years, 9% thereafter	Perpetual
				Preferred Stock Purchase Warrants that are exercised immediately	5% of preferred amount	9%	Perpetual
SSFI	American International Group, Inc.	4/17/2009	$41.6 billion[c]	Non-Cumulative Preferred Equity	$41.6 billion aggregate liquidation preference	10%	Perpetual
				Common Stock Purchase Warrants	2% of issued and outstanding common stock on investment date of 11/25/08; the warrant was originally for 53,798,766 shares and had a $2.50 exercise price, but after the 6/30/09 split, it is for 2,689,938.30 shares and has an exercise price of $50.	—	Up to 10 years
SSFI	American International Group, Inc.	4/17/2009	$29.8 billion[d]	Non-Cumulative Preferred Equity	Up to $29.8 billion aggregate liquidation preference. As of 9/30/09, the aggregate liqudation preference was $3.2 billion.	10%	Perpetual (life of the facility is 5 years)
				Common Stock Purchase Warrants	150 common stock warrants outstanding; $0.00002 exercise price	—	Up to 10 years
TIP	Citigroup Inc.	12/31/2008	$20.0 billion[e]	Trust Preferred Securities	$20 billion	8%	Perpetual
				Warrants	10% of total preferred stock issued; $10.61 exercise price	—	Up to 10 years
AIFP	GMAC Inc.	12/29/2008	$5.0 billion	Mandatorily Convertible Preferred Stock[f]	$5 billion	9%	Converts to common equity interest after 7 years
				Preferred Stock Purchase Warrants that are exercised immediately	5% of original preferred amount	9%	Converts to common equity interest after 7 years
AIFP	GMAC Inc.	5/21/2009	$7.5 billion	Mandatorily Convertible Preferred Stock[g]	$4.5 billion	9%	Converts to common equity interest after 7 years
				Preferred Stock Purchase Warrants that are exercised immediately	5% of original preferred amount	9%	Converts to common equity interest after 7 years
				Common Equity Interest[g]	$3.0 billion	—	Perpetual

Continued on next page.

EQUITY AGREEMENTS (CONTINUED)

TARP Program	Company	Date of Agreement	Cost Assigned	Description of Investment	Investment Information	Dividends	Term of Agreement
AIFP	GMAC Inc.	5/29/2009	$0.9 billion	Common Equity Interest	This equity interest was obtained by exchanging a prior debt obligation with General Motors. See "Debt Agreements" table for more information.	—	Perpetual
AIFP	GMAC Inc.	12/30/2009	$2.5 billion	Trust Preferred Securities	$2.5 billion	8%	Redeemable upon the repayment of the debenture
				Trust Preferred purchase warrants that are exercised immediately	5% of trust preferred amount		
AIFP	GMAC Inc.	12/30/2009	$1.3 billion	Mandatorily Convertible Preferred Stock	$1.3 billion	9%	Converts to common equity interest after 7 years
				Preferred Stock Purchase Warrants that are exercised immediately	5% of preferred amount		
AIFP	GMAC Inc.	12/30/2010	$5.5 billion	Common Equity Interest[h]	$5.5 billion		Perpetual
AGP`	Citigroup Inc.	12/23/2009	$2.2 billion	Trust Preferred Securities with warrants			
PPIP	ALL	"9/30/2009 and later"	$10 billion	Membership interest in a partnership	Each of the membership interest will be funded upon demand from the fund manager.	—	8 years with the possibility of extension for 2 additional years.
CDCI	ALL		$780.2 million	Preferred Equity for banks & thrift institutions	5% of risk-weighted assets for banks and bank holding companies.	2% for first eight years, 9% thereafter	Perpetual

Notes: Numbers affected by rounding.
[a] Announcement date of CPP Public Term Sheet.
[b] Announcement date of CPP Private Term Sheet.
[c] AIG exchanged Treasury's $40 billion investment in cumulative preferred stock (obtained on 11/25/2008) for non-cumulative preferred stock, effectively cancelling the original $40 billion investment.
[d] The Equity Capital Facility was announced as a $30 billion commitment, but Treasury reduced this amount by the value of the AIGFP Retention Payment amount of $165 million.
[e] Citigroup exchanged its $20 billion senior preferred equity (obtained on 12/31/2008) for trust preferred securities.
[f] On 12/31/2009, Treasury exchanged $5.25 billion of preferred stock, which it acquired on December 29, 2009, into mandatorily convertible preferred stock ("MCP").
[g] On 12/31/2009, Treasury converted $3.0 billion of it's existing MCP, which was invested in May 2009, into common equity. Treasury's equity ownership of GMAC increased from 35% to 56% due to this conversion.
[h] On 12/31/2010, Treasury converted $5.5 billion of it's existing MCP, which was invested in May 2009, into common equity. Treasury's equity ownership of GMAC increased from 56% to 74% due to this conversion.

Sources: Treasury's "TARP Capital Purchase Program Agreement, Senior Preferred Stock and Warrants, Summary of Senior Preferred Terms," 10/14/2008; Treasury, "TARP Capital Purchase Program Agreement, (Non-Public QFIs, excluding S Corps and Mutual Organizations) Preferred Securities, Summary of Warrant Terms," 11/17/2008; Treasury, "Securities Purchase Agreement dated as of November 25, 2008 between American International Group, Inc. and United States Department of Treasury," 11/25/2008; Treasury, "TARP AIG SSFI Investment, Senior Preferred Stock and Warrant, Summary of Senior Preferred Terms," 11/25/2008; Treasury, "Securities Purchase Agreement dated as of January 15, 2009 between Citigroup, Inc. and United States Department of Treasury," 1/15/2009; Treasury, "Citigroup, Inc. Summary of Terms, Eligible Asset Guarantee," 11/23/2008; "Securities Purchase Agreement dated as of January 15, 2009 between Bank of America Corporation and United States Department of Treasury," 1/15/2009; Treasury, "Bank of America Summary of Terms, Preferred Securities," 1/16/2009; Treasury, "GMAC LLC Automotive Industry Financing Program, Preferred Membership Interests, Summary of Preferred Terms," 12/29/2008; Treasury, *Transactions Report*, 9/30/2010; Treasury, response to SIGTARP data call, 10/7/2010; Treasury's "TARP Community Development Capital Initiative Program Agreement, CDFI Bank / Thrift Senior Preferred Stock, Summary of CDCI Senior Preferred Terms," 04/26/2010; Treasury's "TARP Community Development Capital Initiative CDFI Credit Unions Senior Securities Summary of Terms of CDCI Senior Securities," 04/26/2010; Treasury's "TARP's Community Development Capital Initiative CDFI Subchapter S Corporation Senior Securities Summary of Terms of CDCI Senior Securities," 04/26/2010; Treasury's "Treasury Converts Nearly Half of Its Ally Preferred Shares to Common Stock," 12/30/10; Ally Financial Inc. (GOM) 8–K Current report filing, Filed on 12/30/2010, Filed Period 12/30/2010.

TABLE 2.7

LARGEST POSITIONS IN WARRANTS HELD BY TREASURY, BY PROGRAM, AS OF 12/31/2010

Participant	Transaction Date	Current Number of Warrants Outstanding	Strike Price	Stock Price as of 9/30/2010	"In" or "Out" of "the Money?"[a]	Amount "In the Money" or "Out of the Money" as of 12/31/2010
Capital Purchase Program ("CPP"):						
Citigroup Inc.	10/28/2008	210,084,034	$17.85	$4.73	OUT	($13.12)
Regions Financial Corporation	11/14/2008	48,253,677	$10.88	$7.00	OUT	($3.88)
Fifth Third Bancorp	12/31/2008	43,617,747	$11.72	$14.68	IN	$2.96
KeyCorp	11/14/2008	35,244,361	$10.64	$8.85	OUT	($1.79)
Systemically Significant Failing Institutions ("SSFI") Program:						
AIG[b]	11/25/2008	2,689,938	$50.00	$57.62	IN	$7.62
AIG[b]	4/17/2009	150	$0.00[c]	$57.62	IN	$57.62
Targeted Investment Program ("TIP"):						
Citigroup Inc.	12/31/2008	188,501,414	$10.61	$4.73	OUT	($5.88)
Asset Guarantee Program ("AGP"):						
Citigroup Inc.	1/16/2009	66,531,728	$10.61	$4.73	OUT	($5.88)

Notes: Numbers affected by rounding.
[a] When a stock's current price rises above the warrant's strike price, it is considered "in the money;" otherwise, it is considered "out of the money."
[b] All warrant and stock data for AIG are based on the 6/30/2009 reverse stock split of 1 for 20.
[c] Strike price is $0.00002.

Sources: Treasury, *Transactions Report*, 12/31/2010, accessed 1/4/2011; Treasury, response to SIGTARP data call, 10/7/2010; Capital IQ, Inc. (a division of Standard & Poor's), www.capitaliq.com.

TABLE 2.8

DIVIDEND, INTEREST, DISTRIBUTION, AND OTHER INCOME PAYMENTS

	Dividend	Interest	Distribution[a]	Other Income[b]	Total
AGP	$442,964,764	$—	$—	$2,522,000,000	$2,964,964,764
AIFP[c]	2,274,145,655	1,060,649,794	—	15,000,000	3,349,795,449
ASSP	—	31,949,931	—	84,000,000	115,949,931
CDCI	1,357,307	698,746	—	—	2,056,053
CPP[d]	10,290,114,300	58,794,576	—	13,757,896,196	24,106,805,072
PPIP	—	85,276,109	323,950,494	20,644,319	429,870,922
TIP	3,004,444,444	—	—	1,255,639,099	4,260,083,543
UCSB	—	3,509,375	—	—	3,509,375
Total	**$16,013,026,471**	**$1,240,878,531**	**$323,950,494**	**$17,655,179,614**	**$35,233,035,109**

Note: Data as of 12/31/2010.
[a] Distributions are investment proceeds from the PPIF's trading activities allocated to the partners, including Treasury, not later than 30 days after the end of each quarter.
[b] Other income includes Citigroup common stock gain for CPP, Citigroup payment for AGP, additional note proceeds from the auto programs, and repayments associated with the termination of the TCW fund for PPIP.
[c] Includes AWCP.
[d] Includes $13 million fee received as part of the Popular exchange.

Source: Treasury, *Transactions Report*, 12/31/2010; Treasury, *Section 105(a) Report*, 12/10/2010, Treasury, *Dividends and Interest Report*, 1/10/2011; ASSP: Treasury, response to SIGTARP data call, 10/18/2010.

HOMEOWNER SUPPORT PROGRAMS

The Administration announced the Making Home Affordable ("MHA") program on February 18, 2009.[106] As initially announced, the program was intended "to help as many as three to four million financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term."[107] MHA and related programs include four initiatives funded by the Troubled Asset Relief Program ("TARP"): a loan modification program (which includes distinct subprograms), a Federal Housing Administration ("FHA")-Treasury refinancing program, a program to support state-funded foreclosure prevention programs, and a program that offers homeowners an opportunity to modify their second mortgages to make them more affordable when their first mortgages have already been modified. These programs, along with parallel programs at the Government-sponsored enterprises ("GSEs"), make up what was originally announced as a $75 billion initiative.[108]

Of the anticipated $75 billion cost for MHA, $50 billion was originally to be funded through TARP. Treasury has since reduced this amount to a final program obligation of $45.6 billion for MHA and its related programs.[109] TARP funds support the Home Affordable Modification Program ("HAMP"), the Second Lien Modification Program ("2MP"), the Hardest-Hit Fund ("HHF"), and the FHA Short Refinance programs, along with efforts at FHA and the U.S. Department of Agriculture's ("USDA's") Rural Housing Service ("RHS") to use HAMP to modify mortgages that those agencies insure.[110]

TARP funds are not used for incentive payments for modifications related to loans owned or guaranteed by the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Fannie Mae and Freddie Mac pay those incentives from their operating funds. When HAMP was announced, the Administration estimated that the GSEs would contribute up to $25 billion to modify mortgages that they own or guarantee.[111]

MHA and related programs include the following initiatives:

- Home Affordable Modification Program ("HAMP") — HAMP is intended to encourage loan servicers ("servicers") and investors, through incentive payments, to modify eligible first-lien mortgages so that the monthly payments of homeowners who are currently in default or at imminent risk of default will be reduced to affordable and sustainable levels. HAMP also includes the following subprograms:
    - Home Price Decline Protection ("HPDP") — HPDP is intended to encourage additional investor participation and HAMP modifications in areas with recent price declines by providing TARP-funded incentives to offset potential losses in home values.[112]

Loan Servicers: Companies that perform administrative tasks on monthly mortgage payments until the loan is repaid. These tasks include billing, tracking, and collecting monthly payments; maintaining records of payments and balances; allocating and distributing payment collections to investors in accordance with each mortgage loan's governing documentation; following up on delinquencies; and initiating foreclosures.

Investors: Owners of mortgage loans or bonds backed by mortgage loans who receive interest and principal payments from monthly mortgage payments. Servicers manage the cash flow from these payments and distribute them to investors according to Pooling and Servicing Agreements ("PSAs").

- ○ Principal Reduction Alternative ("PRA") — PRA is intended to encourage the use of principal reduction in modifications for eligible borrowers whose homes are worth significantly less than the remaining outstanding balances of their first-lien mortgage loans. It provides TARP-funded incentives to offset a portion of the principal reduction provided by the investor.[113]
  - ○ Home Affordable Unemployment Program ("UP") — UP is intended to offer assistance to unemployed homeowners through temporary forbearance of a portion of their payments.[114]
  - ○ Home Affordable Foreclosure Alternatives ("HAFA") — HAFA is intended to provide incentives to servicers and borrowers to pursue short sales and deeds-in-lieu of foreclosure for HAMP-eligible borrowers in cases in which the borrower is unable or unwilling to enter into a modification.[115]
- Second Lien Modification Program ("2MP") — 2MP is intended to modify second-lien mortgages when a corresponding first lien is modified under HAMP. However, the requirement to modify second liens only applies to servicers that executed a Servicer Participation Agreement ("SPA") and an agreement to participate in 2MP prior to October 3, 2010.[116] As of December 31, 2010, 17 servicers have agreed to participate in 2MP. These servicers represent approximately 67% of the second-lien servicing market.[117]
- Agency-Insured Programs — Like their TARP counterparts, these initiatives for home loans insured by FHA or guaranteed by RHS and the Department of Veterans Affairs ("VA") offer assistance to eligible borrowers whose mortgages are backed by these agencies to reduce payments on their first-lien mortgages to more affordable levels.[118] Treasury is providing TARP incentives to encourage modifications under the FHA and RHS modification programs.
- FHA Short Refinance — This initiative, which is partially supported by TARP funds, is intended to encourage FHA refinancing of existing underwater mortgage loans that are not presently insured by FHA. To facilitate the refinancing of new FHA-insured loans under this program, TARP funds will provide incentives to existing second-lien holders of participating servicers who agree to partial or full extinguishment of second liens under the Treasury/FHA Second-Lien Program ("FHA2LP"). The initiative also provides that Treasury, through TARP, will provide up to $8 billion in loss coverage on newly originated FHA first-lien loans.[119]
- Housing Finance Agency ("HFA") Hardest-Hit Fund ("HHF") — A TARP-funded program, HHF is intended to fund state-run foreclosure prevention programs in states hit hardest by the decrease in home prices and in states with high unemployment rates. Eighteen states and the District of Columbia have received approval for aid through the program.[120]

Short Sale: Sale of a home for less than the unpaid mortgage balance. A borrower sells the home and the lender collects the proceeds as full or partial satisfaction of the unpaid mortgage balance, thus avoiding the foreclosure process.

Deed-in-Lieu of Foreclosure: Instead of going through foreclosure, the borrower voluntarily surrenders the deed to the home to the lender, often as satisfaction of the unpaid mortgage balance.

Underwater Mortgage: Mortgage loan on which a homeowner owes more than the home is worth, typically as a result of a decline in the home's value.

Status of TARP Funds Obligated to MHA and Related Programs

Treasury obligated $45.6 billion to support MHA and its related programs, of which $1.0 billion, or 2.2%, has been expended as of December 31, 2010.[121] Effective October 1, 2010, Treasury established that the aggregate amount available to pay servicer, borrower, and investor incentives under MHA-related programs would be capped at $29.9 billion.[122] The amount obligated to each MHA-participating servicer is established pursuant to its Program Participation Cap under its SPA with Treasury.[123] Treasury set each servicer's initial cap by estimating the number of services expected to be performed by each servicer across all MHA and MHA-related programs in which it participates during the term of the SPA. According to Treasury, a servicer's cap will be adjusted based on several factors: (1) upward or downward, pursuant to a Servicer Cap Model that aims to reallocate from servicers that have a relatively large amount of unused funds under their cap to servicers with a relatively small amount of unused funds under their cap, or (2) downward, based on Treasury's analysis of the servicer's eligible loan portfolio.[124]

Treasury announced the following program-specific cost estimates for MHA and its related programs:

- Treasury has indicated that the $29.9 billion obligated to servicers is apportioned among the different programs as follows:[125]
  - $21.4 billion will be allocated to pay borrower, servicer, and investor incentives for first-lien modifications under HAMP, including approximately $2.0 billion that will be allocated to pay investor incentives under PRA.
  - $1.3 billion will be allocated to pay investor incentives under HPDP.
  - $4.1 billion will be allocated to pay incentives in connection with foreclosure alternatives under HAFA, such as short sales or deeds-in-lieu of foreclosure.
  - $132.6 million will be allocated to second-lien holders to modify or extinguish second liens under 2MP.
  - $234.4 million will be allocated under Treasury FHA-HAMP.
  - $17.8 million will be allocated under the USDA RHS's Rural Development HAMP ("RD-HAMP").
  - $2.7 billion will be allocated to pay servicer and investor incentive payments to modify or extinguish second liens as part of FHA2LP.
- Treasury and HUD have announced that TARP will fund up to $8.1 billion to purchase a "letter of credit" providing up to $8.0 billion in potential loss coverage and pay an additional $117 million in fees under FHA Short Refinance.
- Treasury has obligated a total of $7.6 billion in TARP funding for HFA HHF.

Letter of Credit: Letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the issuing bank is required to cover the full or remaining amount of the obligation.

TABLE 2.9

TARP ALLOCATIONS BY HOMEOWNER SUPPORT PROGRAMS, AS OF 12/31/2010 ($ BILLIONS)	
HAMP 1st Lien (Standard Modification)	$19.4
HAMP 1st Lien (PRA Modification)	2.0
HAMP 1st Lien (HPDP)	1.3
HAFA	4.1
UP	—[a]
2MP	0.1
Treasury FHA-HAMP	0.2
RD-HAMP	0.0[b]
Treasury/FHA Second Lien Program (FHA2LP)	2.7
FHA Short Refinance (Loss-Coverage)	8.1[c]
HHF	7.6
Total Allocations	**$45.6**

Notes: Numbers may not total due to rounding.
[a] Treasury does not allocate TARP funds to UP.
[b] Treasury estimates that $17.8 million will be allocated to RD-HAMP.
[c] This amount includes the up to $117 million in fees Treasury will incur for the availability and usage of the $8.0 billion letter of credit.

Source: Treasury, response to SIGTARP data call, 1/4/2011.

Table 2.9 shows the breakdown in estimated funding allocations for these programs.

As of December 31, 2010, Treasury has maintained SPAs with 143 of the 145 servicers that originally agreed to participate in MHA and its related programs.[126] According to Treasury, of the $29.9 billion obligated to participating servicers under their SPAs, as of December 31, 2010, $827.7 million was spent on completing permanent modifications of first liens (237,516 of which remain active), $2.9 million on completing 141 full extinguishments, 2 partial extinguishments, and 3,114 permanent modifications of second liens under the 2MP, and $9.5 million on incentives for 2,181 short sales or deeds-in-lieu of foreclosure under HAFA.[127] Of the combined amount of incentive payments, according to Treasury, approximately $384.6 million went to pay servicer incentives, $337.9 million went to pay investor incentives, and $117.7 million went to pay borrower incentives.[128] According to Treasury, TARP has obligated $7.6 billion to state Housing Finance Agencies participating in HHF. As of December 31, 2010, Treasury has disbursed approximately $103.6 million of this amount to participating states, most of which has been allocated to administrative expenses.[129] As of the drafting of this report, Treasury could not provide SIGTARP with the number of mortgage modifications completed under the program. The remaining $8.1 billion has been obligated under FHA Short Refinance to purchase a letter of credit to provide up to $8.0 billion in first loss coverage and to pay $117 million in fees. According to Treasury, there have not been any defaults on the 15 loans refinanced into FHA Short Refinance. Therefore, TARP has not incurred any losses under the program and the line of credit has not yet been accessed.[130]

Servicers of loans owned or securitized by a GSE are required to participate in that specific GSE's HAMP for their entire portfolio of GSE loans. Modifications of

GSE loans are covered by servicers' contracts with the GSEs and the GSEs' servicing guides. Incentive payments to servicers and borrowers participating in a GSE's modification programs are paid from the GSE's operating funds. It was originally estimated that total incentive and modification expenses for the GSEs would reach $25 billion under MHA, but Treasury and FHFA both declined to provide SIGTARP with an update as to whether that is still an accurate estimate. As of December 31, 2010, approximately $655.9 million was spent by the GSEs on completing permanent modifications (284,114 of which remain active).[131] Of the combined amount for participant incentives, approximately $490.3 million went to pay servicers' incentives and approximately $165.5 million went to pay borrowers' incentives.[132] The breakdown of incentive payments for TARP (non-GSE) and GSE-owned loans is shown in Table 2.10.

TABLE 2.10

BREAKDOWN OF INCENTIVE PAYMENTS (TARP [NON-GSE] AND GSES), AS OF 12/31/2010 **($ MILLIONS)**

First Lien Modification Incentives	**Non-GSEs**	**GSEs**
Servicer Incentive Payment ($1,000)	$251.7	$297.9
Servicer Current Borrower Incentive Payment ($500)	9.4	18.9
Annual Servicer Pay for Success	119.1	173.6
Investor Current Borrower Incentive Payment ($1,500)	27.1	—
Investor Monthly Reduction Cost Share[a]	221.1	—
HPDP	87.2	—
Annual Borrower Pay for Success	111.7	165.5
FHA2LP	—	—
PRA 1st	—	—
PRA 2nd	—	—
RD-HAMP	—[b]	—
FHA HAMP	0.2	—
Total	**$827.7**	**$655.9**
Second Lien Modification Incentives		
2MP servicer incentive payment	1.3	—
2MP Servicer Pay for success	—	—
2MP Borrower Pay for success	—	—
2MP Investor Cost share	0.4	—
2MP Investor Extinguishment	1.3	—
Total	**$2.9**	—
HAFA Incentives		
Servicer Incentive Payment	2.9	—[c]
Investor Reimbursement	0.8	—
Borrower Relocation	5.8	—[c]
Total	**$9.5**	**$—**[c]

Notes: Numbers affected by rounding.
[a]Investor Monthly Reduction Cost Share is considered an incentive payment.
[b]Treasury could not provide SIGTARP with RD-HAMP incentive data as of December 31, 2010.
[c]The GSEs paid $13,200 in servicer incentives and $18,000 in borrower relocation incentives for a total of $31,200 under HAFA.

Source: Treasury, responses to SIGTARP data call, 1/14/2011, 1/21/2011.

HAMP

According to Treasury, HAMP was intended "to help as many as three to four million financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term."[133] The Administration envisioned a "shared partnership" between the Government and investors to bring distressed borrowers' first-lien monthly payments down to an "affordable" level — defined as 31% of the borrower's monthly gross income.[134]

Under the program, investors are responsible for all payment reductions necessary to bring a borrower's monthly payment down to 38% of their monthly gross income. The additional reductions needed to bring the monthly payment down to a 31% ratio are shared between investors and the Government.[135] Treasury will also compensate investors for reducing principal on certain underwater mortgages.[136]

Borrowers may be solicited for participation by their servicers or they may request participation in HAMP by sending their servicers the following documents, referred to as the "Initial Package":[137]

- a "request for modification and affidavit" ("RMA") form
- signed and completed requests for Federal tax return transcripts using IRS Forms 4506-T and 4506T-EZ (including all schedules and forms)
- evidence of income (employment income, rental income, etc.)

The RMA provides the servicer with the borrower's financial information, including the cause of the borrower's hardship, defined as any of the following:[138]

- reduction in or loss of income that was supporting the mortgage payment
- change in household financial circumstances
- recent or upcoming increase in the monthly mortgage payment
- increase in other expenses
- lack of sufficient cash reserves to maintain payment on the mortgage and cover basic living expenses
- excessive monthly debt payments and overextension with creditors

Trial Plan Evaluation

The servicer must verify the accuracy of the borrower's income and other eligibility criteria, including certification, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), that any person receiving assistance under MHA not have been convicted, in connection with a mortgage or real estate transaction, of fraud, money laundering, theft, tax evasion, or felony larceny within the last 10 years, before offering the borrower a trial modification plan.[139] Borrowers enrolled in MHA trial period plans and permanent modifications

For more information on the borrower certification process required by the Dodd-Frank Act, see SIGTARP's October 2010 Quarterly Report, page 83.

prior to September 21, 2010, are not affected by the Dodd-Frank Act certification requirement.[140] A servicer is not required to send an initial package if, as a result of discussions with the borrower, the servicer determines that the borrower's monthly first lien mortgage obligation is less than 26% of the borrower's monthly gross income.[141]

After verifying eligibility and income, the servicer follows the modification steps prescribed by HAMP guidelines to calculate a reduction in the borrower's monthly mortgage payment to 31% of his or her gross monthly income.[142]

First, the servicer capitalizes any unpaid interest and fees (*i.e.*, adds them to the outstanding principal balance), and will then take the following steps until the 31% threshold is reached. First, reduce the interest rate as low as 2%. Second, extend the term of the mortgage to a maximum of 40 years from the modification date. If that is still insufficient, the servicer may forbear principal (defer its due date), subject to certain limits.[143] The forbearance amount is not interest bearing and results in a lump-sum payment due upon the earliest of the sale date of the property, the payoff date of the interest-bearing mortgage balance, or the maturity date of the mortgage.[144]

Servicers are allowed, but not required, to forgive principal to lower the borrower's monthly payment to achieve the debt-to-income ("DTI") ratio goal of 31% on a stand-alone basis or before any of the other HAMP modification steps described above. Finally, after engaging in the modification calculations, "all loans that meet HAMP eligibility criteria and are either [considered] to be in imminent default or delinquent [by] two or more payments must be evaluated using a standardized NPV test that compares the NPV result for a modification to the NPV result for no modification."[145] The NPV test uses a series of inputs that compares the expected cash flow from a modified loan with the cash flow from the same loan with no modifications, based on certain assumptions. A positive NPV test result indicates that a modified loan is more valuable to the investor than if the loan is not modified. In that case, under HAMP rules, the servicer must offer the borrower a mortgage modification. If the test generates a negative result, modification is optional.[146] In reviewing a borrower's application, servicers cannot refuse to evaluate a borrower for a modification simply because the outstanding loan currently has a low loan-to-value ("LTV") ratio. (The lower the LTV ratio is, the higher the probability that a foreclosure will be more profitable to an investor than a modification, because of the proceeds that would be realized from a foreclosure sale.) The servicer is required to perform and document the evaluation in a manner consistent with program guidelines.[147]

With respect to loans owned or guaranteed by the GSEs, servicers are required to offer a trial modification if the NPV test results are equal to or greater than

Net Present Value ("NPV") Test: Compares the money generated by modifying the terms of the mortgage with the amount an investor can reasonably expect to recover in a foreclosure sale.

Loan-to-Value ("LTV") Ratio: Lending risk assessment ratio that financial institutions and other lenders examine before approving a mortgage; calculated by dividing the outstanding amount of the loan by the value of the collateral backing the loan. Typically, assessments with high LTV ratios are generally seen as higher risk.

Trial Modification: Under HAMP, a period of at least three months in which a borrower is given a chance to establish that he or she can make lower monthly mortgage payments.

negative $5,000. In other words, even if the NPV test indicates that a modified mortgage would cost the GSE up to $5,000 more than foreclosure would, the servicer still must offer the modification.[148]

How Trial Modifications Work

Treasury originally intended that HAMP trial period modifications would last three months; however, according to Treasury, as of December 31, 2010, of a combined total of 152,289 (non-GSE and GSE) active trials, 39,753, or 26.1%, had lasted more than six months.[149]

During a trial period, the borrower must make at least three modified payments.[150] Under a "trial period plan" ("TPP"), borrowers may qualify for a permanent modification as long they make all required payments on time, are eligible, and provide proper documentation, including a modification agreement.[151] The terms of these permanent modifications remain fixed for at least five years.[152] After five years, the loan's interest rate can increase if the modified interest rate had been reduced below the current 30-year conforming fixed interest rate on the date of the initial modification. The interest rate can rise incrementally by up to 1% per year until it reaches that rate.[153] Otherwise, the modified interest rate remains permanent.

If the borrower misses a payment during the trial or is denied a permanent modification for any other reason, the borrower is, in effect, left with the original terms of the mortgage. The borrower is responsible for the difference between the original mortgage payment amount and the reduced trial payments that were made during the trial. In addition, the borrower may be liable for late fees that were generated during the trial. In other words, a borrower can be assessed late fees for failing to make the original pre-modification scheduled payments during the trial period, even though under the trial modification the borrower is not required to make these payments. Late fees are waived only for borrowers who receive a permanent modification.[154]

Modification Incentives

Servicers receive a one-time payment of $1,000 for each permanent modification completed under HAMP. They receive an additional compensation amount of $500 if the borrower was current but at imminent risk of default before enrolling in the trial plan. For borrowers whose monthly mortgage payment was reduced through HAMP by 6% or more, servicers also receive "pay for success" payments of up to $1,000 annually for three years if the borrower remains in good standing (defined as less than 90 days delinquent).[155]

Borrowers whose monthly mortgage payment is reduced through HAMP by 6% or more and who make monthly payments on time earn an annual "pay for performance" principal balance reduction.[156] The annual reduction amount is up to $1,000. The servicer receives this payment and applies it toward reducing the interest-bearing mortgage loan balance. The principal balance reduction accrues monthly and is payable for each of the first five years as long as the borrower remains current on his or her monthly payments.[157]

An investor is entitled to compensation, for up to five years, equal to one-half of the dollar difference between the borrower's monthly payment (principal and interest) under the modification, based on 31% of gross monthly income and the lesser of (1) the borrower's monthly principal and interest at 38% and (2) the borrower's pre-modification monthly principal and interest payment.[158] If applicable, investors also earn an extra one-time, up-front payment of $1,500 for modifying a loan that was current before the trial period (*i.e.*, in imminent default) and whose monthly payment was reduced by at least 6%.[159]

Investors are entitled to additional compensation through HPDP. HPDP is intended to address the fears of investors who may withhold their consent to loan modifications because of potential future declines in the value of the homes that secure the mortgages, should the modification fail and the loan go into foreclosure. In such a circumstance, the investor could suffer greater losses for offering modifications than under an immediate foreclosure. By providing incentive payments to mitigate that potential loss for a 24-month period, Treasury hopes to encourage more lenders and investors to modify loans.

Under HPDP, Treasury has published a standard formula, based on the unpaid principal balance ("UPB") of the mortgage, the recent decline in area home prices, and the LTV ratio, that will determine the size of the incentive payment. The projected home price decline is determined by the change in surrounding-area home prices during the six months before the start of the HAMP modification.[160] The HPDP incentive payments accrue monthly over a 24-month period and are paid out annually on the first and second anniversaries of the initial HAMP trial period mortgage payment. Accruals are discontinued if the borrower loses good standing under HAMP by missing three mortgage payments or if the mortgage loan is paid in full. If mortgage payments are discontinued, investors are entitled to receive all previously accrued but unpaid incentive payments.[161] Under HPDP, whether a particular area suffers further declines in home prices is irrelevant. The amount of the incentive depends entirely on the estimated decline in home prices in the market over the next year, based on changes in the related home price index during

TABLE 2.11

TARP (NON-GSE) INCENTIVE PAYMENTS BY 10 LARGEST SPA SERVICERS, AS OF 12/31/2010

	SPA Cap Limit	Incentive Payments to Borrowers	Incentive Payments to Investors	Incentive Payments to Servicers	Total Incentive Payments
Countrywide Home Loans Servicing LP	$6,347,772,638	$13,307,093	$34,737,482	$38,240,562	$86,285,137
Wells Fargo Bank, NA	5,138,964,397	7,046,868	34,916,749	37,174,149	79,137,766
J.P. Morgan Chase Bank, NA	3,223,425,536	21,245,934	32,589,506	56,907,032	110,742,472
OneWest Bank	1,836,258,837	3,957,269	18,878,211	15,119,280	37,954,760
Bank of America, N.A.	1,555,141,084	803,086	3,812,809	4,290,272	8,906,167
GMAC Mortgage, Inc.	1,517,898,139	5,900,472	24,689,646	22,407,309	52,997,426
American Home Mortgage Servicing, Inc	1,305,990,508	5,688,105	28,307,838	23,932,851	57,928,795
Ocwen Financial Corporation, Inc.	1,143,252,740	9,173,329	25,462,557	25,566,629	60,202,515
CitiMortgage, Inc.	1,119,077,484	11,160,233	27,869,950	31,504,057	70,534,240
Litton Loan Servicing LP	1,050,782,764	4,692,217	14,857,599	14,239,785	33,789,601
Total	**$24,238,564,127**	**$82,974,606**	**$246,122,348**	**$269,381,926**	**$598,478,879**

Note: Numbers may not total due to rounding.
Source: Treasury, *Transactions Report*, 12/31/2010, accessed 1/5/2011.

the six months preceding the modification.[162] As of December 31, 2010, according to Treasury, approximately $87.2 million in TARP funds had been paid to investors. Treasury was unable to identify the number of modifications for HPDP associated with this expenditure of funds.[163]

As of December 31, 2010, of the $29.9 billion in TARP funds allocated to the 143 servicers participating in HAMP SPAs, approximately 81% is allocated to only 10 servicers.[164] Table 2.11 outlines these servicers' relative progress in implementing the HAMP modification programs.

TABLE 2.12

HAMP SNAPSHOT, AS OF 12/31/2010	
Number of HAMP Trials Started since Program Inception	1,466,448
Number of Trial Modifications Cancelled	734,509
Number of Permanent Modifications Cancelled	58,020

Source: Treasury, response to SIGTARP data call, 1/21/2011.

TABLE 2.13

HAMP MODIFICATION ACTIVITY BY GSE/TARP (NON-GSE), AS OF 12/31/2010

	Trials Started	Trials Cancelled	Trials Active	Trials Converted to Permanent	Permanents Cancelled	Permanents Active	Permanents Active and Trials Active
GSE	798,330	408,179	77,396	312,755	28,641	284,114	361,510
TARP (Non-GSE)	668,118	326,330	74,893	266,895	29,379	237,516	312,409
Total	**1,466,488**	**734,509**	**152,289**	**579,650**	**58,020**	**521,630**	**673,919**

Source: Treasury, response to SIGTARP data call, 1/21/2011.

Modification Statistics

As of December 31, 2010, a total of 673,919 mortgages were undergoing modification, either permanently or on a trial basis, under HAMP. Of those, 521,630 were active permanent modifications and 152,289 were active trial modifications.[165]
A snapshot of HAMP modifications is shown in Table 2.12. HAMP modification activity, broken out by GSE and TARP (non-GSE) loans, is shown in Table 2.13.

What Happens When a HAMP Modification Is Denied: Summary of Servicer Obligations and Borrower Rights

Treasury has issued several directives governing both the obligations of servicers and the rights of borrowers in connection with the denial of loan modification requests. On November 3, 2010, Treasury released its most recent guidance for participating HAMP servicers of non-GSE mortgages and loans not insured by a Federal agency; it takes effect February 1, 2011. The new guidance reviews and updates participating servicers' obligations in addressing inquiries and disputes from prospective or participating borrowers. It also discusses the requirements for servicers concerning the content and timing of mandatory notices for borrowers applying to HAMP.[166] As of December 31, 2010, the GSEs have not adopted any of the revisions with respect to borrower requests for reconsideration of loans that are guaranteed by the GSE servicers. GSE program updates in this area are currently under consideration.[167]

Non-Approval Notices

According to Treasury, if a borrower applying to HAMP is not approved for a modification, the servicer must send the borrower a Non-Approval Notice explaining the reasons for the decision in clear, non-technical language, with acronyms and industry terms explained in a manner that is easily understandable.

The Notice must contain a description of other foreclosure alternatives and the steps necessary for the borrower to be considered for such alternatives. If the servicer has already approved the borrower for a foreclosure alternative, the Notice must also include information necessary for the borrower to participate in or complete the alternative.[168]

In cases where an NPV evaluation was performed, the Non-Approval Notice must also include the NPV input values used to evaluate the borrower's eligibility.[169] The servicer must provide the borrower with an opportunity to correct the NPV input values or any other information identified in the Notice that the borrower believes is in error. The servicer may not conduct a foreclosure sale for 30 calendar days from the date of the Non-Approval Notice or a longer period, if required, to review supplemental material provided by the borrower in response to the Notice, although the servicer may continue with all other steps in the foreclosure process short of an actual sale. This foreclosure sale prohibition does not apply when the non-approval is due to an ineligible mortgage or property, the borrower declines a HAMP modification, or the loan was previously modified under HAMP.[170]

The Non-Approval Notice must also contain a toll-free number, email address, and mailing address of a servicer representative if the borrower wishes to dispute the reasons for non-approval. For larger servicers, the servicer representative listed in the notice must be independent from the servicing staff that made the underwriting decision.[171] Additionally, the Non-Approval Notice must include a telephone number for the HOPE™ Hotline, a 24-hour telephone hotline that provides assistance to borrowers at no charge.[172] The notice must specifically encourage borrowers to ask for MHA Help if they have any reason to dispute the contents of the Non-Approval Notice.[173]

The HOPE Hotline is operated by a non-profit group called the Homeownership Preservation Foundation ("HPF"), which was contracted by Fannie Mae in its capacity as HAMP program administrator. The Foundation is largely an outgrowth of the mortgage servicers themselves. It started as an in-house entity within Residential Capital, LLC, a unit of Ally Financial Inc. (the former GMAC Inc.). Several of its board members have ties to Residential Capital, LLC, and the group is supported by donations from large servicers. Perhaps as a result of its origins and funding, HPF does not view itself as the homeowner advocate that many of its users may perceive it to be. Indeed, HPF's chairman stated in a recent press interview, "Because we're supported by the industry, are we really working for the homeowner? Maintaining this neutral ground is hard to do, but we work very hard to keep our advice neutral."[174] Of the nearly 1.8 million borrowers who have called the hotline, 150,000, or nearly 10%, have called with questions about denials. Additionally, about 170,000 callers have received free counseling.[175]

According to Treasury, the Hotline provides homeowners with free foreclosure prevention information and housing counseling referrals. It assists borrowers with a preliminary assessment of their eligibility for MHA programs. It also connects borrowers who have detailed questions about the program or a denial to MHA Help, a team of housing counselors dedicated exclusively to working with borrowers and servicers to resolve escalated MHA cases. Treasury established a similar resolution resource, the HAMP Solution Center ("HSC"), to manage escalated cases received from housing counselors, Government offices, and other third parties acting on behalf of a borrower.[176] Effective February 1, 2011, staff at both of these escalation offices are directed to re-run the HAMP NPV test upon a borrower's request, when the borrower believes that the inputs used by the servicer were inappropriate.[177]

Requests for Reconsideration or Re-Evaluation

If a homeowner who applies to participate in HAMP is not approved for a loan modification because the servicer's analysis indicates a negative result from the HAMP NPV test, the Non-Approval Notice sent to that borrower must include an explanation of the NPV analysis and the following list of NPV inputs for that borrower:[178]

- unpaid principal balance on the loan
- interest rate
- months delinquent
- next reset date and interest rate (for adjustable rate mortgages)
- current principal and interest payment (before modification)
- monthly insurance payment
- monthly real estate taxes
- monthly homeowners' association fees (if applicable)
- borrowers' monthly gross income
- borrower's total monthly obligations
- borrower credit score
- co-borrower credit score (if applicable)
- zip code
- state

As of February 1, 2011, the program will require the servicer to provide the borrower with additional inputs, including the following:

- value of the property the servicer used in the NPV test
- type of property valuation
- data collection date
- imminent default status indicator

- investor code
- UPB at origination
- first payment date at origination
- mortgage type
- remaining term
- mortgage coverage insurance percentage
- date NPV evaluation was conducted
- UPB of the proposed HAMP modification (net of forbearance and principal reduction)
- interest rate of proposed HAMP modification
- amortization term of the proposed HAMP modification
- principal and interest payment of the proposed HAMP modification
- principal forbearance amount of the proposed HAMP modification
- principal forgiveness amount of the proposed HAMP modification
- modification fees paid by the investor
- mortgage insurance partial claim amount

According to Treasury, the purpose of providing this information is to allow the borrower the opportunity to correct values that may affect the analysis of his or her eligibility. If the borrower believes one or more NPV analysis inputs is incorrect, the borrower has 30 days from the date of the Non-Approval Notice to provide written evidence thereof to the servicer. If the borrower wishes to submit corrections for more than one input, the borrower must provide all such corrections at one time. HSC or MHA Help can provide borrowers and their advocates with assistance in evaluating disputed NPV inputs, including preliminary NPV re-evaluations that the borrower may provide the borrower's servicer in requesting a formal re-evaluation.[179]

According to Treasury, if the evidence submitted by the borrower is "valid and material" (terms undefined by Treasury) to the outcome of the NPV analysis, the servicer must perform the NPV analysis again using the corrected inputs. If the borrower identifies such "material inaccuracies" in the NPV input values, the servicer may proceed with intermediate steps in the foreclosure process, but may not conduct a foreclosure sale until the inaccuracies are resolved. If the borrower's corrected information is verified, and the outcome of the new NPV analysis is positive, the servicer must offer a HAMP modification in accordance with the program guidelines.

Separately, a borrower who has been evaluated for HAMP but deemed ineligible may request reconsideration for HAMP if the borrower experiences a change in circumstance. According to Treasury, examples of such changes in circumstance include material changes to the borrower's income, illness, or divorce.[180]

Disputed Property Valuations

Treasury guidance states that if the borrower believes the NPV test result is incorrect because the property valuation used by the servicer differed from the actual market value of the property as of the date the NPV test was run, the borrower may submit corrected valuation information and request an NPV re-evaluation. Effective February 1, 2011, this process includes the following steps:[181]

- The borrower provides the servicer a recent estimate of the property value with a reasonable basis, such as a broker's evaluation or a Web pricing service, within 30 days from the date of the Non-Approval Notice.
- Upon receipt of the borrower's request, the servicer must perform a preliminary NPV re-evaluation using the borrower's estimate (along with any other material disputed inputs). If the preliminary re-evaluation generates a positive NPV result, the servicer must offer the borrower an opportunity to request that the servicer arrange for an independent appraisal of the property. According to Treasury, the appraisal will establish the fair market value of the property as of the date the NPV test was run.
- The new appraisal must be performed by an independent third party not affiliated with the servicer in accordance with the Uniform Standards of Professional Appraisal Practice. A new appraisal is not required if the original NPV property value input was based on an appraisal conforming to these standards, but the servicer must provide a copy to the borrower.
- Within 15 days of being notified of a positive NPV result from the servicer's preliminary re-evaluation, the borrower must make a $200 deposit against the cost of the requested re-appraisal (if necessary), with any balance of the cost of the appraisal added to the borrower's outstanding amounts due under the mortgage — regardless of whether the new appraisal results in an offer for a modification.
- The servicer performs a final NPV re-evaluation using the appraisal value.
- The servicer must provide the final NPV outcome and a list of input values to the borrower.

Escalated Case Management

Treasury guidance requires participating MHA servicers to have written procedures and personnel in place to respond to borrower inquiries and disputes that constitute "escalated cases." HSC manages such cases, and both HSC and the HOPE Hotline assist borrowers and their advocates with making preliminary assessments of MHA program eligibility and resolving disputes with servicers.

HAMP's administrative website for servicers lists the following examples of cases that represent valid reasons for escalation:[182]

- servicer refuses to stop a scheduled foreclosure sale on a borrower's house while the borrower is being evaluated for HAMP
- servicer charges up-front fees for the modification
- servicer instructs the borrower to miss a payment
- servicer claims that it is waiting for information or guidance from Treasury (*i.e.*, Treasury is causing the delay)
- servicer advises the borrower to intentionally misrepresent personal or financial information
- servicer says it is not participating in HAMP, but the loan's investor is a GSE
- servicer says borrower doesn't qualify, but counselor has reason to believe that the borrower is eligible

Borrowers may bring escalated cases to servicers' attention directly, or through HSC, MHA Help, authorized advisors, Treasury, other Federal agencies, or elected officials.

With respect to addressing escalated cases, servicers participating in MHA are subject to a number of requirements:[183]

- Written procedures and personnel must be in place to respond to escalated cases and escalated cases must be handled in accordance with the timeliness requirements discussed below.
- Staff must be accessible directly by telephone and email, have access to all relevant borrower documentation, be trained on the servicer's case escalation procedures, be knowledgeable about MHA Program guidelines, possess the necessary authority to resolve escalated cases, and be capable of sending and receiving documents and information in the servicing system and/or mortgage file to support their resolution.
- For larger servicers, all personnel handling escalated cases must be independent of those who made the initial MHA-eligibility determination.
- Report to HSC and MHA Help the status of referred escalated cases and, upon request, provide all information necessary to evaluate a borrower's case. This information includes, but is not limited to, the following:[184]
    - debt and income inputs, assumptions, and calculations used to evaluate the borrower
    - investor/guarantor name and loan pool identification code if the reason for denial is "investor/guarantor not participating," subject to mortgage trust disclosure laws
    - borrower or servicer correspondence relative to applicable MHA program evaluation
    - servicer-constructed timeline of events relative to applicable MHA program evaluation

When a servicer receives an escalated case, MHA's "escalation resolution process" requires the servicer to review it against its own records and the data reported to HAMP in order to determine the merits of the inquiry and come to a resolution. As necessary, the servicer must review the steps taken to determine the HAMP modification payment and NPV testing.

The timing of each review is subject to the following requirements:[185]

- Escalated cases are date stamped upon receipt.
- The servicer must acknowledge its receipt of the inquiry to the borrower in writing within five business days.
- The servicer must provide the borrower a case reference name or number and a toll-free "escalation contact" phone number, as well as the date by which the servicer "will resolve the case." This date must not be 30 calendar days later than receipt of the case.
- In the event the case is not resolved within 30 days, the servicer must provide an updated status at the end of the first 30 days and every 15 days thereafter until the case is resolved. There is no limit to the number of 15-day extensions the servicer may authorize.
- The servicer may not conduct a scheduled foreclosure sale until the case is resolved in accordance with all MHA program guidelines, but it may proceed with all other steps in the foreclosure process.

Escalated cases are considered to be resolved when the inquiry has been reviewed in accordance with MHA guidelines and the servicer has taken one of two actions:[186]

- confirmed in writing the original rejection or identified a proposed resolution within one of the existing MHA program categories
- in the case of a proposed resolution:
    - documented and dated the proposed resolution in the servicing system and/or mortgage file
    - within 10 business days, communicated to the borrower in writing the proposed resolution and next steps (*e.g.*, trial period plan notice, modification agreement, short sale, or deed-in-lieu agreement)
    - initiated action to implement the resolution

If the case was referred to the servicer by either HSC or MHA Help, the case may not be considered resolved unless HSC or MHA Help documents its concurrence with the proposed resolution or the confirmation of the original determination.[187] According to Treasury, effective February 1, 2011, if the servicer declines to change its initial decision, the case will be referred directly to an on-call Treasury staff person from the Office of Financial Stability's Homeownership Preservation Office.[188] The Treasury employee will review the case notes and, if appropriate, escalate the case to a more senior point of contact at the servicers for reconsideration. There is no further avenue of appeal, so that ultimately the decision remains within the discretion of the servicer. Although Treasury maintains an ability to impose financial sanctions on servicers who violate program rules in the form of denying or recapturing incentives due or previously paid, as of December 31, 2010, no such sanctions have been imposed as a result of disagreement with borrower denials.[189]

Borrower NPV Calculator

As required by the Dodd-Frank Act, Treasury has announced that it is developing a publicly available Web-based NPV calculator based on the HAMP NPV model (the "Borrower NPV Calculator"). According to Treasury, the Borrower NPV Calculator will assist borrowers in evaluating their potential eligibility for HAMP before applying as well as in reviewing the servicer's NPV evaluation after a denial. According to Treasury, the tool is scheduled to be available in spring 2011.[190] In the interim, and beginning February 1, 2011, borrowers or their advocates may request that MHA-Help or HSC complete the NPV analysis on their behalf.[191]

HAFA

According to Treasury, HAFA is intended to encourage servicers to provide borrowers with an alternative to foreclosure by offering financial incentives to servicers and borrowers utilizing a streamlined process for conducting short sales or deeds-in-lieu of foreclosure as an alternative to foreclosure.[192] Under HAFA, the servicer forfeits the ability to pursue a deficiency judgment against a borrower who uses a short sale or deed-in-lieu when the property is worth less than the outstanding amount on the mortgage.[193] HAFA provides financial incentives and reimbursements for a successful short sale or deed-in-lieu of foreclosure, including a $3,000 "relocation" incentive payment to borrowers, a $1,500 incentive payment to servicers, and incentive payments to subordinate mortgage lien holders in exchange for a release of the lien and the borrower's liability.[194] The program was announced on November 30, 2009, and went into effect on April 5, 2010.[195]

On December 28, 2010, Treasury loosened the provisions requiring HAFA applicants to meet HAMP eligibility requirements related to monthly gross income limitations and that the borrower reside in the home as a primary residence.[196] As a result, effective February 1, 2011, or earlier at the discretion of the servicer, because HAFA has no income requirements, servicers are no longer required by Treasury to verify a borrower's financial information or determine whether his or her total monthly payment exceeds 31% of the borrower's gross monthly income, unless this verification is required by the investor. Under this program change,

Deficiency Judgment: Court order authorizing a lender to collect all or part of an unpaid and outstanding debt resulting from the borrower's default on the mortgage note securing a debt. A deficiency judgment is rendered after the foreclosed or repossessed property is sold when the proceeds are insufficient to repay the full mortgage debt.

Treasury guidance provides that a borrower must still provide sufficient evidence of hardship through completing and executing a Hardship Affidavit or Request for Modification and Affidavit ("RMA") and that servicers must continue to independently verify a borrower's hardship. Notwithstanding these updates, servicers retain the discretion to require borrowers to provide additional financial information or evidence of hardship.[197]

In addition, HAFA previously required that the property be the borrower's primary residence. Vacant properties were not eligible unless the borrower had vacated the property less than 90 days prior to seeking HAFA assistance and the borrower provided documentation that the borrower was required to relocate at least 100 miles from the property to accept new employment or was transferred by a current employer. Effective no later than February 1, 2011, a borrower will only need to provide documentation that the property was used as the primary residence at some point within the 12 months preceding the request for assistance.[198] In other words, borrowers who have not occupied the property as their primary residence for as long as a year are now eligible to receive the $3,000 relocation incentive under the program. The property can be vacant or even rented out to a non-borrower. A borrower's reason for relocation and the distance of that relocation from the property are thus no longer relevant.[199]

Also effective no later than February 1, 2011, borrowers will no longer have to move out of their home at all in order to receive the $3,000 "relocation" incentive payment. Under these changes, after a borrower relinquishes title, the servicer can allow the borrower to remain in the home on a rental basis (referred to as a "deed-for-lease") or allow the borrower to repurchase the property later without affecting the borrower's right to receive the $3,000 "relocation" incentive payment.[200] Servicers will have the option to pay the borrower "relocation" incentive either upon the successful surrender of title or when the borrower vacates or repurchases the property at a future date.[201] As a result, borrowers could receive a "relocation" incentive payment while still remaining in the home under a deed-for-lease agreement.

In addition, effective February 1, 2011, Treasury retained the maximum allowable aggregate payoff to all subordinate lien holders at a cap of $6,000, but removed the individual cap of 6% of the UPB of each subordinate lien that could be paid to subordinate lien holders.[202] Investors will continue to receive a maximum of $2,000 for securing the release of subordinate liens. This reimbursement will be earned on a one-for-three matching basis. In other words, for every $3 in short sale or deed-in-lieu of foreclosure proceeds an investor pays to secure the release of a subordinate lien, the investor will be entitled to receive $1 in reimbursement incentive payments, up to the maximum of $2,000.[203]

As of December 31, 2010, according to Treasury, approximately $9.5 million from TARP had been paid to investors, borrowers, and servicers in connection with 2,181 short sales or deeds-in-lieu completed under HAFA.[204] As of October 31, 2010 (the most recent data Treasury made available to SIGTARP), according to Treasury, the eight largest servicers alone had completed 87,004 short sales and deed-in-lieu of foreclosure transfers outside of HAMP for borrowers whose HAMP trial modifications had failed.[205] This may be explained, in part, by the fees and deficiency judgments that servicers are able to collect in non-HAFA transactions from the borrower in connection with a foreclosure alternative that is not available within HAFA.

2MP

According to Treasury, 2MP is designed to work in tandem with HAMP and to help provide relief for borrowers with second mortgages serviced by a participating 2MP servicer. An individual servicer does not have to service both the first and second liens in order for the second lien to be eligible for modification under 2MP. Under the program, when a borrower's first lien is modified under HAMP and the servicer of the second lien is a 2MP participant, that servicer must offer to modify the borrower's second lien. These servicers have the option of modifying the borrower's second lien according to "a defined protocol," accepting a lump-sum payment from the Treasury for full extinguishment of second-lien principal, or accepting a lump-sum payment from Treasury in exchange for a partial extinguishment and the modification of the remainder of the second lien according to a defined protocol.[206] Lender Processing Services' Applied Analytics Division has been contracted by the participating servicers to match HAMP first liens with second liens.[207] Treasury has provided no mechanism for the borrower to bring a match to a servicer's attention or to otherwise expedite the process.

2MP relies on existing first-lien data. Second-lien servicers, therefore, are not required to verify any of the borrower's financial information and do not perform a separate NPV analysis in order to modify the second lien.

For a second-lien modification, after capitalizing any accrued interest and servicing advances, the servicer first reduces the interest rate, which is determined by the nature of the loan. The interest rate for amortizing second liens (those that require payments of both interest and principal) decreases to 1% for the first five years of the loan. If the loan is interest-only (non-amortizing), the servicer can either convert the interest-only payment to an interest-bearing equivalent at 1% or retain the interest-only schedule and reduce the rate to 2% for the first five years. In both cases, after the five-year period the rate increases to match the rate on the

HAMP-modified first lien. When modifying the second lien, the servicer must, at a minimum, extend the term to match the term of the first lien but can extend the term up to a maximum of 40 years. To the extent that there is forbearance or principal reduction for the modified first lien, the second-lien holder forbears or forgives the same percentage.[208]

The servicer receives a $500 incentive payment upon modification of a second lien. If a borrower's monthly second-lien payment is reduced by 6% or more, the servicer is eligible for a "pay for success" incentive of $250 annually for up to three years, and the borrower is eligible for an annual "pay for performance" principal balance reduction payment of up to $250 for up to five years.[209] Investors receive a modification incentive payment equal to an annualized amount of 1.6% of the unmodified UPB, paid on a monthly basis for up to five years. If the borrower misses three consecutive payments on his or her modified second lien or if the associated first lien is no longer in good standing, no further incentive payments are made to the servicer.[210] If the second lien is fully or partially extinguished, the investor receives a payment of a percentage of the amount extinguished, using the schedule shown in Table 2.14. This schedule, however, is applicable only to those loans that have been six months delinquent or less within the previous year. For loans that have been more than six months delinquent within the previous 12 months, investors are paid $0.06 per dollar of the UPB of second liens being extinguished, regardless of the LTV ratio.[211] As of December 31, 2010, according to Treasury, approximately $2.9 million in TARP funds had been paid to servicers and investors in connection with 3,257 loan extinguishments and modifications under 2MP.[212]

TABLE 2.14

2MP COMPENSATION PER DOLLAR OF LOAN PRINCIPAL EXTINGUISHED

Combined Loan-to-Value Ratio ("CLTV") Range[a]	< 115%	115% to 140%	> 140%
Incentive Amounts	$0.21	$0.15	$0.10

Notes: Loans less than or equal to six months past due. For loans that were more than six months past delinquent within the previous year, investors will receive $0.06 per dollar in compensation, regardless of the LTV ratio.
[a] The LTV is the ratio of the sum of the current total UPB of the HAMP-modified first lien and the current total UPB of the unmodified second lien divided by the property value determined in connection with the permanent HAMP modification.

Source: Treasury, "MHA Handbook for Servicer of Non-GSE Mortgages, Version 3.0," 12/2/2010, https://www.hmpadmin.com/portal/programs/docs/hamp_servicer/mhahandbook_30.pdf, accessed 12/6/2010.

Agency-Insured Programs

Some mortgage loans insured or guaranteed by Federal Government agencies, such as FHA, VA, and RHS, are eligible for modification. Similar to HAMP, FHA-HAMP and RD-HAMP reduce borrowers' monthly mortgage payments to 31% of their gross monthly income and require borrowers to complete trial payment plans before their loans are permanently modified. Subject to meeting Treasury's eligibility criteria, borrowers are eligible to receive a maximum $1,000 pay-for-performance compensation incentive and servicers are eligible to receive a maximum $1,000 pay-for-success compensation incentive from Treasury on mortgages in which the monthly payment was reduced by at least 6%.[213] Incentive payments to servicers are paid annually for the first three years after the first anniversary of the first trial payment due date, as long as the loan remains in good standing and has not been fully repaid at the time the incentive is paid. Incentive payments to borrowers are paid over five years.[214] Unlike HAMP, no payments are made to investors because they already have the benefit of a Government loan guarantee program.[215] In order to participate in these programs, servicers that previously executed a SPA were required to execute — by October 3, 2010 — an Amended and Restated SPA or an additional Service Schedule that includes Treasury FHA-HAMP or RD-HAMP.[216]

VA-HAMP follows the typical HAMP modification procedure, aiming to reduce monthly mortgage payments to 31% of a borrower's gross monthly income.[217] However, VA-HAMP modifications do not have a trial period, and the modification agreement immediately changes the installment amount of the mortgage loan.[218] Treasury does not provide incentive compensation related to VA-HAMP.[219] VA-HAMP also does not require servicers to sign a SPA.[220] As of December 31, 2010, according to Treasury, approximately $239,000 in TARP funds had been paid to servicers and borrowers in connection with 643 permanent FHA-HAMP modifications. Treasury stated that it could not provide SIGTARP with the amount of incentive payments and modifications completed under RD-HAMP.[221]

Unemployment Program ("UP")

The Home Affordable Unemployment Program ("UP"), which was announced on March 26, 2010, provides temporary assistance to borrowers whose hardship is related to unemployment.[222] Under the program, borrowers who meet certain qualifications can receive unemployment forbearance for a portion of their mortgage payments for at least three months, unless they find work. According to Treasury, "[s]ervicers may extend the minimum forbearance period in increments at the servicer's discretion, in accordance with investor and regulatory guidelines."[223] As of December 31, 2010, according to Treasury, 5,335 borrowers are actively participating in UP.[224]

Who Is Eligible

HAMP servicers are required to offer an UP forbearance plan of at least three months to a borrower meeting HAMP minimum eligibility criteria. A borrower must:[225]

- be HAMP eligible
- have a mortgage secured by a one- to four-unit property, one unit of which must be the borrower's principal residence
- have a first-lien mortgage originated on or before January 1, 2009
- have a UPB for a one-unit property that is equal to or less than $729,750 (multi-unit limits are higher)
- have a mortgage that was not previously modified under HAMP
- have not received a previous UP forbearance

- have requested an UP forbearance plan before the first-lien mortgage loan was seriously delinquent; *i.e.*, three months or more overdue
- have received unemployment benefits for up to three months before the forbearance period begins (pursuant to investor or regulator guidelines, servicers may require this)
- be unemployed and receive unemployment benefits in the month the UP forbearance period becomes effective

Borrowers enrolled in HAMP trials who lose their jobs may seek consideration under UP as long as their mortgage loan was not seriously delinquent (*i.e.*, before three monthly payments are due and unpaid on the last day of the third month) as of the first trial period payment due date. Servicers are required to send the borrower a notice of all the required documentation for UP consideration. Borrowers must have at least two weeks from the date on the notice to return the documentation. Upon receipt of the returned documents, the servicer must complete the evaluation within 30 days.[226] If the borrower becomes eligible for the UP forbearance plan and accepts the plan offer, the servicer must cancel the HAMP trial period plan. Eligible borrowers may request a new HAMP trial period plan after the UP forbearance plan is completed. A borrower who was previously determined to be ineligible for HAMP may request assessment for an UP forbearance plan if he or she meets all the eligibility criteria.[227] If a borrower who is eligible for UP declines an offer for an UP forbearance plan, the servicer is not required to offer the borrower a modification under HAMP or 2MP while the borrower remains eligible for an UP forbearance plan.[228]

How UP Works

For qualifying homeowners, the mortgage payments during the forbearance period are lowered to no more than 31% of gross monthly income, including unemployment benefits.[229] According to Treasury, "at the discretion of the servicer, the borrower's monthly mortgage payments may be suspended in full."[230] The UP forbearance plan is required to last a minimum of three months, unless the borrower becomes employed within that time.[231]

If the borrower regains employment but because of reduced income still has a hardship, the borrower must be considered for HAMP. If the borrower is eligible, any missed payments prior to and during the UP forbearance plan will be capitalized as part of the normal HAMP modification process.[232] If the UP forbearance period expires and the borrower is ineligible for HAMP, the borrower may be eligible for HAMP foreclosure alternatives, such as HAFA.[233]

PRA

On June 3, 2010, Treasury announced that it would implement a program intended to provide investors with incentive payments to encourage them to forgive principal for significantly underwater mortgages. This Principal Reduction Alternative ("PRA") program is applicable only to non-GSE loans and therefore does not cover loans owned, guaranteed, or insured by Freddie Mac or Fannie Mae, which have refused to participate in the program.[234] Although PRA did not officially take effect until October 1, 2010, servicers were permitted to begin offering PRA assistance immediately.[235]

Before PRA started, servicers were allowed to forgive principal to achieve the DTI ratio goal of 31% on a stand-alone basis or before any of the other HAMP modification steps but did not receive additional incentive payments for doing so.[236] In contrast to other HAMP programs, PRA does not require servicers to forgive principal under any circumstances, even when doing so is deemed to offer greater financial benefit to the investor.[237]

Who Is Eligible

Borrowers who meet all HAMP eligibility requirements and who owe more than 115% of their home's value are eligible for PRA.[239] According to Treasury, servicers may (but are not required to) evaluate existing HAMP borrowers that were in HAMP permanent modifications or existing second-lien mortgage loans modified through 2MP retroactively for PRA assistance.[240] Those that choose to do so must develop written policies and procedures to identify existing loans that are eligible and treat them in a consistent manner. If the servicer chooses to consider existing HAMP borrowers for retroactive application of PRA, those loans must be evaluated no later than January 31, 2011.

How PRA Works

Principal forbearance divides a mortgage loan into two segments, one interest-bearing and the other not. The borrower continues to make regular principal and interest payments on the interest-bearing segment, but no monthly payments are due with respect to the non-interest-bearing segment. Rather, that segment, representing the principal forbearance amount, is due as an additional lump-sum or "balloon" payment at the earlier of the sale of the property or the eventual maturity date of the mortgage. Under PRA, however, if the borrower remains in good standing on the first, second, and third anniversaries of the modification, the servicer will reduce the principal balance in the separate forbearance account on each anniversary in installments equal to one-third of the initial PRA forbearance amount.[241]

As previously stated, participating servicers must evaluate for PRA assistance every HAMP-eligible loan that has an outstanding LTV greater than 115%. The servicer does so by running two NPV tests — one with and one without principal forgiveness — using methodologies prescribed by Treasury.[242] If the standard waterfall produces a positive NPV result, the servicer must modify the loan.[243] However, servicers are not required to offer principal reduction, even when the NPV result under the alternative waterfall using principal forgiveness is positive and exceeds the NPV result produced using the standard waterfall; they are required simply to consider PRA-eligible borrowers for such assistance.[244]

The two versions of the NPV test differ in the following manner: the original NPV test calculates investor return if the mortgage is modified according to the standard HAMP procedures: reducing the mortgage interest rate, extending the term of the loan, and forbearing principal. The alternative NPV test begins by reducing the outstanding principal balance to 115% of the property's value; if that alone is insufficient to bring the monthly payment to 31% of the borrower's monthly income, then the NPV test will continue with the standard HAMP modification steps.[245] This NPV test then uses the reduced outstanding principal balance to calculate the return to investors, taking into account incentive payments and the annual PRA principal reductions.[246] Servicers that forgive at least 5% of the borrower's UPB have additional discretion in setting the terms of the modification because they are permitted to extend the loan's maturity date before reducing the interest rate when determining the modified payment.[247]

Who Gets Paid

According to Treasury, in addition to the other incentives paid for first-lien modifications, investors are entitled to receive a percentage of each dollar of principal forgiven under PRA. Incentive payments are received on the first, second, and third anniversaries of the modification date and are paid at the same time that the previously forborne principal is forgiven.[248] The incentive payments range from $0.06 to $0.21 per dollar, depending on the level to which the outstanding LTV ratio was reduced and the period of delinquency.[249] Table 2.15 shows the schedule under which investors are compensated for forgiving principal. The schedule provides increasing incentive payments for the additional amount by which investors are willing to reduce a mortgage's outstanding principal balance compared with the property's value. This schedule is applicable only to those loans that have been six months delinquent or less within the previous year. For loans that have been more than six months delinquent within the previous year, investors are paid $0.06 per dollar of principal reduction, regardless of the LTV ratio.[250]

TABLE 2.15

INCENTIVES TO INVESTORS PER DOLLAR OF LOAN PRINCIPAL REDUCED

Mark-to-Market Loan-to-Value Ratio ("LTV") Range[a]	105% to 115%	115% to 140%	> 140%
Incentive Amounts	$0.21	$0.15	$0.10

Notes: Loans less than or equal to six months past due. For loans that were more than six months past delinquent within the previous year, investors will receive $0.06 per dollar in compensation, regardless of the LTV ratio.
[a] The LTV is based on the pre-modified UPB of the first lien mortgage divided by the value of the property.

Source: Treasury, "Modification of Loan with Principal Reduction Alternative," 6/3/2010, https://www.hmpadmin.com/[portal/docs/hamp_servicer/sd1005.pdf, accessed 7/2/2010.

Treasury states that, although servicers may reduce the mortgage principal balance below the floor of a 105% LTV ratio, no PRA incentives will be paid for that portion of the principal reduction amount.[251]

As an additional incentive, an investor may agree to reduce a borrower's UPB as part of an equity share agreement under which the borrower and investor agree to share in the increase of the value of the property, under certain conditions. These include:[252]

- The agreement may not require the borrower to make any equity share payments until the loan is fully satisfied. Thus, even if the home increases in value, the borrower need not make any payments to the investor based on that increase in the home's value until the mortgage loan is repaid.
- The agreement may not include a prepayment penalty, meaning that the borrower may not be assessed fees for repaying the loan ahead of its scheduled maturity.
- The agreement must include reasonable provisions permitting the borrower to recoup costs from improvements (for example, renovations) that increase the home's value.
- The investor may not receive more than 50% of any increase in property value (after credit for improvements made by the borrower) between the date of the permanent modification and the date when the loan is fully satisfied. In addition, the investor may not recover more than the amount of principal reduction minus the PRA investor incentive. Thus, the investor may not recover more than half of any future increase in the value of the home, subject to a cap equal to the initial reduction in UPB minus incentives received by the investor through PRA.
- The agreement must incorporate a method for independently assessing the value of the property when the loan is fully satisfied that is acceptable to both the investor and the borrower. In addition, the assessment of the property value at the time of the permanent modification must be that obtained as part of the borrower's evaluation for a HAMP modification. Thus, the initial property valuation must be the same as that used for the borrower's HAMP evaluation, and there must be an independent method, acceptable to both the borrower and the investor, to determine any increase in the home's value when the loan is ultimately repaid.

Equity Share Agreement: Agreement that a homeowner will share future increases in home value with a mortgage investor or other party. In the context of mortgage loan modifications, the investor may reduce the borrower's UPB in return for the right to share in a portion of any future rise in the home's value. An equity share agreement thus may provide the mortgage investor with a prospect of recovering its full investment, even if it provides a principal reduction to the borrower. Conversely, it may also provide an immediate benefit to an "underwater" borrower, yet still offer that borrower some prospect of benefiting from future home price appreciation.

For example, Dick and Jane have a mortgage loan UPB of $115,000 on a home that is currently worth $100,000. Dick and Jane enter into an equity share agreement with their mortgage investor that reduces the UPB on their mortgage loan by $10,000, to $105,000. The investor receives a principal reduction incentive of $2,100. A few years later, Dick and Jane sell their home for $120,000, which represents $15,000 over the balance from the equity share agreement. If the agreement calls for an equal division of home price gains between borrower and investor, the investor would receive half that amount, less the $2,100 in compensation already received ($7,500 – $2,100 = $5,400). Dick and Jane would receive the balance, or $9,600.

FHA Short Refinance

On March 26, 2010, Treasury and the Department of Housing and Urban Development ("HUD") announced the FHA Short Refinance program, which gives borrowers the option of refinancing an underwater, non-FHA-insured mortgage into an FHA-insured mortgage at 97.75% of the home's value. The original program announcement estimated TARP support of up to $14 billion.[253] This amount has been revised downward to an estimate of $10.8 billion. This amount consists of (1) up to $8.0 billion to provide loss protection to FHA on the refinanced first liens through the purchase of a letter of credit; (2) up to $117 million in fees Treasury will incur for the availability and use of the letter of credit; and (3) an estimated allocation of $2.7 billion to make incentive payments to servicers and holders of existing second liens for full or partial principal extinguishments under the related FHA2LP.[254] FHA Short Refinance is voluntary for servicers; therefore, not all underwater borrowers who qualify may be able to participate in the program.[255] The program was launched on September 7, 2010; FHA2LP went into effect on September 27, 2010.[256] As of December 31, 2010, according to Treasury and HUD, 15 loans had been refinanced under FHA Short Refinance. There had not been any defaults on loans refinanced into FHA Short Refinance, and therefore, no losses had been incurred and the line of credit had not been accessed.[257] According to Treasury, it had not made any incentive payments and no second liens had been extinguished under FHA2LP through December 31, 2010.[258]

Who Is Eligible

For a homeowner to be eligible for FHA Short Refinance, the homeowner must meet the following criteria:[259]

- be current on the existing first-lien mortgage
- be in a negative equity position
- occupy the home as a primary residence
- qualify for the new loan under standard FHA underwriting requirements and have a FICO credit score of at least 500.
- have an existing loan that is not insured by FHA
- fully document his or her income

According to HUD, applications are evaluated using FHA's TOTAL Scorecard ("TOTAL"). TOTAL evaluates the credit risk of FHA loans that are submitted to an automated underwriting system. It is FHA's policy that no borrower be denied an FHA-insured mortgage solely on the basis of a risk assessment generated by TOTAL. The lender must conduct a manual underwriting review under FHA requirements for all loan applications that receive a "Refer" rating to assess if the borrower can be approved. If the loan information is submitted to TOTAL and scored "Refer," the loan must be manually underwritten and the borrower must meet the following additional conditions:[260]

- have a total DTI, including all recurring debt, of less than 50%
- have a DTI for all housing-related debt (including second liens) of less than 31% after refinancing

The FHA-refinanced loan has the following characteristics:[261]

- The aggregate FHA insurance and TARP-supported loss coverage for the refinanced loan is a maximum of 97.75% of the current value of the home.
- The borrower's combined mortgage debt (including all liens) is written down to a maximum of 115% of the current value of the home.
- The existing first-lien holder must write off at least 10 percent of the borrower's UPB.
- The original first-lien investor has the option of converting any amount of the original mortgage that is greater than 97.75% of the value of the home to a subordinated second lien for up to 115% of the current value of the home. The balance of the mortgage above 115% is extinguished. If a second lien exists, the total combined mortgage amount after the refinance does not exceed 115% of the home's value.

Additionally, to be eligible under FHA2LP, second liens must meet the following conditions:[262]

- have originated on or before January 1, 2009
- be immediately subordinate to the first lien before the FHA refinance
- require the borrower to make a monthly payment
- not be GSE-owned or guaranteed
- have a UPB of $2,500 or more on the day before the FHA refinance closing date

TABLE 2.16

TREASURY FHA2LP COMPENSATION PER DOLLAR OF LOAN PRINCIPAL EXTINGUISHED

Mark-to-Market Loan-to-Value Ratio ("LTV") Range[a]	105% to 115%	115% to 140%	> 140%
Incentive Amounts	$0.21	$0.15	$0.10

Notes: Loans less than or equal to six months past due. For loans that were more than six months past delinquent within the previous year, investors will receive $0.06 per dollar in compensation, regardless of the LTV ratio.
[a]The combined LTV is the ratio of all mortgage debt to the current FHA-appraised value of the property.

Source: Treasury, "Supplemental Directive 10-08: Making Home Affordable Program —Treasury/FHA Second Lien Program (FHA2LP) to Support FHA Refinance of Borrowers in Negative Equity Positions," 8/6/2010, www.hmpadmin.com/[portal/docs/hamp_servicer /sd1008.pdf, accessed 8/20/2010.

How FHA Short Refinance Works

Servicers must first determine the current value of the home pursuant to FHA underwriting standards, which require a third-party appraisal by a HUD-approved appraiser. The borrower is then reviewed by TOTAL, and, if necessary, referred to a manual underwriting review to confirm that the borrower's total monthly mortgage payment (including all payments on subordinate liens) after the refinance is not greater than 31% of the borrower's gross monthly income and the total debt service, including all forms of household debt, is not greater than 50%.[263] Next, the lien holders must forgive principal that is more than 115% of the value of the home. Although the first-lien investors must recognize a loss as a result of the mortgage write-down, they receive a cash payment for 97.75% of the current home value from the proceeds of the refinance and may maintain a subordinate second lien for up to 17.25% of that value (for a total balance of 115% of the home's value).[264]

The 115% cap applies to all liens on the property. Under FHA2LP, existing second-lien holders may receive incentive payments to extinguish their debts in accordance with the schedule set forth in Table 2.16, or they may negotiate with the first-lien holder for a portion of the new subordinate lien loan.[265] Regardless of which choice second-lien holders make, the total of all liens cannot exceed the 115% cap. By obtaining a new FHA-guaranteed loan for an amount that is closer to the current home value than their previous loan, homeowners receive the benefits of a lower monthly mortgage payment and reduction in the principal balance, improving their opportunity to achieve positive equity in their homes.[266]

If a borrower defaults on a loan refinanced under FHA Short Refinance and submits a claim, the letter of credit purchased by TARP compensates the refinancing investor for a first percentage (originally announced as 7.75 percent, but currently approximately 13.4 percent) of losses on each defaulted mortgage, up to the maximum amount specified by the program guidelines.[267] This percentage varies from year to year and is set according to a formula derived by the Office of Management and Budget.[268] FHA thus is potentially responsible for the remaining approximately 86.6% of potential losses on each mortgage, until the earlier of either (i) the time that the $8.0 billion letter of credit posted by Treasury is exhausted, or (ii) 10 years from the issuance of the letter of credit (October 2020), at which point FHA will bear all of the remaining losses.[269] TARP has also made an estimated allocation of $2.7 billion under its existing servicer caps to make incentive payments, subject to certain limitations, to (1) investors for preexisting second-lien balances that are partially or fully extinguished under FHA2LP and (2) servicers, in the amount of $500 for each second-lien mortgage placed into the program.[270]

HFA HHF

On February 19, 2010, the Administration announced a new housing support program, HHF, which was intended to promote innovative measures to protect home values, preserve homeownership, and promote jobs and economic growth in the states that have been hit the hardest by the housing crisis.[271] The first round of HHF was allocated $1.5 billion of the amount designated for MHA initiatives. According to Treasury, these funds were designated for five states where the average home price, determined using the Federal Housing Finance Agency ("FHFA") Purchase Only Seasonally Adjusted Index, had decreased more than 20% from its peak. The five states were Arizona, California, Florida, Michigan, and Nevada.[272] Plans to use these funds were approved on June 23, 2010.[273]

On March 29, 2010, Treasury expanded HHF to include five additional states and increased the program's potential funding by $600 million, bringing total funding to $2.1 billion. The additional $600 million was designated for North Carolina, Ohio, Oregon, Rhode Island, and South Carolina. Treasury indicated that these states were selected because of their high concentrations of people living in economically distressed areas, defined as counties in which the unemployment rate exceeded 12%, on average, in 2009.[274] Plans to use these funds were approved on August 3, 2010.[275]

On August 11, 2010, the Government pledged a third round of HHF funding of $2 billion in additional assistance to state HFA programs that focus on unemployed homeowners who are struggling to make their payments.[276] According to Treasury, the third funding round was limited to states that have experienced unemployment rates at or above the national average during the preceding 12 months.[277] The states designated to receive funding were Alabama, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Mississippi, Nevada, New Jersey, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, and Tennessee. Washington, D.C. will also receive funding.[278] States already covered by the first two HHF rounds of funding may use the additional resources "to support the unemployment programs previously approved by Treasury or they may opt to implement a new unemployment program."[279] States seeking to tap HHF for the first time were required to submit need-specific proposals that met program guidelines to Treasury by September 1, 2010.[280] Plans to use to these funds were approved on September 23, 2010.[281]

Finally, on September 29, 2010, an additional $3.5 billion was made available to existing HHF participants, weighted by population, to be used in previously announced programs.[282] Table 2.17 shows the obligation of funds and funds drawn for states participating in the four rounds of HHF as of December 31, 2010. According to Treasury, although as of December 31, 2010, "$103.6 million has been drawn down by the states, only a small portion of that amount has been spent to date by the states, and the majority of what actually has been spent has been for permitted administrative expenses and costs associated with setting up their programs, not just assistance to borrowers."[283]

TABLE 2.17

HARDEST-HIT FUNDING ALLOCATIONS BY STATE, AS OF 12/31/2010

Recipient	Amount Obligated	Amount Drawn
Alabama	$162,521,345	$8,000,000
Arizona	267,766,006	6,255,000
California	1,975,334,096	17,490,000
Florida	1,057,839,136	10,450,000
Georgia	339,255,819	8,500,000
Illinois	445,603,557	—
Indiana	221,694,139	—
Kentucky	148,901,875	—
Michigan	498,605,738	7,725,000
Mississippi	101,888,323	—
Nevada	194,026,240	2,600,000
New Jersey	300,548,144	—
North Carolina	482,781,786	15,000,000
Ohio	570,395,099	11,600,000
Oregon	220,042,786	5,501,070
Rhode Island	79,351,573	3,000,000
South Carolina	295,431,547	7,500,000
Tennessee	217,315,593	—
Washington, D.C.	20,697,198	—
Total	**$7,600,000,000**	**$103,621,070**

Source: Treasury, response to SIGTARP data call, 1/7/2011.

The HFAs of the 18 states and the District of Columbia that can receive HHF funding each submitted proposals to Treasury, and their purpose, according to Treasury, was to "meet the unique challenges facing struggling homeowners in their respective housing markets."[284] According to Treasury, each state's HFA will report program performance on a quarterly basis and post the reports on its website. Some states will initiate pilot programs to assess program performance before full implementation. According to Treasury, individual state laws, staffing levels of the HFAs and the relative complexity of each state's program are some of the reasons that explain the variance in the availability of programs.[285] All programs will be funded incrementally up to their obligated amounts. Treasury indicated that states can reallocate funds between programs and modify existing programs as needed, with Treasury approval, until funds are expended or returned to Treasury after December 31, 2017. Treasury informed SIGTARP that as of the drafting of this report, it was unable to report on the number of modifications under this program.[286] HHF program specifics and funding details for the participating states and the District of Columbia are shown in the following tables.

HHF – State-by-State Description

ALABAMA		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
Alabama's HFA will administer Hardest-Hit funds to subsidize eligible unemployed homeowners' current mortgage payments and all other mortgage-related expenses up to a total of 12 consecutive months or $15,000 per household. Continued eligibility will be contingent upon homeowners remaining in their homes and their eligibility to receive unemployment compensation. Assistance will cease two months after the homeowner returns to work. Assistance will be in the form of a zero-interest loan that will be forgiven in equal annual increments based on the term of the loan.	$135,497,105	9,033 – 13,500
Administrative Costs	**$27,024,240**	**N/A**
Total	**$162,521,345**	**9,033 – 13,500**

Source: Treasury, "Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/ALABAMA%202nd%20Amendment.pdf, accessed 1/20/2011.

ARIZONA		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Permanent Modification Component is designed to help homeowners avoid foreclosure by permanently modifying a borrower's primary mortgage to achieve a monthly payment that does not exceed 31% of the borrower's monthly income. Loan modifications may include principal reduction (the amount of any principal reduction provided by HHF Program funds must be matched by a borrower's lender/servicer), interest rate reduction, and/or term extension. The Permanent Modification Component aspires to achieve a 90% success rate in modifying loans with the borrowers' lenders/servicers.	$216,800,000	4,336 – 7,227
The Second Mortgage Assistance Component is designed to help homeowners avoid foreclosure by eliminating a second mortgage if necessary to modify the terms of the primary loan, and to reduce the likelihood that a borrower will re-default under the primary loan as a result of the burden of a second mortgage. The amount of any principal reduction must be matched by a borrower's lender/servicer.	$7,500,000	1,500 – 1,875
The Temporary Modification Component is designed to help homeowners remain in their homes and prevent avoidable foreclosures despite loss of income due to unemployment or underemployment. The funds will reduce past-due payments, and provide borrowers additional time to find alternate employment and replace income needed to make mortgage payments. The Temporary Modification Component is designed to complement other components of the HHF Program. Funds available under the Temporary Modification Component may also be applied to remove second mortgages as necessary to modify the terms of the primary loan. The amount of any principal reduction must be matched by a borrower's lender/servicer.	$24,000,000	2,000 – 2,857
Administrative Costs	**$19,466,006**	**N/A**
Total	**$267,766,006**	**7,836 – 11,959**

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/ARIZONA%203rd%20Amendment.pdf, accessed 1/20/2011.

CALIFORNIA		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Unemployment Mortgage Assistance Program is designed to help homeowners remain in their homes and prevent avoidable foreclosures despite loss of income due to unemployment. The program subsidizes mortgage payments for up to six months, paying 100% of the monthly payment up to $3,000. The program is designed to assist borrowers who are currently eligible to receive unemployment benefits. The funds will minimize past due payments, and provide a borrower with additional time to find alternate employment and replace income needed to make their mortgage payment. The program also complements other loss mitigation programs, including increasing a borrower's eligibility for an extended written forbearance plan and/or loan modification.	$874,995,915	60,531
The Mortgage Reinstatement Assistance Program pays past-due first mortgage amounts up to $15,000. The goal of the program is for the applicable lender/servicer to match the funds.	$129,400,000	9,211
The Principal Reduction Program pays up to $50,000 on a one-time only basis to reduce principal owed on qualifying properties with negative equity. The goal of the program is for the applicable lender/servicer to match the funds.	$790,488,124	25,135
The Transition Assistance Program funds would be available on a one-time-only basis up to $5,000 per household and could be used or layered with other CalHFA Mortgage Assistance Corporation HHF Programs. All funds will be sent to the servicer, subject to servicer/investor approval of short sale or deed-in-lieu of foreclosure. Funds are intended to help the borrower pay the costs of securing new housing (*e.g.*, rent, moving expenses, and security deposits) and will be available for transition assistance counseling services.	$32,300,000	6,460
Administrative Costs	**$148,150,057**	**N/A**
Total	**$1,975,334,096**	**101,337**

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Redacted%20CALIFORNIA%203rd%20Amendment.pdf, accessed 1/20/2011.

FLORIDA		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Unemployment Mortgage Assistance Program focuses on the creation of a sustainable solution to keep unemployed or underemployed Florida homeowners in their current homes by helping those who are struggling to make their current mortgage payments because of hardships sustained since purchasing their homes. Florida Housing will use HHF Program funds to pay up to 18 months of mortgage payments on behalf of a qualified homeowner. This partnership will potentially extend the time period for homeowners to become re-employed at a salary that is sufficient to allow them either to resume making full mortgage payments or to qualify for a mortgage modification that will lower the payments and terms of the mortgage to an affordable level.	$726,032,540	29,000
The Mortgage Loan Reinstatement Program ("MLRP") focuses on the creation of a sustainable solution to keep Florida homeowners in their current homes by helping those who are behind on their mortgage payments because of financial hardship sustained since purchasing the home, such as unemployment, substantial underemployment, death, divorce or disability. HHF Program funds will only be used to pay, directly to the first mortgage loan servicer, up to 180 days of arrearage payments, to include principal and interest plus any required escrow payments (such as taxes and insurance), late fees and insufficient fund fees. The borrower must be able to resume current payments or qualify for a mortgage modification that will lower the payments and terms of the mortgage to an affordable level, based upon the current income.	$242,010,846	9,700
Administrative Costs	**$89,795,750**	**N/A**
Total	**$1,057,839,136**	**38,700**

Source: Treasury,"Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Florida%203rd%20Amendment.pdf, accessed 1/20/2011.

GEORGIA

Description	Allocation	Estimated Number of Borrowers to be Helped
The Mortgage Payment Assistance ("MPA") program will provide loans to unemployed and substantially underemployed homeowners to help them remain in their homes and avoid preventable foreclosures, despite loss of income due to involuntary job loss. Loan proceeds will be used to pay mortgage payments to assist unemployed and underemployed homeowners while they look for new jobs or complete training for new careers as well as provide a one-time payment to homeowners who have found new jobs in order to bring them current on their mortgage. Assistance will be in the form of zero-interest, nonrecourse, deferred-payment subordinate loans that will be forgiven 20% per year over the five-year loan. Assistance will last 18 months or two months beyond the date on which the homeowner secures adequate employment, whichever is less.	$311,972,813	18,300
Administrative Costs	**$27,283,006**	**N/A**
Total	**$339,255,819**	**18,300**

Source: Treasury, "Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Georgia%202nd%20Amendment.pdf, accessed 1/20/2011.

ILLINOIS

Description	Allocation	Estimated Number of Borrowers to be Helped
The Homeowner Emergency Loan Program ("HELP") will assist unemployed or substantially underemployed homeowners by paying their mortgages for up to 18 months while they search for employment and/or participate in job training. Homeowners must pay the Illinois Housing Development Authority at least 31% of household income to remain eligible. Assistance is limited to 18 months or until one month after borrowers regain employment, whichever is sooner. This assistance will be in the form of a zero-interest, non-recourse, non-amortizing 10-year loan. Total assistance per homeowner will be capped at $25,000 in hardest-hit counties and $20,000 in all others.	$381,396,200	16,000 – 27,000
Administrative Costs	**$64,207,357**	**N/A**
Total	**$445,603,557**	**16,000 – 27,000**

Source: Treasury, "Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Illinois%202nd%20Amendment.pdf, accessed 1/20/2011.

INDIANA

Description	Allocation	Estimated Number of Borrowers to be Helped
The Unemployment Bridge Program ("UBP") will provide a monthly benefit to cover a portion of first mortgage payments for homeowners who are unemployed through no fault or neglect of their own, while they seek new employment. The program will also provide up to three months' of assistance to homeowners who became delinquent while unemployed and still cannot bring their mortgage current with income from their new jobs. Program assistance will be capped at 18 months in hardest-hit counties and 12 months in all others. Assistance will be provided in the form of a forgivable, nonrecourse, non-amortizing loan, secured by a junior lien on the property. The loan will be forgiven at a rate of 20% per year in years 6 through 10 of the loan.	$205,160,139	5,895
Administrative Costs	**$16,534,000**	**N/A**
Total	**$221,694,139**	**5,895**

Source: Treasury, "First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 9/29/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/IN%20Redacted%201st%20Amendment.pdf, accessed 1/20/2011.

KENTUCKY		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Kentucky Unemployment Bridge Program ("UBP") will provide funds to lenders and servicers on behalf of qualified homeowners who are delinquent on their mortgages due to unemployment or substantial underemployment. Funds will be used to make 100% of the homeowner's monthly mortgage payment up to a limit of 12 months or $12,500. Assistance will be structured as a zero-interest loan that will be forgiven 20% each year over five years.	$125,000,000	10,000 – 15,000
Administrative Costs	**$23,901,875**	**N/A**
Total	**$148,901,875**	**10,000 – 15,000**

Source: Treasury, "Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Kentucky%202nd%20Amendment.pdf, accessed 1/20/2011.

MICHIGAN		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Principal Curtailment Program will provide a one-time matching fund of up to $10,000 to homeowners seeking to modify their loans. The lender/servicer must agree to provide matching forgiveness of principal overhang and to modify the reduced loan balance. Borrowers can receive HAMP assistance prior to or after receiving program assistance.	$30,400,000	3,044
Loan Rescue will provide up to $5,000 in assistance to households who can now sustain homeownership, catch up on delinquent payments and avoid foreclosure. The program will provide a one-time award that will be paid directly to the lender/servicer.	$108,800,000	21,760
The Unemployment Mortgage Subsidy Program will assist the eligible borrower in retaining homeownership by subsidizing 100% or $1,500 (whichever is less) of the first mortgage payment due after the borrower is approved for the program, and 50% or $750 (whichever is less) of the subsequent 11 mortgage payments. The assistance will not exceed a total of 12 consecutive months or $9,750. Homeowners will continue to be responsible for the remaining unsubsidized portion of their monthly payment. Borrowers will also be eligible for up to an additional $3,000 in assistance to correct a mortgage delinquency that accumulated during a period of unemployment prior to receiving monthly mortgage assistance.	$313,874,464	24,618
Administrative Costs	**$45,531,274**	**N/A**
Total	**$498,605,738**	**49,422**

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Michigan%203rd%20Amendment%20(Redacted)%20v2.pdf, accessed 1/20/2011.

MISSISSIPPI		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Home Saver Program is offered to borrowers who are unemployed or substantially underemployed. The program will pay 100% of the monthly mortgage payment for up to 12 months and up to an additional 12 months contingent upon the borrower entering an educational program at his or her own expense that leads to a certification or degree from one of the state's community colleges or a four-year institution if the program can be completed within 24 months. Borrowers in designated distressed counties will receive support for up to six additional months to find a job after completing their educational training. Assistance may also be provided to pay up to 6 months of arrears accumulated during a period of unemployment or substantial underemployment. Total assistance per borrower will be limited to $44,000. Borrowers with income that is 120% or more of the state's average income and mortgages above $271,000 will not be eligible for the program.	$89,123,115	3,800
Administrative Costs	**$12,765,208**	**N/A**
Total	**$101,888,323**	**3,800**

Source: Treasury, "Second Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Mississippi%202nd%20Amendment.pdf, accessed 1/20/2011.

NEVADA

	Allocation	Estimated Number of Borrowers to be Helped
The goal of the Principal Reduction Program is to reduce first-mortgage principal balances throughout the State of Nevada such that the loan-to-value ratios are reduced to 115% or less and, correspondingly, the Principal, Interest, Taxes, and Insurance ("PITI") payment is reduced to 31% or less of the homeowner's gross income. The program will provide a principal reduction of up to $25,000, with a 1:1 match from the note holder if possible. The 1st Mortgage Principal Reduction Program will assist the underemployed and income-restricted homeowner candidates.	$75,412,387	2,468 – 5,000
The goal of the Second Mortgage Reduction Program is to assist families in removing the impediment of a second lien on their property such that either a refinancing or first-mortgage modification can be carried out, thus preventing foreclosure. The maximum amount of the program will be $16,500 per dwelling and will be a one-time payment.	$36,552,962	2,200
The Short-Sale Acceleration Program is aimed at assisting borrowers who are beginning or need to initiate the short-sale process to relieve themselves of unsustainable mortgage burdens — even with a material loan principal reduction. The program is expected to last up to 24 months and will pay out a maximum of $8,025 to a qualified family. The candidates for the Short-Sale Acceleration program will have been through a HAMP or similar private bank or GSE loan modification process and "failed" by a sufficiently material level to not even qualify for Nevada's Principal Reduction Program for first mortgages.	$6,175,464	1,371
The Mortgage Assistance Program ("MAP") is designed to keep first mortgages current for families with an unemployed wage earner. The program will provide up to the lesser of one-third of the principal and interest payments or a $500 supplement to the family's monthly principal and interest payments on the first-lien mortgage. For qualifying families, MAP payments may extend up to six months or up to two months after employment. The payments are intended to serve as a financial bridge to unemployed homeowners while they attempt to upgrade their work skills. All MAP assistance will be structured as a zero-interest, forgivable nonrecourse loan. Borrowers who sustain homeownership for 60 successive months following the end of the MAP payments will have their payment amounts forgiven.	$50,906,871	16,969
Administrative Costs	**$24,978,556**	**N/A**
Total	**$194,026,240**	**23,008 – 25,540**

Note: The Mortgage Assistance Program was added to the Nevada HFA's existing HHF-funded programs as part of the third round of Hardest-Hit funding, approved 9/23/2010.

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Redacted%20NEVADA%203rd%20Amendment.pdf, accessed 1/20/2011.

NEW JERSEY

Description	Allocation	Estimated Number of Borrowers to be Helped
The New Jersey HomeKeeper Program will provide zero-interest mortgage loans to unemployed and substantially underemployed homeowners unable to make their mortgage payments and in danger of losing their homes through no fault of their own. Loan proceeds will be used to cover mortgage arrearages and/or portions of monthly mortgage payments while the homeowner looks for work or trains for a new career. The maximum loan is $48,000 and may be available for up to 24 months. Assistance will be a zero-interest, deferred-payment, nonrecourse loan forgivable at a rate of 20% per year after the 5th year and in full at the end of the 10th year.	$261,933,144	6,900
Administrative Costs	**$38,615,000**	**N/A**
Total	**$300,548,144**	**6,900**

Source: Treasury, "Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 10/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/New%20Jersey%202nd%20Amendment.pdf, accessed 1/20/2011.

NORTH CAROLINA		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Mortgage Payment Program ("MPP-1") will provide zero-interest, nonrecourse, deferred-payment subordinate loans that will be forgiven after 10 years to homeowners who are unemployed or dealing with a temporary program-eligible hardship. Loan proceeds will be used to pay monthly mortgage and mortgage-related expenses while homeowners seek or train for new jobs. Homeowners in hardest-hit counties will receive up to $36,000 (not to exceed 36 months of assistance). Homeowners in other counties will receive up to $24,000 (not to exceed 24 months of assistance).	$99,400,000	5,750
The Mortgage Payment Program ("MPP-2") will provide zero-interest, nonrecourse, deferred-payment, subordinate loans that will be forgiven after 10 years to homeowners who are unemployed or substantially underemployed, or in danger of losing their homes to foreclosure. Loan proceeds will be used to pay mortgage and mortgage-related expenses until the homeowner secures employment or completes training for a new career. Homeowners in counties where the unemployment rate is higher than 11.3% will receive up to $36,000 (not to exceed 36 months of assistance). Homeowners in other counties will receive up to $24,000 (not to exceed 24 months of assistance).	$297,381,786	14,090
The Second Mortgage Refinance Program ("SMRP") will provide zero-interest, nonrecourse, deferred-payment subordinate loans that will be forgiven after 10 years to homeowners who can no longer afford their second mortgages because of recent unemployment, reduction in income, or other demonstrated financial hardships. The program will be offered only in hardest-hit counties.	$15,000,000	1,000
The Permanent Loan Modification Program ("PMLP") will provide zero-interest, nonrecourse, deferred-payment subordinate loans that will be forgiven after 10 years. The goal of the program is to streamline methods of modifying homeowners' loans whose mortgages have become unsustainable as a result of a program-eligible hardship. The program will provide for a principal reduction with the added option of a rate decrease and/or term extension by the lender to achieve a monthly mortgage payment of not more than 31% of the homeowner's monthly gross income.	$8,800,000	440
Administrative Costs	**$62,200,000**	**N/A**
Total	**$482,781,786**	**21,280**

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 10/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/North%20Carolina%203rd%20Amendment.pdf, accessed 1/20/2011.

OHIO		
Description	**Allocation**	**Estimated Number of Borrowers to be Helped**
The Rescue Payment Assistance Program will provide assistance to homeowners who are delinquent on their mortgage payments due to a delay in receiving unemployment benefits, insufficient income, or other unforeseen circumstances, by bringing them current on delinquent mortgage obligations. The program will be available to eligible unemployed low- and moderate-income homeowners throughout Ohio, up to $15,000. Rescue Payment Assistance will be structured as a zero-interest, five-year loan secured by the property and repayable only from equity proceeds of a refinance or sale. Twenty percent of the loan balance will be forgiven each year on the anniversary of the closing, and any remaining balance will be forgiven on December 31, 2017.	$106,904,903	17,835
The Partial Mortgage Payment Assistance Program supports unemployed homeowners by assisting them with their mortgage payments for up to 15 months while they search for a job and/or participate in job training. The program will be available to eligible unemployed low- and moderate-income homeowners throughout Ohio, up to $15,000. Assistance will be a five-year loan secured by the property and repayable only from equity proceeds of a refinance or sale. Twenty percent of the loan balance will be forgiven each year on the anniversary of the closing, and any remaining balance will be forgiven on December 31, 2017.	$299,540,000	31,900
The Mortgage Modification with Principal Reduction Program will provide assistance to homeowners who do not qualify for existing loan modification programs due to severe negative equity. Funds will be used to incentivize servicers/lenders to reduce a participating underwater homeowner's mortgage principal to the level necessary to achieve a target of a 115% loan-to value ratio or less and to achieve an affordable monthly payment equal to 31% or less of household income. Servicers will provide principal forbearance or forgiveness equal or greater than the program payment. Assistance will be a five-year loan secured by the property and repayable only from equity proceeds of a refinance or sale. Twenty percent of the loan balance will be forgiven each year on the anniversary of the closing, and any remaining balance will be forgiven on December 31, 2017.	$22,717,635	2,350

Continued on next page.

OHIO (CONTINUED)		
The Transition Assistance Program will assist homeowners whose mortgage payment exceeds the Affordable Monthly Payment, and/or must relocate to gain meaningful employment. The program requires lenders/servicers to consider a short sale or deed-in-lieu of foreclosure option. Borrowers willing to relocate while leaving the property in sellable condition can receive a stipend. The program will be available to eligible low- and moderate-income homeowners throughout Ohio, up to the maximum benefit of $15,000.	$18,013,462	4,900
The Short Refinance Program will provide up to $15,000 in funds to lenders/servicers on behalf of homeowners who wish to refinance to a new mortgage loan in order to lower their monthly payment. Funds will be used to reduce the principal balance of homeowner's mortgage, which will incentivize lenders/servicers to match the Program payment in the form of principal forgiveness to, in the aggregate, reduce homeowner's mortgage principal balance to the level necessary to qualify for a refinance, with a target of 95 percent to 100 percent combined loan-to-value ratio.	$50,000,000	6,500
Administrative Costs	**$73,219,099**	**N/A**
Total	**$570,395,099**	**63,485**

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Ohio%203rd%20Amendment.pdf, accessed 1/20/2011.

OREGON

Description	Allocation	Estimated Number of Borrowers to be Helped
The Loan Modification Assistance Program will provide funds to assist financially distressed borrowers who are in the process of modifying their home loans. A one-time payment will be made to lenders/servicers to fill a financial gap limiting the homeowner's eligibility for a loan modification. Funds may be used to reduce outstanding principal, pay delinquent escrow, or strategically apply resources to ensure an NPV test is positive. Modification must result in a loan-to-value ratio of not more than 125%, a total debt-to-income ratio of up to 50%, and a mortgage payment of no more than 31% including principal, interest, taxes, and insurance. Program assistance will be a five-year loan in which a second lien is recorded on the property. Twenty percent of the loan will be forgiven each year it is outstanding. The maximum benefit per homeowner is $10,000.	$100,000,000	5,000
The Mortgage Payment Assistance Program will provide up to 12 months or $20,000 of mortgage payment assistance, whichever is used first, for unemployed or substantially underemployed homeowners. Program assistance will be a five-year loan in which a second lien is recorded on the property. Twenty percent of the loan will be forgiven each year it is outstanding. The program will provide a maximum benefit of $20,000 per borrower.	$67,700,000	3,385
The Loan Preservation Assistance Program will benefit homeowners who find new jobs or recover from financial distress. Program assistance will ensure successful modification and pay arrears, delinquent escrow, or other fees incurred during a period of unemployment or financial distress. Recipients may receive up to $20,000. Lenders/servicers will receive a one-time payment on behalf of the borrower and will waive administrative fees.	$7,552,038	2,515
The Transition Assistance Program will be offered to homeowners at imminent risk of foreclosure. This program will be an alternative exit point for Mortgage Payment Subsidy Program participants who do not get new jobs or recover from financial distress to the extent that they would benefit from loan preservation assistance. This program will work with lender/servicer short sale and deed-in-lieu of foreclosure programs to help homeowners transition to affordable housing. Funds will be available on a one-time basis up to $3,000.	$26,000,000	2,600
Administrative Costs	**$18,790,748**	**N/A**
Total	**$220,042,786**	**13,500**

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Oregon%203rd%20Amendment.pdf, accessed 1/20/2011.

RHODE ISLAND

Description	Allocation	Estimated Number of Borrowers to be Helped
Loan Modification Assistance for HAMP Customers (“LMA-HAMP”) will provide up to $6,000 to allow homeowners to qualify for HAMP modifications. Lenders/servicers must first exhaust all steps required under the HAMP waterfall process and still not be able to modify the mortgage. Borrowers must have monthly mortgage payments greater than 31% of their gross monthly income and must be able to document financial hardship putting them at risk of foreclosure. Program assistance will be a zero-interest five-year loan secured by the property and forgivable at 20% per year over five years. Lenders must agree to provide a one-to-one match and a HAMP modification agreement must be signed by the borrower and lender. In addition, up to $30,000 in total assistance may be available through the Temporary and Immediate Homeowner Assistance (TIHA) program for targeted homeowners at risk of foreclosure.	$10,000,000	1,750
Loan Modification Assistance for non-HAMP Customers (“LMA Non-HAMP”) will provide up to $6,000 to allow homeowners to qualify for a modification. All borrowers must be able to document their financial hardship. Program assistance will be a zero-interest five-year loan secured by the property and forgivable at 20% per year over five years. In addition, up to $30,000 in total assistance may be available through the TIHA program for targeted homeowners who are at risk of foreclosure.	$10,000,000	1,750
The Temporary and Immediate Homeowner Assistance (“TIHA”) program aims to help homeowners who can document financial hardship caused by uncontrollable increases in housing expenses or uncontrollable decreases in incomes that put them at risk of foreclosure. To qualify, these income changes must meet a specified percentage on a sliding income scale. Assistance is capped at $6,000 from TIHA per household and limits assistance to $12,000 when combined with LMA-HAMP or LMA-Non-HAMP. In special circumstances, up to $30,000 in aid may be available to targeted homeowners who are at risk of foreclosure.	$10,000,000	2,750
The Moving Forward Assistance Program (“MFA”) will offer eligible homeowners a one-time payment, up to $4,000, to help them stay in their homes and to facilitate a short sale or deed-in-lieu of foreclosure and/or to assist the homeowner with relocation. In special circumstances, up to $30,000 may be available through TIHA to facilitate a short sale or deed-in-lieu of foreclosure for homeowners of targeted affordable properties that are at risk of foreclosure.	$3,500,000	875
The Mortgage Payment Assistance – Unemployment Program will provide up to $6,000 to help unemployed homeowners make partial mortgage payments while they search for a new job or participate in a job-training program. Homeowners will be required to contribute the greater of $250 or 31% of their total gross monthly household income toward their mortgage obligation. Homeowners can receive up to two months of assistance after securing a job as long as the household limit has not been reached. Program assistance will be a zero-interest loan secured by the property and forgivable at 20% per year over five years. When used in combination with LMA programs and TIHA, maximum household assistance will be capped at $14,500. When combined with MFA, household assistance is capped at $10,000.	$34,282,743	6,000
Administrative Costs	**$11,568,830**	**N/A**
Total	**$79,351,573**	**13,125**

Source: Treasury, “Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement,” 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Rhode%20Island%203rd%20Amendment.pdf, accessed 1/20/2011.

SOUTH CAROLINA

Description	Allocation	Estimated Number of Borrowers to be Helped
The Monthly Payment Assistance Program will help eligible homeowners make all of their monthly mortgage payments. The goal of the program is to bridge borrowers across a gap in employment, thus giving them time to become self-sustaining and avoid delinquency or foreclosure. Program assistance will be capped at 24 months or $36,000, depending on the unemployment rate in the county in which the property is located. Assistance will be a zero-interest loan forgiven over five years at a rate of 20% per year.	$157,305,000	8,500 – 13,000
The Direct Loan Assistance Program will assist homeowners who may have fallen behind on their mortgage payments, but later regained the ability to make their full payments. In many cases, arrears may have accrued that—until paid—place a hardship on the borrower because of the accumulation of late fees and other charges. This program aims to make these mortgages current, through a one-time payment, so the homeowner can avoid delinquency or foreclosure. Assistance is a one-time payment and will be capped at $10,000 per household, depending on county unemployment.	$49,980,000	7,000 – 11,000
The HAMP Assistance Program provides funding to homeowners applying for HAMP modifications, but falling just short of qualifying. Program assistance will bridge the gap so that homeowners can modify their mortgages to affordable levels, thus helping them avoid foreclosure. The goal of this program is to help borrowers become eligible for HAMP. Assistance is a one-time payment per borrower household and will be capped at $5,000.	$5,000,000	1,000 – 1,500
The Second Mortgage Assistance Program offers incentives to investors or, in some cases, funding to acquire second liens from investors unable or unwilling to modify these liens preventing homeowners from qualifying for HAMP. Assistance is a one-time payment per borrower household and will be capped at $10,000, depending on county unemployment.	$11,140,563	1,600 – 2,600
The Property Disposition Assistance Program is intended to facilitate short sales and deeds-in-lieu of foreclosure for homeowners who are unable to stay in their homes. Funds will also be used to transition families from homeownership to renting. Assistance is a one-time payment per borrower household and will be capped at $5,000.	$18,000,000	3,000 – 6,000
Administrative Costs	**$54,005,984**	**N/A**
Total	**$295,431,547**	**21,100 – 34,100**

Source: Treasury, "Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/South%20Carolina%203rd%20Amendment.pdf, accessed 1/20/2011.

TENNESSEE

Description	Allocation	Estimated Number of Borrowers to be Helped
The Hardest Hit Fund Program will provide loans to unemployed or substantially underemployed homeowners who are unable to make their payments and in danger of losing their homes to foreclosure. Homeowners may receive assistance up to a maximum of 12 or18 months (depending on county). Loans will be provided to homeowners until they secure employment or while they complete job training for a new career. Assistance will be capped at $20,000 up to 18 months in targeted areas and $15,000 up to 12 months in standard benefit counties.	$191,827,012	11,211
Administrative Costs	**$25,488,581**	**N/A**
Total	**$217,315,593**	**11,211**

Source: Treasury, "Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/Tennessee%202nd%20Amendment.pdf, accessed 1/20/2011.

WASHINGTON, D.C.

Description	Allocation	Estimated Number of Borrowers to be Helped
The HomeSaver Program will offer lump-sum or ongoing monthly payments to Unemployment Insurance (UI) claimants or those who have received UI payments in the last six months. Assistance is capped at 15 months. The Lifeline components will offer a one-time payment of up to three months' worth of mortgage payments to make the mortgage current. The Mortgage Assistance component will offer up to 15 months' worth of mortgage payments. The Restore component will be available for participants needing a one-time "catch up" payment. This will be capped at six months' worth of mortgage payments.	$17,466,704	540 – 1,000
Administrative Costs	**$3,230,494**	**N/A**
Total	**$20,697,198**	**540 – 1,000**

Source: Treasury, "Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement," 12/16/2010, www.treasury.gov/initiatives/financial-stability/housing-programs/hhf/DocumentsContracts_Agreements/WASHINGTON%20DC%202nd%20Amendment.pdf, accessed 1/20/2011.

FINANCIAL INSTITUTION SUPPORT PROGRAMS

Treasury created six TARP programs through which it made capital investments or asset guarantees in exchange for equity in participating financial institutions. Three of the programs, the Capital Purchase Program ("CPP"), the Community Development Capital Initiative ("CDCI"), and the Capital Assistance Program ("CAP"), were open to all qualifying financial institutions ("QFIs"). The other three, the Systemically Significant Failing Institutions ("SSFI") program, the Targeted Investment Program ("TIP"), and the Asset Guarantee Program ("AGP"), were available on a case-by-case basis to institutions that needed assistance beyond that available through CPP. To help improve the capital structure of some struggling TARP recipients, Treasury has agreed to modify its investment by converting the preferred stock it originally received into other forms of equity, such as common stock or mandatorily convertible preferred stock.[287]

With the expiration of TARP funding authorization, no new investments can be made through CPP, CAP, TIP, AGP, and CDCI, but dollars that are already obligated may still be expended through SSFI.

CPP

Treasury's stated goal for CPP was to invest in "healthy, viable institutions" as a way to promote financial stability, maintain confidence in the financial system, and enable lenders to meet the nation's credit needs.[288] CPP was a voluntary program open to all QFIs through an application process. QFIs included U.S.-controlled banks, savings associations, and certain bank and savings and loan holding companies.[289]

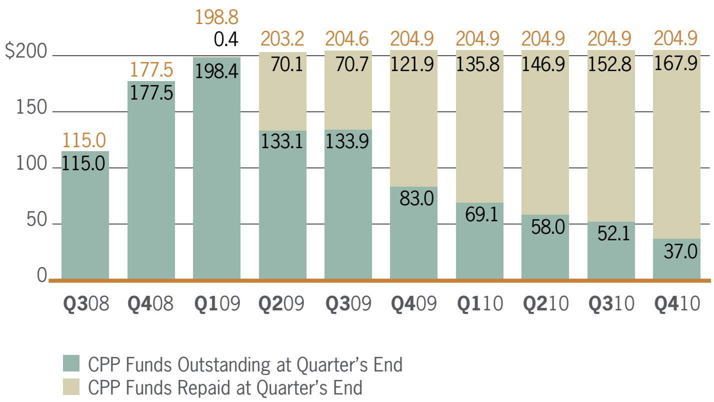
Under CPP, Treasury used TARP funds predominantly to purchase preferred equity interests in QFIs. The QFIs issued Treasury senior preferred shares that pay a 5% annual dividend for the first five years and a 9% annual dividend thereafter. In addition to the senior preferred shares, publicly traded QFIs issued Treasury warrants to purchase common stock with an aggregate market price equal to 15% of the senior preferred share investment. Privately held QFIs issued Treasury warrants to purchase additional senior preferred stock worth 5% of Treasury's initial preferred stock investment.[290] In total, Treasury invested $204.9 billion of TARP funds in 707 QFIs through CPP.[291]

Through December 31, 2010, CPP recipients had repaid $167.9 billion, leaving $37.0 billion outstanding. In addition, Treasury had received from CPP recipients approximately $10.4 billion in interest and dividends. Treasury also had received

FIGURE 2.5

SNAPSHOT OF CPP FUNDS OUTSTANDING AND REPAID, BY QUARTER

($ BILLIONS)



Note: Numbers affected by rounding.

Sources: Treasury, *Transactions Report*, 12/31/2010; Treasury, response to SIGTARP vetting draft, 10/7/2010.

$6.9 billion through the sale of CPP warrants that were obtained from TARP recipients.[292] For a snapshot of CPP funds outstanding and associated repayments, see Figure 2.5.

Status of Funds

Through CPP, Treasury purchased $204.9 billion in preferred stock and subordinated debentures from 707 QFIs in 48 states, the District of Columbia, and Puerto Rico. Although the 10 largest investments accounted for $142.6 billion of the program, CPP made many smaller investments: 331 of 707 recipients received $10.0 million or less.[293] Table 2.18 and Table 2.19 show the distribution of investments by amount.

Repayment of Funds

Through December 31, 2010, 143 banks — including 10 with the largest CPP investments — had repaid CPP by repurchasing from Treasury some or all of the banks' preferred shares.[294] As of that date, Treasury had received approximately $167.9 billion in principal repayments, leaving approximately $37.0 billion outstanding.[295] For a complete list of CPP share repurchases, see Appendix D: "Transaction Detail."

TABLE 2.18

CPP INVESTMENT SUMMARY BY TRANSACTION

	Original[a]	**Current**[b]
Total Investment	$204.9 billion	$37.0 billion
Largest Capital Investment	25 billion	3.5 billion
Smallest Capital Investment	301 thousand	301 thousand
Average Capital Investment	277.3 million	61.0 million
Median Capital Investment	$10.3 million	$9.5 million

Notes: Numbers affected by rounding. Data as of 12/31/2010.
[a] These numbers are based on total Treasury CPP investment since 10/28/2008.
[b] Amount does not include those investments that have already been repaid or are related to institutions that filed for bankruptcy protection, and is based on total investments outstanding.

Source: Treasury, *Transactions Report*, 12/31/2010.

TABLE 2.19

CPP INVESTMENT SIZE BY INSTITUTION

	Original[a]	**Outstanding**[b]
$10 billion or more	6	0
$1 billion to $10 billion	19	7
$100 million to $1 billion	57	34
Less than $100 million	625	537
Total	**707**	**578**

Notes: Data as of 12/31/2010. Data is based on the institutions' total CPP investments. There are more than 30 institutions that have received multiple transactions through CPP.
[a] These numbers are based on total Treasury CPP investment since 10/28/2008.
[b] Amount does not include those investments that have already been repaid or are related to institutions that filed for bankruptcy protection, and is based on total investments outstanding.

Source: Treasury, *Transactions Report*, 12/31/2010.

Program Administration

Although Treasury's investment authority for CPP has ended, Treasury still has significant responsibilities for managing the existing CPP portfolio, including the following:

- collecting dividends and interest payments on outstanding investments
- monitoring the performance of outstanding investments
- disposing of warrants as investments are repaid
- selling or restructuring Treasury's investment in some troubled financial institutions
- selecting observers for recipients that have missed five quarterly dividend payments
- potentially selecting directors for recipients that have missed six or more quarterly dividend payments.

Dividends and Interest

As of December 31, 2010, Treasury had earned $10.4 billion in dividends and interest on its CPP investments.[296] However, as of that date, 155 QFIs had unpaid dividend or interest payments to Treasury totaling approximately $276.4 million, an increase from the 137 QFIs that had unpaid dividend (or interest) payments totaling approximately $211.3 million as of September 30, 2010. Approximately $9.8 million of the unpaid amounts are non-cumulative, meaning that the institution has no legal obligation to pay Treasury unless the institution declares a dividend.[297]

Table 2.20 shows the number of QFIs and total unpaid amount of dividend and interest payments by quarter from September 30, 2009, to December 31, 2010.

Treasury's Policy on Missed Dividend and Interest Payments

Under the terms of the preferred shares held by Treasury as a result of its CPP investments, in certain circumstances, such as when a participant misses six quarterly payments, Treasury has the right to appoint up to two additional members to the institution's board of directors.[298] According to Treasury, it continues to prioritize institutions for nominating directors in part based on whether its investment exceeds $25 million. Treasury has engaged an executive search firm to find a list of candidates suitable to act as members to the institution's board of directors.[299] According to Treasury, it "evaluates its CPP investments on an ongoing basis with the help of outside advisors, including external asset managers. The external asset managers provide a valuation for each CPP investment" that results in Treasury assigning the institution a credit score.[300] For those that have unfavorable credit scores, including any institution that has missed more than three dividend (or interest) payments, Treasury has stated that the "asset manager dedicates more resources to monitoring the institution and may talk to the institution on a more frequent basis."[301]

TABLE 2.20

MISSED DIVIDEND/INTEREST PAYMENTS BY QFIS, 9/30/2009 TO 12/31/2010
($ MILLIONS)

Quarter End	Number of QFIs	Value of Unpaid Amounts[a,b,c]
9/30/2009	38	75.7
12/31/2009	43	137.4
3/31/2010	67	182.0
6/30/2010[d]	109	209.7
9/30/2010	137	211.3
12/31/2010	155	276.4

Notes:
[a] Includes unpaid cumulative dividends, non-cumulative dividends, and Subchapter S interest payments but does not include interest accrued on unpaid cumulative dividends.
[b] Excludes institutions that missed payments but (i) had fully "caught up" on missed payments at the end of the quarter reported in column 1 or (ii) had repaid their investment amounts and exited CPP.
[c] Includes institutions that missed payments and (i) entered into a recapitalization or restructuring plan with Treasury; (ii) Treasury sold the CPP investment to a third party, or otherwise disposed of the investment to facilitate the sale of the institution to a third party without receiving full repayment of unpaid dividends; (iii) filed for bankruptcy relief; or (iv) had a subsidiary bank fail.
[d] Includes four QFIs and their missed payments not reported in Treasury's "Capital Purchase Program Missed Dividends & Interest Payments" as of 6/30/2010 but reported in Treasury's "Cumulative Dividends, Interest and Distributions Report" as of the same date. The four QFIs are CIT, Pacific Coast National Bancorp, UCBH Holdings, Inc., and Midwest Banc Holdings, Inc.

Sources: Treasury, "Capital Purchase Program Missed Dividends & Interest Payments," 12/31/2010; Treasury, "Cumulative Dividends, Interest and Distributions Report," 6/30/2010; Treasury, responses to SIGTARP data call, 10/7/2009, 1/12/2010, 4/8/2010 and 6/30/2010; SIGTARP Quarterly Report to Congress 1/30/2010; SIGTARP, January 2010 Quarterly Report, 1/30/2010; SIGTARP, April 2010 Quarterly Report, 4/20/2010; SIGTARP, July 2010 Quarterly Report, 7/21/2010; SIGTARP, October 2010 Quarterly Report, 10/26/2010.

Treasury has further stated that it would seek permission from institutions that miss five dividend (or interest) payments to send observers to the institutions' board meetings.[302] According to Treasury, the observers would be selected from the Office of Financial Stability ("OFS") and assigned to "gain a better understanding of the institution's condition and challenges and to observe how the board is addressing the situation." Their participation would be limited to inquiring about distributed materials, presentations, and actions proposed or taken during the meetings, as well as addressing any questions concerning their role.[303]

When Treasury's right to nominate a new board member becomes effective, it evaluates the institution's condition and health and the functioning of its board, including the information gathered by observers, to determine whether additional directors are necessary.[304] According to Treasury, recruiting qualified directors uses significant taxpayer resources.[305] These directors will not represent Treasury but will have the same fiduciary duties to shareholders as all other directors. They will be compensated by the institution in a similar manner as other directors.[306] As of December 31, 2010, Treasury "had not appointed members to any [CPP] institution's board" and had sent observers to 24 CPP recipients.[307]

According to Treasury, as of December 31, 2010, 19 QFIs had missed at least six dividend payments (up from eight last quarter) and 17 banks had missed five dividend payments totaling $94.2 million.[308] Table 2.21 lists CPP recipients that had unpaid dividend (or interest) payments as of December 31, 2010. SIGTARP and Treasury do not use the same methodology to report unpaid dividend and interest payments. For example, Treasury generally excludes institutions from its "non-current" reporting: (i) that entered into a recapitalization or restructuring with Treasury; (ii) for which Treasury sold the CPP investment to a third party, or otherwise disposed of the investment to facilitate the sale of the institution to a third party; (iii) that filed for bankruptcy relief; or (iv) that had a subsidiary bank fail.[309] SIGTARP generally includes such activity in Table 2.21 under "Value of Unpaid Amounts" with the value set as of the date of the bankruptcy, restructuring, or other event that relieves the institution of the legal obligation to continue to make dividend payments. SIGTARP, unlike Treasury, does not include in its table institutions that have "caught up" by making previously missed dividend and interest payments.[310] For a complete list of CPP recipients and institutions making dividend or interest payments, see Appendix D: "Transaction Detail."

TABLE 2.21

CPP-RELATED MISSED DIVIDEND AND INTEREST PAYMENTS,* AS OF 12/31/2010

Institution Name	Dividend or Payment Type[3]	Number of Payments	Value of Missed Payments[1]	Value of Unpaid Amounts[1, 2, 3]
Saigon National Bank	Non-Cumulative	8	$138,758	$138,758
Anchor BanCorp Wisconsin, Inc.[7]	Cumulative	7	9,854,167	9,854,167
Blue Valley Ban Corp [7]	Cumulative	7	1,903,125	1,903,125
Lone Star Bank[7]	Non-Cumulative	7	297,242	297,242
OneUnited Bank[7]	Non-Cumulative	7	1,055,513	1,055,513
Seacoast Banking Corporation of Florida[7]	Cumulative	7	4,375,000	4,375,000
United American Bank[7]	Non-Cumulative	7	823,177	823,177
Central Pacific Financial Corp.[7]	Cumulative	6	10,125,000	10,125,000
Centrue Financial Corporation[7]	Cumulative	6	2,450,100	2,450,100
Citizens Bancorp[7]	Cumulative	6	850,200	850,200
Dickinson Financial Corporation II[7]	Cumulative	6	11,939,880	11,939,880
First Banks, Inc.[7]	Cumulative	6	24,148,950	24,148,950
Georgia Primary Bank[7]	Non-Cumulative	6	377,413	377,413
Grand Mountain Bancshares, Inc.	Cumulative	6	244,970	244,970
Idaho Bancorp[7]	Cumulative	6	564,075	564,075
One Georgia Bank[7]	Non-Cumulative	6	455,453	455,453
Pacific City Financial Corporation[7]	Cumulative	6	1,324,350	1,324,350
Premier Service Bank[7]	Non-Cumulative	6	323,972	323,972
Royal Bancshares of Pennsylvania, Inc.[7]	Cumulative	6	2,280,525	2,280,525
Cascade Financial Corporation	Cumulative	5	2,435,625	2,435,625
Citizens Bank & Trust Company	Non-Cumulative	5	163,500	163,500
Citizens Commerce Bancshares, Inc.	Cumulative	5	429,188	429,188
Commonwealth Business Bank	Non-Cumulative	5	524,625	524,625
FC Holdings, Inc.	Cumulative	5	1,433,475	1,433,475
Heritage Commerce Corp[7]	Cumulative	5	2,500,000	2,500,000
Integra Bank Corporation[7]	Cumulative	5	5,224,125	5,224,125
Northern States Financial Corporation	Cumulative	5	1,075,688	1,075,688
Omega Capital Corp.	Cumulative	5	191,863	191,863
Pacific International Bancorp Inc	Cumulative	5	406,250	406,250
Pathway Bancorp[7]	Cumulative	5	253,863	253,863
Premierwest Bancorp[7]	Cumulative	5	2,587,500	2,587,500
Ridgestone Financial Services, Inc.	Cumulative	5	742,563	742,563
Rising Sun Bancorp	Cumulative	5	407,575	407,575
Rogers Bancshares, Inc.[7]	Cumulative	5	1,703,125	1,703,125
Syringa Bancorp	Cumulative	5	559,728	559,728
The Freeport State Bank	Non-Cumulative	5	20,500	20,500
Alliance Financial Services, Inc.*	Interest	4	755,100	755,100
BNCCORP, Inc.	Cumulative	4	1,095,100	1,095,100
Cecil Bancorp, Inc.	Cumulative	4	578,000	578,000
Central Virginia Bankshares, Inc.	Cumulative	4	569,250	569,250
Citizens Bancshares Co. (MO)	Cumulative	4	1,362,000	1,362,000
Citizens Republic Bancorp, Inc.	Cumulative	4	15,000,000	15,000,000

Continued on next page.

CPP-RELATED MISSED DIVIDEND AND INTEREST PAYMENTS,* AS OF 12/31/2010 (CONTINUED)

Institution Name	Dividend or Payment Type[3]	Number of Payments	Value of Missed Payments[1]	Value of Unpaid Amounts[1, 2, 3]
City National Bancshares Corporation	Cumulative	4	471,950	471,950
Community 1st Bank	Non-Cumulative	4	115,464	115,464
Congaree Bancshares, Inc.**	Cumulative	4	223,763	179,010
Duke Financial Group, Inc.*	Interest	4	1,006,800	1,006,800
Fidelity Federal Bancorp	Cumulative	4	352,799	352,799
First Federal Bancshares of Arkansas, Inc.	Cumulative	4	825,000	825,000
First Security Group, Inc.	Cumulative	4	1,650,000	1,650,000
First Sound Bank	Non-Cumulative	4	370,000	370,000
First Southwest Bancorporation, Inc.	Cumulative	4	299,750	299,750
FPB Bancorp, Inc. (FL)	Cumulative	4	290,000	290,000
Heartland Bancshares, Inc.	Cumulative	4	372,320	372,320
Intermountain Community Bancorp	Cumulative	4	1,350,000	1,350,000
Intervest Bancshares Corporation	Cumulative	4	1,250,000	1,250,000
Investors Financial Corporation of Pettis County, Inc.*	Interest	4	335,600	335,600
Maryland Financial Bank	Non-Cumulative	4	92,650	92,650
Midwest Banc Holdings, Inc.****, [4]	Cumulative	4	4,239,200	4,239,200
Monarch Community Bancorp, Inc.	Cumulative	4	339,250	339,250
Patterson Bancshares, Inc	Cumulative	4	201,150	201,150
Peninsula Bank Holding Co.**	Cumulative	4	312,500	237,500
Pierce County Bancorp****	Cumulative	4	370,600	370,600
Presidio Bank	Non-Cumulative	4	561,344	561,344
Tennessee Valley Financial Holdings, Inc.	Cumulative	4	166,799	166,799
The Bank of Currituck*****	Non-Cumulative	4	219,140	219,140
U.S. Century Bank	Non-Cumulative	4	2,737,880	2,737,880
Bankers' Bank of the West Bancorp, Inc.	Cumulative	3	516,623	516,623
Bridgeview Bancorp, Inc.	Cumulative	3	1,553,250	1,553,250
First Community Bancshares, Inc (KS)	Cumulative	3	604,950	604,950
First Trust Corporation*	Interest	3	1,130,653	1,130,653
FNB United Corp.	Cumulative	3	1,931,250	1,931,250
Gold Canyon Bank	Non-Cumulative	3	63,503	63,503
Goldwater Bank, N.A.**	Non-Cumulative	3	174,900	104,940
Gregg Bancshares, Inc.	Cumulative	3	33,705	33,705
Heritage Oaks Bancorp	Cumulative	3	787,500	787,500
Independent Bank Corporation***	Cumulative	3	3,960,421	3,960,421
Madison Financial Corporation	Cumulative	3	137,783	137,783
Midtown Bank & Trust Company**	Non-Cumulative	3	284,590	213,443
Millennium Bancorp, Inc.**	Cumulative	3	395,670	296,753
Northwest Bancorporation, Inc.	Cumulative	3	429,188	429,188
Patapsco Bancorp, Inc.	Cumulative	3	245,250	245,250
Plumas Bancorp	Cumulative	3	448,088	448,088
Prairie Star Bancshares, Inc.	Cumulative	3	114,450	114,450
Premier Bank Holding Company	Cumulative	3	388,313	388,313

Continued on next page.

CPP-RELATED MISSED DIVIDEND AND INTEREST PAYMENTS,* AS OF 12/31/2010 (CONTINUED)

Institution Name	Dividend or Payment Type[3]	Number of Payments	Value of Missed Payments[1]	Value of Unpaid Amounts[1, 2, 3]
Santa Clara Valley Bank, N.A.	Non-Cumulative	3	118,538	118,538
Sonoma Valley Bancorp****	Cumulative	3	353,715	353,715
Stonebridge Financial Corp.	Cumulative	3	454,550	454,550
TCB Holding Company	Cumulative	3	485,917	485,917
The Connecticut Bank and Trust Company	Non-Cumulative	3	178,573	178,573
Timberland Bancorp, Inc.	Cumulative	3	631,870	631,870
Treaty Oak Bancorp, Inc.	Cumulative	3	135,340	135,340
Valley Financial Corporation	Cumulative	3	608,253	608,253
1st FS Corporation	Cumulative	2	409,225	409,225
Alaska Pacific Bancshares, Inc.	Cumulative	2	119,525	119,525
Berkshire Bancorp, Inc.	Cumulative	2	78,825	78,825
Blue Ridge Bancshares, Inc.	Cumulative	2	327,000	327,000
BNB Financial Services Corporation	Cumulative	2	204,375	204,375
Boscobel Bancorp, Inc *	Interest	2	234,312	234,312
Broadway Financial Corporation	Cumulative	2	375,000	375,000
Cadence Financial Corporation*****	Cumulative	2	1,100,000	1,100,000
Capital Commerce Bancorp, Inc.	Cumulative	2	138,975	138,975
CBS Banc-Corp	Cumulative	2	662,175	662,175
CIT Group Inc.****, 5	Cumulative	2	29,125,000	29,125,000
Community Bankers Trust Corporation	Cumulative	2	442,000	442,000
Covenant Financial Corporation	Cumulative	2	136,250	136,250
First BanCorp (PR)***, 8	Cumulative	2	26,775,001	26,775,001
First Community Bank Corporation of America	Cumulative	2	267,125	267,125
Fresno First Bank	Non-Cumulative	2	33,357	33,357
Harbor Bankshares Corporation**	Cumulative	2	340,000	170,000
HomeTown Bankshares Corporation	Cumulative	2	266,830	266,830
Legacy Bancorp, Inc.	Cumulative	2	137,450	137,450
Market Bancorporation, Inc.	Cumulative	2	56,135	56,135
Mercantile Bank Corporation	Cumulative	2	525,000	525,000
Metropolitan Bank Group, Inc (Archer Bank)	Cumulative	2	1,949,070	1,949,070
MS Financial, Inc.	Cumulative	2	210,441	210,441
NC Bancorp, Inc.	Cumulative	2	187,480	187,480
Pacific Coast National Bancorp****	Cumulative	2	112,270	112,270
Pinnacle Bank Holding Company	Cumulative	2	119,580	119,580
Premier Financial Corp*	Interest	2	266,310	266,310
Provident Community Bancshares, Inc.	Cumulative	2	231,650	231,650
Superior Bancorp Inc.***	Cumulative	2	1,735,781	1,735,781
The Queensborough Company	Cumulative	2	327,000	327,000
Trinity Capital Corporation	Cumulative	2	974,893	974,893
Western Community Bancshares, Inc.	Cumulative	2	199,999	199,999
CalWest Bancorp	Cumulative	1	63,443	63,443
CB Holding Corp.	Cumulative	1	56,060	56,060

Continued on next page.

CPP-RELATED MISSED DIVIDEND AND INTEREST PAYMENTS,* AS OF 12/31/2010 (CONTINUED)

Institution Name	Dividend or Payment Type[3]	Number of Payments	Value of Missed Payments[1]	Value of Unpaid Amounts[1, 2, 3]
Central Federal Corporation	Cumulative	1	90,313	90,313
Colonial American Bank	Non-Cumulative	1	7,828	7,828
CSRA Bank Corp.	Cumulative	1	32,700	32,700
Exchange Bank	Non-Cumulative	1	585,875	585,875
FBHC Holding Company*	Interest	1	61,563	61,563
First Financial Service Corporation	Cumulative	1	250,000	250,000
First United Corporation	Cumulative	1	375,000	375,000
Florida Bank Group, Inc.	Cumulative	1	278,928	278,928
Fort Lee Federal Savings Bank	Non-Cumulative	1	17,713	17,713
Great River Holding Company*	Interest	1	176,190	176,190
Green Bankshares, Inc.	Cumulative	1	903,475	903,475
Liberty Shares, Inc.	Cumulative	1	235,440	235,440
Marine Bank & Trust Company	Non-Cumulative	1	40,875	40,875
MetroCorp Bancshares, Inc.**	Cumulative	1	1,687,500	562,500
Old Second Bancorp, Inc.	Cumulative	1	912,500	912,500
Pacific Commerce Bank**	Non-Cumulative	1	87,279	31,961
Premier Financial Bancorp, Inc.	Cumulative	1	278,150	278,150
Regent Bancorp, Inc**	Cumulative	1	272,005	136,003
Santa Lucia Bancorp	Cumulative	1	50,000	50,000
Spirit BankCorp, Inc.	Cumulative	1	408,750	408,750
Tidelands Bancshares, Inc	Cumulative	1	180,600	180,600
Tifton Banking Company****	Non-Cumulative	1	51,775	51,775
UCBH Holdings, Inc.****	Cumulative	1	3,734,213	3,734,213
Community Bank of the Bay[6]	Non-Cumulative	Not Provided	72,549	72,549
Hampton Roads Bankshares, Inc.***, [9]	Cumulative	Not Provided	4,017,350	4,017,350
Pacific Capital Bancorp***, [8, 9]	Cumulative	Not Provided	13,547,550	13,547,550
Sterling Financial Corporation (WA)***, [9]	Cumulative	Not Provided	18,937,500	18,937,500
The South Financial Group, Inc.*****, [9]	Cumulative	Not Provided	13,012,500	13,012,500
TIB Financial Corp*****, [9]	Cumulative	Not Provided	1,850,000	1,850,000
Total			**$278,214,963**	**$276,368,865**

Notes: Numbers may not total due to rounding. Approximately $9.8 million of the $276.4 million in unpaid CPP dividend/interest payments are non-cumulative and Treasury has no legal right to missed dividends that are non-cumulative.

* "Missed Interest Payments" occur when a Subchapter S recipient fails to pay Treasury interest on a subordinated debenture in a timely manner.

** Partial payments made after the due date.

*** Completed an exchange with Treasury. For an exchange of mandatorily convertible preferred stock or trust preferred securities, dividend payments normally continue to accrue. For an exchange of mandatorily preferred stock for common stock, no additional preferred dividend payments will accrue.

**** Filed for bankruptcy or subsidiary bank failed. For completed bankruptcy proceedings, Treasury's investment was extinguished and no additional dividend payments will accrue. For bank failures, Treasury may elect to file claims with bank receivers to collect current and/or future unpaid dividends.

***** Treasury sold or is selling CPP investment to the institution or a third party. No additional preferred dividend payments will accrue after a sale, absent an agreement to the contrary.

1 Includes unpaid cumulative dividends, non-cumulative dividends, and Subchapter S interest payments but does not include interest accrued on unpaid cumulative dividends.

2 Excludes institutions that missed payments but (i) had fully "caught up" on missed payments before 12/31/2010, or (ii) had repaid their investment amounts and exited CPP.

3 Includes institutions that missed payments and (i) entered into a recapitalization or restructure with Treasury; (ii) Treasury sold the CPP investment to a third party, or otherwise disposed of the investment to facilitate the sale of the institution to a third party without receiving full repayment of unpaid dividends; (iii) filed for bankruptcy relief; or (iv) had a subsidiary bank fail.

4 For Midwest Banc Holdings, Inc., the missed number of payments is the number last reported from SIGTARP's April 2010 Quarterly Report, prior to bankruptcy filing; the value of missed payments is from Treasury's response to SIGTARP data call, 10/13/2010; and the value of unpaid amounts is the unpaid amount.

5 For CIT Group Inc., the number of payments is from the number last reported from SIGTARP's January 2010 Quarterly Report, shortly after the bankruptcy filing; the value of missed payments is from Treasury's response to SIGTARP data call, 10/13/2010; and the value of unpaid amounts is the unpaid amount.

6 Community Bank of the Bay transferred into CDCI. Treasury reported an outstanding balance on the unpaid dividends but did not provide the related number of missed payments, therefore it is listed in this table as "Not Provided."

7 Treasury has assigned an observer to the institution's board of directors.

8 Treasury has a contractual right to assign an observer to the institution's board of directors but has not exercised this right.

9 Number of payments is "Not Provided" because Treasury reports the number of missed payments as "0" (zero); however, these institutions have remaining unpaid amounts.

Sources: Treasury, *Dividends and Interest Report*, 12/31/2010; Treasury, response to SIGTARP data call, 1/7/2011; SIGTARP, January 2010 Quarterly Report, 1/30/2010; SIGTARP, April 2010 Quarterly Report, 4/20/2010.

Warrant Disposition

As required by EESA, Treasury receives warrants when it invests in troubled assets from financial institutions, with an exception for certain small institutions. With respect to financial institutions with publicly traded securities, these warrants give Treasury the right, but not the obligation, to purchase a certain number of shares of common stock at a predetermined price.[311] Because the warrants rise in value as a company's share price rises, they permit Treasury (and the taxpayer) to benefit from a firm's potential recovery.[312] For publicly traded institutions, the warrants received by Treasury under CPP allowed Treasury to purchase additional shares of common stock in a number equal to 15% of the value of the original CPP investment at a specified exercise price.[313] Treasury's warrants constitute assets with a fair market value that Treasury estimates using relevant market quotes, financial models, and/or third-party valuations.[314]

For publicly traded participants, Treasury received warrants to purchase common stock that expire 10 years from the date of the CPP investment. As of December 31, 2010, Treasury had not exercised any of these warrants.[315] For privately held institutions, Treasury received warrants to purchase additional preferred stock or debt in an amount equal to 5% of the CPP investment. Treasury exercised these warrants immediately.[316]

Repurchase of Warrants by Financial Institutions

Upon repaying its CPP investment, a recipient may seek to negotiate with Treasury to buy back its warrants. As of December 31, 2010, 46 publicly traded institutions had bought back $3.1 billion worth of warrants, of which $319,659 was purchased this quarter. As of that same date, 30 privately held institutions, the warrants of which had been immediately exercised, bought back the resulting additional preferred shares for a total of $12.7 million, of which $1.3 million was bought back this quarter.[317] Table 2.22 lists publicly traded institutions that have repaid TARP and repurchased warrants as of December 31, 2010. Table 2.23 lists privately held institutions that had done so as of the same date.[318]

Exercise Price: Preset price at which a warrant holder may purchase each share. For warrants in publicly traded institutions issued through CPP, this was based on the average stock price during the 20 days before the date that Treasury granted preliminary CPP participation approval.

For more information on warrant disposition, see SIGTARP's Audit Report of May 10, 2010, "Assessing Treasury's Process to Sell Warrants Received from TARP Recipients."

TABLE 2.22

CPP WARRANT SALES AND REPURCHASES (PUBLIC), AS OF 12/31/2010			
Repurchase Date	**Institution**	**Number of Warrants Repurchased**	**Amount of Repurchase ($ Thousands)**
7/22/2009	The Goldman Sachs Group, Inc.	12,205,045	$1,100,000.0
8/12/2009	Morgan Stanley	65,245,759	950,000.0
7/29/2009	American Express Company	24,264,129	340,000.0
7/7/2010	Discover Financial Services	20,500,413	172,000.0
7/15/2009	U.S. Bancorp	32,679,102	139,000.0
8/5/2009	BNYM	14,516,129	136,000.0
8/26/2009	Northern Trust Corporation	3,824,624	87,000.0
7/22/2009	BB&T Corp.	13,902,573	67,010.4
7/8/2009	State Street Corporation[a]	2,788,104	60,000.0
4/7/2010	City National Corporation	1,128,668	18,500.0
9/8/2010	Fulton Financial Corporation	5,509,756	10,800.0
12/30/2009	Trustmark Corporation	1,647,931	10,000.0
6/16/2010	SVB Financial Group[a]	354,058	6,820.0
5/27/2009	FirstMerit Corporation	952,260	5,025.0
9/8/2010	The Bancorp, Inc.[a]	980,203	4,754.0
3/31/2010	Umpqua Holdings Corp.[a]	1,110,898	4,500.0
9/1/2010	Columbia Banking System, Inc.[a]	398,023	3,301.6
6/24/2009	First Niagara Financial Group[a]	953,096	2,700.0
11/24/2009	Bank of the Ozarks, Inc.	379,811	2,650.0
5/27/2009	Independent Bank Corp.	481,664	2,200.0
5/27/2009	Sun Bancorp, Inc.	1,620,545	2,100.0
4/7/2010	First Litchfield Financial Corporation	199,203	1,488.0
9/30/2009	Bancorp Rhode Island, Inc.	303,083	1,400.0
6/24/2009	SCBT Financial Corporation	192,967	1,400.0
10/28/2009	CVB Financial Corp[a]	834,761	1,307.0
5/20/2009	Iberiabank Corporation[a]	813,008	1,200.0
5/08/2009	Old National Bancorp	138,490	1,200.0

Continued on next page.

CPP WARRANT SALES AND REPURCHASES (PUBLIC), AS OF 12/31/2010 (CONTINUED)

Repurchase Date	Institution	Number of Warrants Repurchased	Amount of Repurchase ($ Thousands)
6/24/2009	Berkshire Hills Bancorp, Inc.	226,330	1,040.0
12/23/2009	WesBanco, Inc.	439,282	950.0
6/17/2009	Alliance Financial Corporation	173,069	900.0
12/30/2009	Flushing Financial Corporation[a]	375,806	900.0
6/30/2009	HF Financial Corp., Sioux Falls	302,419	650.0
12/16/2009	Wainwright Bank & Trust Company	390,071	568.7
12/16/2009	LSB Corporation	209,497	560.0
12/23/2009	Union First Market Bankshares Corporation (Union Bankshares Corporation)[a]	211,318	450.0
2/3/2010	OceanFirst Financial Corp.[a]	190,427	430.8
9/1/2010	Citizens & Northern Corporation	194,794	400.0
9/30/2010	South Financial Group Inc.[b]	10,106,796	400.0
12/1/2010	Central Jersey Bancorp	268,621	319.7
6/24/2009	Somerset Hills Bancorp	163,065	275.0
2/10/2010	Monarch Financial Holdings, Inc.[a]	132,353	260.0
7/28/2010	Bar Harbor Bankshares[a]	52,455	250.0
9/2/2009	Old Line Bancshares, Inc.	141,892	225.0
10/28/2009	Centerstate Banks of Florida Inc.[a]	125,413	212.0
10/14/2009	Manhattan Bancorp	29,480	63.4
9/30/2010	TIB Financial[b]	1,106,389	40.0
Total		**222,763,780**	**$3,141,250.6**

Notes: Numbers may not total due to rounding. This table represents warrants for common stock issued to Treasury by publicly traded TARP recipients. Treasury may hold one warrant for millions of underlying shares rather than millions of warrants of an individual financial institution.
[a] This institution reduced its original amount of warrants issued through a qualified equity offering.
[b] Warrant sales to third parties.

Source: Treasury, *Transactions Report*, 1/4/2011; Treasury, responses to SIGTARP data call, 1/4/2011, 1/7/2011, and 1/20/2011.

TABLE 2.23

CPP REPURCHASES OF PREFERRED SHARES RESULTING FROM IMMEDIATE EXERCISE OF WARRANTS (PRIVATE), AS OF 12/31/2010

Repurchase Date	Institution	Number of Shares Repurchased	Amount of Repurchase ($ Thousands)
9/29/2010	Community Bancshares of Mississippi, Inc. [b]	2,600,000	$2,600.0
9/29/2010	BancPlus Corporation [b]	2,400,000	2,400.0
9/29/2010	State Capital Corporation [b]	750,000	750.0
4/15/2009	Centra Financial Holdings, Inc.	750,000	750.0
5/27/2009	First Manitowoc Bancorp, Inc.	600,000	600.0
6/16/2010	First Southern Bancorp, Inc.	545,000	545.0
9/29/2010	Security Capital Corporation [b]	522,000	522.0
12/23/2009	Midland States Bancorp, Inc.	509,000	509.0
11/18/2009	1st United Bancorp, Inc.	500,000	500.0
9/29/2010	PSB Financial Corporation [b]	464,000	464.0
9/17/2010	First Eagle Bancshares, Inc.[a,b]	375,000	375.0
11/24/2010	Leader Bancorp, Inc.	292,000	292.0
4/22/2009	First ULB Corp.	245,000	245.0
9/29/2010	First Vemon Bankshares, Inc. [b]	245,000	245.0
12/30/2010	Capital Bancorp, Inc.	235,000	235.0
12/3/2010	The Bank of Currituck[c]	201,000	201.0
4/21/2010	Hilltop Community Bancorp, Inc.	200,000	200.0
5/19/2010	Texas National Bancorporation	199,000	199.0
12/8/2010	California Oaks State Bank	165,000	165.0
6/16/2010	FPB Financial Corp.	162,000	162.0
10/6/2010	Frontier Bancshares, Inc. [a,]	150,000	150.0
12/29/2010	Surrey Bancorp/Surrey Bank & Trust	100,000	100.0
12/29/2010	Nationwide Bankshares, Inc. [a]	100,000	100.0
9/29/2010	Lafayette [b]	100,000	100.0
9/24/2010	First Choice Bank [b]	110,000	110.0
12/15/2010	Signature Bancshares, Inc. [a]	85,000	85.0
4/14/2010	First State Bank of Mobeetie	37,000	37.0
11/10/2009	Midwest Regional Bancorp, Inc.	35,000	35.0
7/14/2010	Green City Bancshares, Inc.	33,000	33.0
12/29/2010	Haviland Bancshares, Inc.	21,000	21.0
Total		**12,730,000**	**$12,730.0**

Notes: Numbers may not total due to rounding. This table represents the preferred shares held by Treasury as a result of the exercise of warrants issued by non-publicly traded TARP recipients. These warrants were exercised immediately upon the transaction date. Treasury may hold one warrant for millions of underlying shares rather than millions of warrants of an individual financial institution.
[a] S-Corporation Institution; issued subordinated debt instead of preferred stock.
[b] Transferred to CDCI.
[c] For The Bank of Currituck, the *Transactions Report* listed “N/A” for the final disposition date, description, and proceeds.

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, responses to SIGTARP data call, 1/4/2011 and 1/7/2011.

Treasury Warrant Auctions

If Treasury and the repaying QFI cannot agree upon the price for the institution's repurchase of its warrants, Treasury may conduct a public offering to auction the warrants.[319] In November 2009, Treasury began using a "modified Dutch auction" to sell the warrants publicly.[320] On the announced auction date, potential investors (which may include the CPP recipient) submit bids to the auction agent that manages the sale (for CPP-related warrants, Deutsche Bank) at specified increments above a minimum price set by Treasury.[321] Once the auction agent receives all bids, it determines the final price and distributes the warrants to the winning bidders.[322]

Treasury did not conduct any warrant auctions this quarter. Through December 31, 2010, Treasury held 16 public auctions for warrants it received under CPP and TIP, raising a total of approximately $5 billion.[323] Final closing information for all auctions is shown in Table 2.24.

CPP Restructurings and Recapitalizations

Certain CPP institutions continue to experience high losses and financial difficulties, resulting in inadequate capital or liquidity. To avoid insolvency or improve the quality of capital, these institutions may ask Treasury to convert its CPP preferred shares into a more junior form of equity or accept a lower valuation, resulting in Treasury taking a discount or loss. If a CPP institution is undercapitalized and/or in danger of becoming insolvent, it may propose to Treasury a restructuring (or recapitalization) plan to avoid failure (or to attract private capital) and to "attempt to preserve value" for Treasury's investment.[324] Treasury may also sell its investment in a troubled institution to a third party at a discount in order to facilitate that party's acquisition of a troubled institution. Although Treasury may incur partial losses on its investment in the course of these transactions, it has explained to SIGTARP that such an outcome may be deemed necessary to avoid the total loss of Treasury's investment that would occur if the institution failed.[325]

Under these circumstances, the CPP participant will ask Treasury for a formal review of its proposal. The proposal will detail the institution's recapitalization plan and may estimate how much capital the institution plans to raise from private investors and whether Treasury and other preferred shareholders will convert their preferred stock to common stock. The proposal may also involve a proposed discount on the conversion to common stock, although Treasury does not realize any loss until it disposes of the stock.[326] In other words, Treasury will not know whether a loss will occur, or the extent of such a loss, until it actually sells the common stock it receives as part of the exchange. According to Treasury, when it receives such a request, it asks one of the external asset managers that it has hired to analyze the proposal and perform due diligence on the institution.[327] The external asset manager interviews the institution's managers, gathers non-public information, and

Dutch Auction: A Treasury warrant auction (which has multiple bidders bidding for different quantities of the asset) in which the accepted price is set at the lowest bid of the group of high bidders whose collective bids fulfill the amount of shares offered by Treasury. As an example, three investors place bids to own a portion of 100 shares offered by the issuer:

Bidder A wants 50 shares at $4/share.
Bidder B wants 50 shares at $3/share.
Bidder C wants 50 shares at $2/share.
The seller selects Bidders A and B as the two highest bidders, and their collective bids consume the 100 shares offered. The winning price is $3, which is what both bidders pay per share. Bidder C's bid is not filled.

Auction Agent: Firm (such as an investment bank) that buys a series of securities from an institution for resale.

Undercapitalized: Condition in which a financial institution does not meet its regulator's requirements for sufficient capital to operate under a defined level of adverse conditions.

Due Diligence: Appropriate level of attention or care a reasonable person should take before entering into an agreement or a transaction with another party. In finance, it often refers to the process of conducting an audit or review of the institution before initiating a transaction.

TABLE 2.24

TREASURY AUCTIONS, AS OF 12/31/2010

	Auction Date	Number of Warrants Offered	Minimum Bid Price	Selling Price	Proceeds to Treasury ($ Millions)
Hartford Financial Services Group	9/21/2010	52,093,973	$10.50	$13.70	$713.7
Lincoln National Corporation	9/16/2020	13,049,451	13.50	16.60	216.6
eSterling Bancshares Inc.	6/9/2010	2,615,557	0.85	1.15	3.0
First Financial Bancorp	6/2/2010	465,117	4.00	6.70	3.1
Wells Fargo and Company	5/20/2010	110,261,688	6.50	7.70	849.0
Valley National Bancorp	5/18/2010	2,532,542	1.70	2.20	5.6
Comerica Inc.	5/6/2010	11,479,592	15.00	16.00	183.7
PNC Financial Service Group, Inc.	4/29/2010	16,885,192	15.00	19.20	324.2
Texas Capital Bancshares, Inc.	3/11/2010	758,086	6.50	6.50	6.7
Signature Bank	3/10/2010	595,829	16.00	19.00	11.3
Washington Federal, Inc.	3/9/2010	1,707,456	5.00	5.00	15.6
Bank of America A Auction (TIP)	3/3/2010	150,375,940	7.00	8.35	1,255.6
Bank of America B Auction (CPP)	3/3/2010	121,792,790	1.50	2.55	310.6
TCF Financial	12/15/2009	3,199,988	1.50	3.00	9.6
JPMorgan Chase	12/10/2009	88,401,697	8.00	10.75	950.3
Capital One	12/3/2009	12,657,960	7.50	11.75	148.7
Total		**588,872,858**			**$5,007.3**

Note: Numbers affected by rounding.

Sources: Treasury, response to data call, 1/7/2011; The PNC Financial Services Group, Inc., "Final Prospectus Supplement," 4/29/2010, www.sec.gov/Archives/edgar/data/713676/000119312510101032/d424b5.htm, accessed 6/30/2010; Valley National Bancorp, "Final Prospectus Supplement," 5/18/2010, www.sec.gov/Archives/edgar/data/714310/000119312510123896/d424b5.htm, accessed 6/30/2010; Comerica Incorporated, "Final Prospectus Supplement," 5/6/2010, www.sec.gov/Archives/edgar/data/28412/000119312510112107/d424b5.htm, accessed 6/30/2010; Wells Fargo and Company, "Definitive Prospectus Supplement," 5/20/2010, www.sec.gov/Archives/edgar/data/72971/000119312510126208/d424b5.htm, accessed 6/30/2010; First Financial Bancorp, "Prospectus Supplement," 6/2/2010, www.sec.gov/Archives/edgar/data/708955/000114420410031630/v187278_424b5.htm, accessed 6/30/2010; Sterling Bancshares, Inc., "Prospectus Supplement," 6/9/2010, www.sec.gov/Archives/edgar/data/891098/000119312510137258/d424b5.htm, accessed 6/30/2010 ;Signature Bank, "Prospectus Supplement," 3/10/2010, files.shareholder.com/downloads/SBNY/865263367x0x358381/E87182B5-A552-43DD-9499-8B56F79AEFD0/8-K__Reg_FD_Offering_Circular.pdf, accessed 3/11/2010; Texas Capital Bancshares, Inc., "Prospectus Supplement," 3/11/2010, www.sec.gov/Archives/edgar/data/1077428/000095012310023800/d71405ae424b5.htm, accessed 3/12/2010; Bank of America, "Form 8-K," 3/3/2010, www.sec.gov/Archives/edgar/data/70858/000119312510051260/d8k.htm, accessed 3/4/2010; Bank of America, "Prospectus Supplement," 3/1/2010, www.sec.gov/Archives/edgar/data/70858/000119312510044940/d424b7.htm, accessed 3/4/2010; Bank of America, "Prospectus Supplement," 3/1/2010, www.sec.gov/Archives/edgar/data/70858/000119312510044945/d424b7.htm, accessed 3/4/2010; Washington Federal, Inc., "Prospectus Supplement," 3/9/2010, www.sec.gov/Archives/edgar/data/936528/000119312510052062/d424b5.htm, accessed 3/10/2010; TCF Financial, "Prospectus Supplement," 12/16/2009, www.sec.gov/Archives/edgar/data/814184/000104746909010786/a2195869z424b5.htm, accessed 12/29/2009; JPMorgan Chase, "Prospectus Supplement," 12/11/2009, www.sec.gov/Archives/edgar/data/19617/000119312509251466/d424b5.htm, accessed 12/29/2009; Capital One Financial, "Prospectus Supplement," 12/3/2009, www.sec.gov/Archives/edgar/data/927628/000119312509247252/d424b5.htm, accessed 12/4/2009; Treasury, *Transactions Report*, 6/30/2010; Hartford Financial Services Group, Prospectus Supplement to Prospectus filed with the SEC 8/4/2010, www.sec.gov/Archives/edgar/data/874766/000095012310087985/y86606b5e424b5.htm, accessed 10/7/2010; Hartford Financial Services Group, 8-K, 9/27/2010, www.sec.gov/Archives/edgar/data/874766/000095012310089083/y86713e8vk.htm, accessed 10/7/2010; Hartford Financial Services Group, Underwriting Agreement, 8/21/2010, www.sec.gov/Archives/edgar/data/874766/000095012310089083/y86713exv1w1.htm, accessed 10/7/2010; Treasury, *Transactions Report*, 9/27/2010; Treasury Press Release, "Treasury Announces Pricing of Public Offering to Purchase Common Stock of The Hartford Financial Services Group, Inc.," 9/22/2010, www.treasury.gov/press-center/press-releases/Pages/tg865.aspx, accessed 9/22/2010; Lincoln National Corporation, Prospectus Supplement to Prospectus filed with SEC 3/10/2009, www.sec.gov/Archives/edgar/data/59558/000119312510211941/d424b5.htm, accessed 10/7/2010; Lincoln National Corporation, 8-K, 9/22/2010, www.sec.gov/Archives/edgar/data/59558/000119312510214540/d8k.htm, accessed 10/7/2010.

conducts loan-loss estimates and capital structure analysis. The manager submits its evaluation to Treasury, which in turn decides whether to restructure its CPP investment.[328]

Table 2.25 shows all CPP restructurings and recapitalizations through December 31, 2010.

TABLE 2.25

TREASURY RESTRUCTURINGS, RECAPITALIZATIONS, AND SALES, AS OF 12/31/2010 ($ MILLIONS)

	Pre-Exchange Investment			Exchange				
Institution	**Date**	**Amount**	**Security Type**	**Date**	**Amount Received by Treasury**	**Security Type**	**Discount Percent**	**(Loss)/ Gain on Exchange[a]**
Citigroup Inc.[b]	10/28/2008	$25,000.0	Preferred Stock	9/11/2009	$25,000.0	7.7 billion shares of Common Stock	0%	$0
			7.7 billion shares of Common Stock	4/26/2010 – 12/10/2010	$31,852.4	Cash	N/A[c]	$6,852.4
Bank of Currituck	2/6/2009	$4.0	Preferred Stock	12/3/2010	$1.7	Cash	58%	($2.3)
South Financial Group, Inc/ Toronto Dominion[f]	12/5/2008	$347.0	Preferred Stock	9/30/2010	$130.6	Cash	62%	($216.4)
TIB Financial Corp.[f]	12/5/2008	$37.0	Preferred Stock	9/30/2010	$12.2	Cash	67%	($24.8)
Hampton Roads Bankshares[e]	12/31/2008	$80.3	Preferred Stock	8/12/2010	$80.3	Mandatorily Convertible Preferred Stock	0%	$0
	9/30/2010	$80.3	Mandatorily Convertible Preferred Stock	Closed	$51.7	Common Stock	36%	($28.6)
Pacific Capital Bancorp[e]	11/21/2008	$180.6	Preferred Stock	7/26/2010	$195.0	Mandatorily Convertible Preferred Stock ($14,411,000 in accrued and unpaid dividends)	0%	$0
	9/27/2010	$195.0	Mandatorily Convertible Preferred Stock	Closed	$306.7	Common Stock	N/A	$126.1
First BanCorp[d]	1/16/2009	$400.0	Preferred Stock	7/20/2010	$424.2	Mandatorily Convertible Preferred Stock ($24,174,000 in accrued and unpaid dividends)	0%	$0
	7/20/2010	$424.2	Mandatorily Convertible Preferred Stock	Pending	N/A for pending transactions	Common Stock	25%	($106.1)
First Merchants	2/20/2009	$116.0	Preferred Stock	6/30/2010	$46.4 $69.6	Trust Preferred Securities Preferred Stock	0%	$0
Sterling Financial Corporation[e]	12/5/2008	$303.0	Preferred Stock	4/29/2010	$303.0	Mandatorily Convertible Preferred Stock	0%	$0
	8/26/2010	$303.0	Mandatorily Convertible Preferred Stock	Closed	$261.3	Common Stock	14%	($41.7)

Continued on next page.

TREASURY RESTRUCTURINGS, RECAPITALIZATIONS, AND SALES, AS OF 12/31/2010 ($ MILLIONS) (CONTINUED)

	Pre-Exchange Investment			Exchange				
Institution	**Date**	**Amount**	**Security Type**	**Date**	**Amount Received by Treasury**	**Security Type**	**Discount Percent**	**(Loss)/ Gain on Exchange[a]**
Independent Bank Corporation[d]	12/12/2008	$72.0	Preferred Stock	4/16/2010	$74.4	Mandatorily Convertible Preferred Stock ($2,426,000 in accrued and unpaid dividends)	0%	$0
	4/16/2010	$74.4	Mandatorily Convertible Preferred Stock	Pending	N/A for pending transactions	Common Stock	25%	($18.7)
Superior Bancorp, Inc.[j]	12/5/2008	$69.0	Preferred Stock	12/11/2009	$69.0	Trust Preferred Securities	0%	$0
Popular, Inc.[i]	12/5/2008	$935.0	Preferred Stock	8/24/2009	$935.0	Trust Preferred Securities	0%	$0
Cadence Financial Corporation[g]	1/9/2009	$44.0	Preferred Stock	Pending[h]	$38.0	Cash	14%	($6.0)

Notes: Numbers may not total due to rounding.
[a] For transactions that are pending, gain or loss is calculated based on the amount the discount would be as of the date of the agreement. For closed transactions, gain or loss is calculated as of the date of actual conversion.
[b] As of 12/31/2010, Treasury sold 7.7 billion shares of Citigroup common stock for cash. See "Citigroup Update" discussion in this section for more detailed information.
[c] N/A means not applicable.
[d] The institution is in the process of completing requirements that would allow it to convert Treasury's preferred stock to common stock at a value less than it originally held based on the original terms of the exchange. However, the final loss or gain will depend on the market price of the common stock at the conversion date.
[e] Although a discount is incurred when Treasury's preferred stock is converted to common stock, Treasury does not realize any loss or gain until it disposes of the stock.
[f] Treasury has sold its preferred stock for cash.
[g] Treasury's sale of its preferred stock for cash is pending.Treasury does not realize any loss or gain until it disposes of the stock.
[h] Governing agreement executed 10/6/2010; required shareholder approval pending on 12/31/2010.
[i] Popular, Inc. paid a $13 million exchange fee in connection with this transaction.
[j] Trust Preferred Securities issued by Superior Capital Trust II, administrative trustee for Superior Bancorp, Inc.

Sources: Treasury, *Transactions Report*, 12/31/2010; Treasury response to SIGTARP data call, 10/14/2010; SIGTARP, October 2010 Quarterly Report, 10/26/2010; Treasury *Section 105(a) Report*, 9/30/2010; SEC, "Cadence Financial Corporation 8-K," www.snl.com/Cache/10192484.pdf?O=3&IID=1018635&OSID=9&FID=10192484, accessed 10/22/2010; Treasury Press Release, "Taxpayers Receive $10.5 Billion in Proceeds Today from Final Sale of Treasury Department Citigroup Common Stock," 12/10/2010, www.treasury.gov/press-releases/Pages/tg1000.aspx, accessed 1/17/10.

TABLE 2.26

CPP CITIGROUP COMMON STOCK DISPOSITION, AS OF 12/31/2010

Date	Number of Shares (Millions)	Average Share Price (Dollars)[a]	Gross Proceeds ($ Billions)
4/26/2010 to 5/26/2010	1,500	$4.12	$6.2
5/26/2010 to 6/30/2010	1,109	3.90	4.3
7/23/2010 to 7/31/2010[b]	226	4.12	.9
8/1/2010 to 8/31/2010[b]	680	3.85	2.6
9/1/2010 to 9/30/2010[b]	594	3.90	2.3
10/1/2010 to 10/31/2010	302	4.14	1.3
11/1/2010 to 12/6/2010[c]	864	4.40	3.8
12/10/2010	2,417	4.35	10.5
Total	**7,692**	**$4.14**	**$31.9**

Notes: Numbers may not total due to rounding.
[a] Average price for all sales of Citigroup common stock made by Treasury over the course of the corresponding period.
[b] Treasury reported monthly sales figures for July, August, and October in the *Section 105(a) Report*, and monthly sales figures for September in its response to SIGTARP's data call on 10/21/2010.
[c] Sales figures are calculated based on the difference between total sales figures from all sales activity and the sum of sales figures reported from 4/26/2010 to 10/31/2010 and sales figures reported on 12/10/2010.

Sources: Treasury, *Transactions Report*, 12/8/2010; Treasury, *Section 105(a) Report*, 8/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/105/Documents105/August%202010%20105%28a%29%20Report_final_9%2010%2010.pdf, accessed 1/18/2011; Treasury, *Section 105(a) Report*, 7/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/105/Documents105/July%202010%20105%28a%29%20Report_Final.pdf, accessed 1/18/2011; Treasury, *Section 105(a) Report*, 9/30/2010; Treasury, *Section 105(a) Report*, 10/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/105/Documents105/October%20105%28a%29%20Report.pdf, accessed 1/18/2011; Treasury, *Section 105(a) Report*, 11/30/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/105/Documents105/October%20105%28a%29%20Report.pdf, accessed 1/18/2011; Treasury, *Transactions Report*, 12/31/2010.

Citigroup Update

On October 28, 2008, Treasury made a $25 billion investment in preferred shares of Citigroup Inc. ("Citigroup") under CPP.[329] On June 9, 2009, at the request of Citigroup, Treasury agreed to an exchange in which Treasury converted its preferred shares to 7.7 billion shares of Citigroup common stock, with a market price of $3.25 per share.[330]

On March 16, 2010, Treasury announced that it would sell the Citigroup common stock it held as a result of its CPP investment.[331] On March 29, 2010, Treasury stated that, under a prearranged written trading plan, it would sell its Citigroup common shares in an "orderly and measured fashion" over the course of 2010, subject to market conditions.[332] From April 26, 2010, through December 10, 2010, Treasury sold all of its 7.7 billion shares of Citigroup common stock for approximately $31.85 billion, which represents a gain of $6.85 billion.[333] As of December 31, 2010, Treasury no longer owned Citigroup common stock. Treasury still holds warrants for Citigroup common stock and has announced its intention to sell those warrants in the first quarter of 2011.[334] Table 2.26 shows all sales of Citigroup common stock.

Citigroup participated in two other TARP programs, AGP and TIP. For all three programs, Treasury realized a gain to taxpayers of approximately $12 billion.[335]

Recent Exchanges and Sales

Bank of Currituck

On February 6, 2009, Treasury invested $4 million in Bank of Currituck, Moyock, North Carolina ("Currituck") through CPP in return for preferred stock and warrants.[336] On July 16, 2010, TowneBank of Portsmouth, Virginia ("TowneBank") announced it had agreed to pay Currituck $10 million for banking offices in North Carolina, a large part of Currituck's loan portfolio, and all deposit accounts. The agreement was subject to adjustments and conditions including regulatory and shareholder approval.[337]

On November 5, 2010, Treasury agreed to sell its preferred stock to Currituck for $1.7 million subject to the fulfillment of certain conditions, including the purchase of Currituck by TowneBank.[338] On December 3, 2010, TowneBank announced the acquisition of Currituck's banking offices, loan portfolio of approximately $86 million, and deposit accounts of approximately $155 million. Under the terms of the transaction, Currituck received approximately $8 million, surrendered its banking charter, and agreed to manage certain distressed loans and other assets under the name "Currituck Resolution Properties, Inc."[339]

On December 3, 2010, Treasury announced that Currituck had fulfilled the conditions of the sale of preferred stock following the purchase of Currituck by TowneBank.[340] This resulted in a loss to Treasury of $2.3 million.

Central Pacific Financial Corp.

On January 9, 2009, Treasury invested $135 million in Central Pacific Financial Corp., Honolulu, Hawaii ("Central Pacific") through CPP in return for preferred stock and warrants.[341] On November 4, 2010, Central Pacific entered into two separate investment agreements with an affiliate of the Carlyle Group and an affiliate of Anchorage Capital Group, L.L.C. pursuant to which each investor would invest approximately $98 million in common stock. Both investment commitments are subject to certain conditions, including the exchange of Treasury's preferred stock for common stock at a discount, plus 100% of the amount of unpaid dividends. The investment agreements are part of an overall plan to raise at least $325 million of new capital.[342]

According to Central Pacific, Treasury issued a letter on December 16, 2010, and "agreed to consent to an exchange" of its preferred stock into common stock for approximately 37.5% of the original amount of stock, plus unpaid dividends. According to Central Pacific, the price at which Treasury's preferred stock would exchange into common stock is the lesser of $0.50 per share or the lowest price at which capital is raised as part of Central Pacific's recapitalization plan. The exchange is subject to certain conditions including execution of a definitive exchange agreement.[343] However, as of the drafting of this report, Treasury has made no public disclosure of the arrangement.

If Central Pacific and Treasury execute definitive documentation and Central Pacific satisfies the conditions described in such documentation, Treasury's preferred stock may be converted to common stock at a 37.5% discount.

Update on Previously Announced Exchanges

First BanCorp

On January 16, 2009, Treasury invested $400 million in First BanCorp, San Juan, Puerto Rico ("First BanCorp") through CPP in return for preferred stock and warrants.[344] On July 20, 2010, Treasury exchanged its entire CPP investment for an equal amount of newly issued mandatorily convertible preferred shares ("MCP") plus additional MCP in an amount equal to accrued and unpaid dividends, which was approximately $24.2 million.[345] The MCP has a 5% annual dividend rate until January 16, 2014, after which the rate becomes 9%.[346]

Mandatorily Convertible Preferred Shares ("MCP"): Preferred shares that can be converted to common stock at the issuer's discretion if specific criteria are met by a certain date.

Pursuant to the initial terms of the exchange, the MCP carried a discount equal to 35% of the liquidation preference of Treasury's initial CPP investment. The MCP may convert into First BanCorp common stock contingent upon First BanCorp fulfilling several requirements, including an exchange of all of the company's non-Treasury-owned preferred stock for common stock and the company raising $500 million through the sale of common shares.[347] On August 26, 2010, First BanCorp announced that one exchange requirement had been fulfilled when it completed a tender offer with holders of its preferred stock for common shares.[348] On September 16, 2010, First BanCorp filed a registration statement with the Securities and Exchange Commission ("SEC") to sell at least $500 million of its common stock to investors.[349]

On December 1, 2010, First BanCorp announced that Treasury had agreed to lower the required common equity that First BanCorp needed to raise to convert Treasury's MCP to common stock from $500 million to $350 million. In addition, as part of the amended agreement, the discount applicable to the MCP was lowered from 35% to 25%. Based on the conversion price on the agreement date, the discount change would raise the number of common shares received by Treasury from approximately 380.2 million shares to approximately 438.7 million shares; however, the final number of shares is subject to adjustment.[350] The exchange remains subject to First BanCorp fulfilling the remaining requirements, and the final loss or gain from this exchange depends on the market price of the common stock at the time Treasury disposes of its interests.

CPP Recipients: Bankrupt or With Failed Subsidiary Banks

Despite Treasury's stated goal of limiting CPP investments to "healthy and viable institutions," a number of CPP participants went bankrupt or had a subsidiary bank fail, as indicated in Table 2.27.[351]

Closure of Pierce County Bancorp

On January 23, 2009, Treasury invested $6.8 million in Pierce County Bancorp, Tacoma, Washington ("Pierce County") under CPP in exchange for preferred stock and warrants.[352] On December 4, 2009, the Federal Reserve issued a cease-and-desist order against Pierce County and its subsidiary bank.[353] On June 10, 2010, the Federal Reserve issued a "prompt and corrective action directive" to Pierce County's subsidiary bank on the basis that the bank was significantly undercapitalized.[354]

On November 5, 2010, the Washington Department of Financial Institutions closed Pierce County's subsidiary bank, and the FDIC was named receiver. The FDIC entered into a purchase and assumption agreement with the Heritage Bank, Olympia, Washington, to assume all the deposits of Pierce County's subsidiary bank.[355] The FDIC estimates that the cost to the Deposit Insurance Fund will be $21.3 million.[356] All of Treasury's TARP investment in Pierce County is expected to be lost.[357]

Closure of Tifton Banking Company

On April 17, 2009, Treasury invested $3.8 million in Tifton Banking Company, Tifton, Georgia ("Tifton") under CPP in exchange for preferred stock and warrants.[358]

On November 12, 2010, the Georgia Department of Banking & Finance closed Tifton, and the FDIC was named receiver. The FDIC entered into a purchase and assumption agreement with Ameris Bank, Moultrie, Georgia, to assume all the deposits of Tifton.[359] The FDIC estimates that the cost to the Deposit Insurance Fund will be $24.6 million.[360] All of Treasury's TARP investment in Tifton is expected to be lost.[361]

TABLE 2.27

CPP RECIPIENTS: BANKRUPT OR WITH FAILED SUBSIDIARY BANKS ($ MILLIONS)

Institution Name	Initial Invested Amount	Investment Date	Status	Bankruptcy/ Failure Date[b]	Subsidiary Bank
UCBH Holdings Inc., San Francisco, CA	$298.7	11/14/2008	In bankruptcy; subsidiary bank failed	11/6/2009	United Commercial Bank, San Francisco, CA
Midwest Banc Holdings, Inc., Melrose Park, IL	89.4 [a]	12/5/2008	In bankruptcy; subsidiary bank failed	5/14/2010	Midwest Bank and Trust Company, Elmwood Park, IL
CIT Group Inc., New York, NY	2,330.0	12/31/2008	Bankruptcy proceedings completed with no recovery to Treasury's investment; subsidiary bank remains active	11/1/2009	CIT Bank, Salt Lake City, UT
Pacific Coast National Bancorp, San Clemente, CA	4.1	1/16/2009	Bankruptcy proceedings completed with no recovery to Treasury's investment; subsidiary bank failed	11/13/2009	Pacific Coast National Bank, San Clemente, CA
Sonoma Valley Bancorp, Sonoma, CA	8.7	2/20/2009	Winding down operations; subsidiary bank failed	8/20/2010	Sonoma Valley Bank, Sonoma, CA
Pierce County Bancorp, Tacoma, WA	6.8	1/23/2009	Subsidiary bank failed	11/5/2010	Pierce Commercial Bank, Tacoma, WA
Tifton Banking Company, Tifton, GA	3.8	4/17/2009	Failed	11/12/2010	N/A
TOTAL	**$2,741.5**				

Notes: Numbers may not total due to rounding.
[a] $89,874,000 was the amount of Treasury's investment prior to bankruptcy. On 3/8/2010, Treasury exchanged its $84,784,000 of preferred stock in Midwest Banc Holdings, Inc. (MBHI) for $89,388,000 of MCP, which is equivalent to the initial investment amount of $84,784,000, plus $4,604,000 of capitalized previously accrued and unpaid dividends.
[b] Date is earlier of bankruptcy filing by holding company or failure of subsidiary bank.

Sources: Treasury, *Transactions Report*, 12/31/2010; FDIC, "Failed Bank List," no date, www.fdic.gov/bank/individual/failed/banklist.html, accessed 9/15/2010; FDIC, "Institution Directory," no date, www2.fdic.gov/idasp/main.asp, accessed 9/15/2010;CIT, "CIT Board of Directors Approves Proceeding with Prepackaged Plan of Reorganization with Overwhelming Support of Debtholders," 11/1/2009, www.cit.com/media-room/press-releases/index.htm, accessed 12/10/2009; Pacific Coast National Bancorp, 8K, 12/17/2009, www.sec.gov/Archives/edgar/data/1302502/000092708909000240/pcnb-8k122209.htm, accessed 9/15/2010; Sonoma Valley Bancorp, 8K, 8/20/2010, www.sec.gov/Archives/edgar/data/1120427/000112042710000040/form8k_receivership.htm, accessed 9/15/2010; Midwest Banc Holdings, Inc., 8K, 8/20/2010, www.sec.gov/Archives/edgar/data/1051379/000095012310081020/c60029e8vk.htm, accessed 9/22/2010; UCBH Holdings, Inc., 8K, 11/6/2009, www.sec.gov/Archives/edgar/data/1061580/000095012309062531/f54084e8vk.htm, accessed 9/15/2010; FDIC Press Release, "Heritage Bank, Olympia, Washington, Assumes All of the Deposits of Pierce Commercial Bank, Tacoma, Washington," 11/5/2010, www.fdic.gov/news/news/press/2010/pr10244.html, accessed 11/20/2010; FDIC Press Release, "Ameris Bank, Moultrie, Georgia, Acquires All of the Deposits of Two Georgia Institutions," 11/12/2010, www.fdic.gov/news/news/press/2010/pr10249.html, accessed 11/21/2010.

Small-Business Lending Initiatives

Treasury has taken steps to launch two programs that it describes as small-business lending initiatives. Both are similar to TARP's CPP in that they involve Treasury purchases of preferred shares or subordinated debt in certain qualifying financial institutions ("QFIs"). The first, CDCI, uses TARP money. The second, a Small Business Lending Fund ("SBLF"), authorized by statute on September 27, 2010, operates outside of TARP but will likely involve many current TARP recipients.[362] On December 20, 2010, Treasury released SBLF guidelines for insured depository institutions, bank holding companies, and credit unions. The materials include requirements for those institutions seeking to refinance existing TARP investments into SBLF.

CDCI

The Administration announced CDCI on October 21, 2009. According to Treasury, it was intended to help small businesses obtain credit.[363] Under CDCI, TARP made capital investments in the preferred stock or subordinated debt of eligible banks, bank holding companies, thrifts, and credit unions certified as Community Development Financial Institutions ("CDFIs") by Treasury. According to Treasury, these lower-cost capital investments were intended to strengthen the capital base of CDFIs and enable them to make more loans in low- and moderate-income communities.[364]

CDCI was open to certified, qualifying CDFIs or financial institutions that applied for CDFI status by April 30, 2010.[365] According to Treasury, CPP-participating CDFIs that were in good standing could exchange their CPP investments for CDCI investments.[366] Each application for new or incremental funds had to be reviewed by the institution's Federal regulator and approved by Treasury.[367] CDCI closed to new investments on September 30, 2010.[368]

Terms for Senior Securities and Dividends

An eligible bank, bank holding company, or thrift could apply to receive capital in an amount up to 5% of its risk-weighted assets. A credit union (which is a member-owned, nonprofit financial institution with a capital and governance structure different from that of for-profit banks) could apply for Government funding of up to 3.5% of its total assets — roughly equivalent to the 5% of risk-weighted assets applicable to banks.[369] Participating credit unions and subchapter S-corporations ("S-corporations") issued subordinated debt to Treasury in lieu of the preferred stock issued by other CDFI participants.[370] Many CDFI investments have an initial dividend rate of 2%, which increases to 9% after eight years. Participating S-corporations pay an initial rate of 3.1% for eight years, which then increases to 13.8%.[371]

Qualifying Financial Institutions ("QFIs"): Private and public U.S.-controlled banks, savings associations, bank holding companies, certain savings and loan companies, and mutual organizations.

Community Development Financial Institutions ("CDFIs"): Financial institutions eligible for Treasury funding to serve urban and rural low-income communities through the CDFI Fund. CDFIs were created in 1994 by the Riegle Community Development and Regulatory Improvement Act. These entities must be certified by Treasury; certification confirms they target at least 60% of their lending and other economic development activities to areas underserved by traditional financial institutions.

Risk-weighted Assets: Risk-based measure of total assets held by a financial institution. Assets are assigned broad risk categories. The amount in each risk category is then multiplied by a risk factor associated with that category. The sum of the resulting weighted values from each of the risk categories is the bank's total risk-weighted assets.

Subchapter S-corporation ("S-corporation"): Corporate form that passes corporate income, losses, deductions, and credit through to shareholders for Federal tax purposes. Shareholders of S-corporations report the flow-through of income and losses on their personal tax returns and are taxed at their individual income tax rates.

A CDFI participating in CPP had the opportunity to request to convert those shares into CDCI shares, thereby reducing the annual dividend rate it pays the Government from 5% to as low as 2%.[372]

According to Treasury, CDFIs were not required to issue warrants because of the *de minimis* exception in EESA granting Treasury the authority to waive the warrant requirement for qualifying institutions in which Treasury invested $100 million or less.[373]

If during the application process a CDFI's primary regulator deemed it to be undercapitalized or to have "quality of capital issues," the CDFI had the opportunity to raise private capital to achieve adequate capital levels. Treasury would match the private capital raised on a dollar-for-dollar basis, up to a total of 5% of the financial institution's risk-weighted assets. In such cases, private investors had to agree to assume any losses before Treasury.[374]

CDCI Investment Update

Treasury invested $570.1 million of the $780.2 million it originally allocated for CDCI.[374a] Treasury made investments in 84 institutions under the program — 36 banks or bank holding companies and 48 credit unions.[374b] Of these 84 investments, 28 were conversions from CPP while the remaining 56 were not CPP participants. As of December 31, 2010, Treasury had received $1.4 million in dividends and $0.7 million in interest from CDCI recipients. One institution, Premier Bancorp, Inc., Wilmette, Illinois (which converted its $6.8 million investment from CPP), has already missed a payment of $53,744.36 which was due on November 15, 2010.[375]

A summary of CDCI investments is included in Table 2.28. A list of all CDCI investments is included in Appendix D: "Transaction Detail."

TABLE 2.28

CDCI INVESTMENT SUMMARY AS OF 12/31/2010 ($ MILLIONS)

Institution	Number of Institutions	Number Converted from CPP	Amount from CPP	Additional Amounts Provided to CPP Banks [a]	CDCI Investment in Non-CPP Banks [b]	Investment Amount
Banks	36	28	$363.3	$100.7	$36.1	$500.1
Credit Unions	48	—	—	—	69.9	69.9
Total	**84**	**28**	**$363.3**	**$100.7**	**$106.0**	**$570.1**

Notes: Numbers may not total due to rounding.
[a] CDCI institutions that previously borrowed from CPP.
[b] CDCI institutions with no previous borrowing from CPP.

Source: Treasury, *Transactions Report*, 12/31/2010.

Small Business Lending Fund ("SBLF")

SBLF is intended to allow Treasury "to make capital investments in eligible institutions in order to increase the availability of credit for small businesses."[376] President Obama signed the Small Business Jobs Act of 2010 ("Small Business Jobs Act"), which provided for the establishment of SBLF, on September 27, 2010.[377]

Under SBLF, an eligible financial institution can receive a capital investment totaling up to 3% or 5% of its risk-weighted assets, depending on its size. To be eligible, the institution must have less than $10 billion in total assets.[378] Bank holding companies ("BHCs") must contribute at least 90% of any SBLF funding they receive to their insured depository institution subsidiaries that originate small business loans.[379]

Bank Holding Company ("BHC"): Company that owns and/or controls one or more U.S. banks.

The initial 5% annual dividend or interest rate would drop 1% for every 2.5% increase in the institution's Qualified Small Business Lending as defined by SBLF over two years, subject to a minimum rate of 1%.[380] If an institution achieves this lending increase during an initial two-year adjustment period, the decreased dividend holds for four and a half years from Treasury's investment date.[381] If the institution does not increase its small-business lending in the first two years, the rate rises to 7%.[382] In addition, CPP banks that refinance into SBLF, and fail to increase small business lending after two years following their entry into SBLF, will be subject to an additional 2% annual fee that will last from the fifth anniversary of their CPP investment date until 4.5 years after Treasury's SBLF investment, at which time the dividend rate for all SBLF participants becomes 9%.[383]

Call Reports: Reports of condition and income that are required to be filed quarterly with financial regulatory authorities by insured depository institutions operating in the U.S. These reports, which generally contain a balance sheet, an income statement, and supporting schedules, are commonly referred to as Call Reports.

SBLF participants will be required to supplement their quarterly Call Reports with additional reporting on their Qualified Small Business Lending.[384] In addition, SBLF participants must certify their adherence to anti-money-laundering requirements before receiving their investment, and must submit annual certifications from their auditors regarding their supplemental reports on Qualified Small Business Lending and their adherence to requisite borrower standards.[385]

Qualified Small Business Lending under SBLF's terms includes:[386]

- commercial and industrial loans to small businesses
- loans secured by owner-occupied nonfarm, nonresidential real estate
- loans to finance agricultural production and other loans to farmers
- loans secured by farmland

So long as:

- the original loan amount is $10 million or less
- the business receiving the loan does not exceed $50 million in annual revenues[387]

These criteria differ from the Call Report categories of "loans to small businesses" and "loans to small farms." According to Treasury, the SBLF definition will include many of the business loans made by many community banks.[388] In addition, no portion of lending guaranteed or assumed by the Federal Government or third party will be deemed Qualified Small Business Lending, including the insured portions of SBA loans.[389]

According to the governing provisions of the Small Business Jobs Act, increases in Qualified Small Business Lending will be compared to a "baseline" equal to the average amount of such lending an SBLF participant had outstanding for the four calendar quarters ending June 30, 2010 (adjustments will be made to exclude loans obtained through mergers or loan purchases).[390] Participating banks will qualify for reduced dividend rates to the extent their Qualified Small Business Lending outstanding exceeds baseline levels. The dividend rate for any quarter is determined according to lending levels measured two calendar quarters previously. As a result, a bank may receive a reduced dividend rate based on increases in lending that occurred before receiving any SBLF funding.[391] Treasury, for example, provided the scenario in Table 2.29 under which a bank could set its initial dividend at 3%.

SBLF capital investments are in the form of senior perpetual non-cumulative preferred stock, meaning that participants will have no obligation to make quarterly payments as scheduled or pay off previously missed payments.[392] SBLF does, however, specify some requirements for participants that miss dividend payments:[393]

- The SBLF participant's CEO and CFO must provide Treasury written notice, including the rationale of the board of directors for not declaring a dividend.
- After a missed payment, no share repurchases or dividends on securities equal to or lower than the SBLF preferred stock in seniority are permitted during the quarter of the missed payment or for three quarters thereafter (SBLF participating banks may otherwise repurchase shares or increase dividends subject to certain capital adequacy restrictions).

TABLE 2.29

SAMPLE CALCULATION OF INITIAL SBLF DIVIDEND RATE

Baseline Qualified Small Business Lending (average quarterly amount outstanding for the period 7/1/2009 to 6/30/2010)	$100 million
Qualified Small Business Lending (amount outstanding as of 12/31/2010)	$105 million
Percentage Increase in Qualified Small Business Lending	5%
Initial Dividend Rate	3%

Source: Treasury, "SBLF – Getting Started Guide for Community Banks," no date, www.treasury.gov/resource-center/sb-programs/Documents/SBLF_Getting_Started_Guide_Final.pdf, accessed 12/21/2010.

- After the SBLF participant has missed four dividend payments (whether or not consecutive), unless it was prohibited by its regulator from paying dividends, the bank's board of directors must certify in writing that the bank used best efforts to declare and pay its quarterly dividends in a manner consistent with safe and sound banking practices and the directors' fiduciary obligation.
- After the SBLF participant has missed five dividend payments (whether or not consecutive), Treasury will have the right to appoint a representative to serve as an observer on the participant's board of directors.
- After the SBLF participant has missed six dividend payments (whether or not consecutive), if the SBLF investment is $25 million or more, Treasury will have the right to elect two directors to the bank's board of directors. This right will expire when full dividends have been paid for four consecutive subsequent dividend periods.

Although this program operates outside of TARP, many TARP recipients under the CPP program will likely seek to refinance their investments and thus benefit from lower dividend rates, non-cumulative dividends, and fewer governance provisions and restrictions.[394] On December 20, 2010, Treasury issued guidance, discussed below, under which CPP and CDCI recipients can refinance into SBLF.[395] See Section 4: "SIGTARP Recommendations" of this report for SIGTARP's recommendations to Treasury concerning how SBLF is applied to current TARP recipients and, in particular, Treasury's rejection of two important taxpayer-protecting recommendations advanced by SIGTARP.

SBLF Program Implementation for Banks

On December 20, 2010, Treasury announced terms under which insured depository institutions, bank holding companies, and savings and loan holding companies (hereinafter "banks") may request funds under SBLF.[396] As of December 31, 2010, terms for mutual depository institutions, S-corporations, and community development loan funds had not been released.[397] Banks are eligible to apply to receive funds under SBLF if they met the size criteria outlined above as of December 31, 2009. A bank is not eligible, however, if it is on the FDIC's problem bank list or if it has been removed from that list in the 90 days preceding its application to SBLF.[398] Treasury will also consult with Federal and, where applicable, state regulators concerning the bank's financial condition and whether it is eligible to receive funding under SBLF.[399] Additional eligibility restrictions pertaining to institutions refinancing from CPP or CDCI are discussed below.

Banks may apply to participate until March 31, 2011.[400] Prospective participants in SBLF must submit an application form, available at www.treasury.gov/SBLF. As a part of the application, each applicant must submit a "small business

Mutual Depository Institution: Any U.S. bank, U.S. savings association, bank holding company, or savings and loan holding company organized in a mutual form. Savings associations organized as mutual institutions issue no capital stock and therefore have no stockholders. Mutual savings associations build capital almost exclusively through retained earnings.

lending plan" of approximately two pages to its primary Federal regulator and to its state regulator, if applicable.[401] The plan must address the following points:[402]

- how the bank will use the funds to increase small business lending in the community in which it does business
- the anticipated increase in small business lending as a result of the receipt of funds, and
- proposed outreach and advertising efforts to inform members of the community about how to apply for small business loans

For more information on how financial institutions are divided between various primary Federal regulators, see SIGTARP's January 2010 Quarterly Report, pages 62–63.

As was the case with CPP applicants, Treasury will coordinate with the bank's primary Federal regulator, as well as the state banking regulator in the case of state-chartered banks, in evaluating the SBLF application. In particular, according to Treasury, the views of these regulators will be taken into account when determining whether the bank is eligible to participate in SBLF.[403]

If Treasury determines that a bank is eligible and qualified to receive funds under SBLF, it will give preliminary approval to the application. In some cases, where a bank would not otherwise receive approval for participation, that preliminary approval may be contingent on the bank raising matching funds from a private source. After preliminary approval, the bank maintains the option to decline participation in SBLF until it signs a definitive agreement with Treasury.[404] If Treasury determines that a bank is not eligible to receive funds under SBLF, Treasury will consider that application to be withdrawn.[405]

According to Treasury, the applications of current CPP or CDCI participants will be evaluated under the same processes used for other applicants.[406] However, Treasury has outlined additional terms for banks that previously received investments under CPP or CDCI and are seeking to refinance into SBLF:[407]

- Banks that participate in SBLF cannot continue to participate in CPP or CDCI.
- Banks that use SBLF to refinance their CPP or CDCI investments must redeem all outstanding preferred stock issued under those programs on or before the date of Treasury's SBLF investment. Banks may use the SBLF funding to meet this requirement.
- Banks must be in material compliance with all the terms, conditions, and covenants of CPP or CDCI in order to refinance through SBLF.
- Banks must be current in their dividend payments and must pay any accrued and unpaid dividends due to Treasury under CPP or CDCI. In addition, banks cannot have missed more than one previous dividend payment under CPP or CDCI (defined as a payment submitted more than 60 days late).
- Preliminary approval will not consider any matching funds the applicant raises from a private source.

Additional specific terms apply to banks that previously received investments under CPP:

- Two years after refinancing to SBLF funding, a CPP recipient bank must have increased its small business lending relative to the baseline level of small business lending as defined in the Small Business Loans Act. If it has not, then in addition to its SBLF dividends (which would reset to 7%) the bank must pay Treasury an additional "lending incentive fee" equal to 2% *per annum* of its then outstanding SBLF investment, starting on the fifth anniversary of Treasury's CPP investment. The lending incentive fee will be in effect until four and a half years after the SBLF investment (*i.e.,* the time at which the SBLF dividend rate for all participants rises to 9%). This fee does not apply to a bank that redeemed, or applied to redeem, its CPP investment as of December 16, 2010.
- Banks are not required to repurchase warrants from Treasury that were provided as a condition of receiving funds under CPP. Treasury does not require banks to issue warrants for participation in SBLF.

Systemically Significant Failing Institutions Program

According to Treasury, the Systemically Significant Failing Institutions ("SSFI") program was established to "provide stability and prevent disruptions to financial markets from the failure of institutions that are critical to the functioning of the nation's financial system."[408] Through SSFI, Treasury obligated $69.8 billion to American International Group, Inc. ("AIG"), the program's sole participant.[409]

Status of SSFI Funds

On November 25, 2008, Treasury made an initial $40 billion investment in AIG. In return, Treasury received AIG Series D cumulative preferred stock and warrants to purchase AIG common stock.[410] On April 17, 2009, AIG and Treasury signed a securities exchange agreement under which Treasury exchanged the Series D cumulative preferred stock, which required AIG to make quarterly dividend payments, for less valuable and less liquid Series E non-cumulative preferred stock, which did not require AIG to make quarterly dividend payments. Additionally, on April 17, 2009, Treasury committed to fund an equity capital facility under which AIG could draw down up to $29.8 billion in exchange for Series F non-cumulative preferred stock and additional warrants.[411] According to Treasury, through January 14, 2011, AIG had drawn down all but $2 billion of the Series F equity capital facility, which it then converted to a new $2 billion Series G stand-by equity commitment.[412]

Dividend Payments

As of December 31, 2010, AIG had not paid or had failed to declare dividends for eight consecutive quarters, for a total of $7.9 billion in missed or undeclared dividend payments.[413] Under the documents governing Treasury's preferred shares in AIG, AIG did not have to pay Treasury the dividend payments it skipped. Instead, failure to pay dividends for four consecutive quarters on the Series E preferred stock gave Treasury the right to appoint to AIG's board either two directors or a number (rounded upward) of directors equal to 20% of all AIG directors, whichever is greater.[414] On April 1, 2010, Treasury appointed Donald H. Layton and Ronald A. Rittenmeyer as directors of AIG.[415]

Federal Reserve Credit Facility Reduction

In September 2008, FRBNY extended an $85 billion revolving credit facility to AIG in an effort to stabilize the company. In return, AIG committed 79.8% of its voting equity to a trust for the sole benefit of the U.S. Treasury.[416] The terms of the credit facility included a high interest rate and increased AIG's debt ratios significantly. Servicing this debt contributed to AIG's financial troubles and put downward pressure on its credit rating.[417] Federal officials feared that future downgrades in AIG's credit rating could have "catastrophic" effects on the company, forcing it into bankruptcy.[418]

Cumulative Preferred Stock: Stock requiring a defined dividend payment. If the company does not pay the dividend on schedule, it still owes the missed dividend to the stock's owner.

Non-Cumulative Preferred Stock: Preferred stock with a defined dividend, without the obligation to pay missed dividends.

Equity Capital Facility: Commitment to invest equity capital in a firm under certain future conditions. An equity facility when drawn down is an investment that increases the provider's ownership stake in the company. The investor may be able to recover the amount invested by selling their ownership stake to other investors at a later date.

Revolving Credit Facility: Line of credit for which borrowers pay a commitment fee, allowing them to repeatedly draw down funds up to a guaranteed maximum amount. The amount of available credit decreases and increases as funds are borrowed and then repaid.

FRBNY and Treasury determined that this possibility posed a threat to the nation's financial system and decided that additional transactions were necessary to modify the revolving credit facility.[419] In November 2008, FRBNY and Treasury took the following actions to stabilize AIG's operations:[420]

- Treasury purchased $40 billion in AIG preferred shares under TARP, the proceeds of which went directly to FRBNY to pay down a portion of the existing revolving credit facility. After that payment, the total amount available to AIG under FRBNY's revolving credit facility was reduced from $85 billion to $60 billion.
- FRBNY created Maiden Lane II, a special purpose vehicle ("SPV"), to which FRBNY lent $19.5 billion to fund the purchase of residential mortgage-backed securities from the securities-lending portfolios of several of AIG's U.S.-regulated insurance subsidiaries, in order to help relieve liquidity pressures stemming from their security-lending programs.
- FRBNY created Maiden Lane III, another SPV, to which FRBNY lent $24.3 billion to buy from AIG's counterparties collateralized debt obligations that underlie credit default swap contracts written by AIG.

Special Purpose Vehicle ("SPV"): Off-balance-sheet legal entity that holds transferred assets presumptively beyond the reach of the entities that provide the assets.

For more on the creation of the Maiden Lane III SPV see SIGTARP Audit Report, "Factors Affecting Payments to AIG's Counterparties," dated November 17, 2009.

On March 2, 2009, Treasury and the Federal Reserve announced a restructuring of Government assistance to AIG that was designed to strengthen the company's capital position. The measures included an authorization from the Federal Reserve for FRBNY to acquire up to $26 billion of preferred equity interests in two SPVs formed to hold two of AIG's largest foreign life insurance subsidiaries (American International Assurance Co., Ltd. ["AIA"] and American Life Insurance Company ["ALICO"]). The SPVs' creation also facilitated the independence of these two subsidiaries in anticipation of a sale or initial public offering ("IPO").[421]

On December 1, 2009, FRBNY received $16 billion in preferred equity interests in AIA Aurora LLC ("AIA SPV") and $9 billion in the ALICO Holdings LLC ("ALICO SPV"). This action decreased the outstanding principal balance of AIG's revolving credit facility by $25 billion and reduced its total facility borrowing capacity from $60 billion to $35 billion.[422] Under the transaction's original terms, with limited exceptions, all proceeds from the voluntary sale, public offering, or other liquidation of the assets or businesses held by the SPVs had to be used first to fully redeem FRBNY's interests in the SPVs and then to reduce the outstanding revolving credit facility.[423] After a series of additional payments, from March 12, 2010, to December 31, 2010, the borrowing capacity was reduced to approximately $25.1 billion and AIG's total outstanding principal and interest balance under the revolving credit facility was $20.3 billion.[424]

For more on AIG's Federal Reserve credit facility reduction transaction, see SIGTARP's January 2010 Quarterly Report, page 73.

Sale of Business Assets

On September 30, 2010, AIG announced that it had entered into a definitive sale agreement with Prudential Financial Inc. for the sale of its two Japanese-based life insurance subsidiaries, AIG Star Life Insurance Co., Ltd. ("Star"), and AIG Edison Life Insurance Company ("Edison"), for a total of $4.8 billion.[425] The sale is subject to regulatory approval and is expected to close in the first quarter of 2011.

On October 29, 2010, AIG completed an IPO of 8.1 billion shares of AIA Group Ltd ("AIA") including the exercise of an over-allotment option for approximately 1.1 billion shares.[426] AIG stated that the gross proceeds from the IPO were $20.5 billion. Upon completion of the IPO, AIG still owned approximately 33% of AIA's outstanding shares, which will continue to be held in the AIA SPV. AIG is precluded from selling or hedging any of its remaining shares in AIA until October 18, 2011, and from selling or hedging more than half of its remaining shares of AIA until April 18, 2012.[427]

On November 1, 2010, AIG finalized the sale of ALICO to MetLife Inc. AIG received $16.2 billion through the sale of ALICO, $7.2 billion of which was paid in cash and $9 billion in equity interests in MetLife. These equity interests will be held in the ALICO SPV and will be sold over time, subject to market conditions, following the expiration of a series of agreed-upon minimum holding periods.[428] On January 12, 2011, AIG accepted a $2.2 billion cash offer for 97.6% of its Taiwan life insurance unit, Nan Shan Life Insurance Co., from Ruen Chen Investment Holding Co., Ltd., subject to regulatory approval.[429]

Effective January 14, 2011, the cash proceeds from the AIA and ALICO asset sales were disbursed to FRBNY as part of the Recapitalization Plan, discussed below. For a summary of AIG asset sales in excess of $1 billion, see Table 2.30.

Over-Allotment: A provision in some underwriting contracts allowing the underwriter to sell more shares to investors than were originally agreed upon. In an underwriting agreement, the underwriter agrees with the issuer of a security to place a certain amount with investors. If demand for the security exceeds the underwriter's supply, the over-allotment option allows the underwriter to sell more shares and increase the amount of proceeds the issuer receives from the IPO.

AIG Recapitalization Plan

On January 14, 2011, AIG completed a series of several integrated transactions, the Recapitalization Plan, which was definitively outlined in a Master Transaction Agreement dated December 8, 2010. The Recapitalization Plan was based on a plan originally announced on September 30, 2010.[430] AIG executed the Recapitalization Plan with Treasury, FRBNY, the AIG Credit Facility Trust ("AIG Trust") (the entity in which FRBNY placed the management of the 79.8% equity interest in AIG issued as a condition of the FRBNY credit facility), ALICO SPV, and AIA SPV to recapitalize itself with the intent to repay the Federal Government's loans and investments in AIG.[431]

Execution of the Recapitalization Plan included three main steps: the repayment and termination of the FRBNY revolving credit facility, the repurchase and exchange of Government interests in the AIA and ALICO SPVs, and the conversion of Treasury's and the AIG Trust's preferred shares to common stock.

TABLE 2.30

AIG ASSET SALES IN EXCESS OF $1 BILLION

AIG Asset	Gross Proceeds	Date	Buyer or Public
AIA (sold 67%)*	$20.5 billion	10/29/10	Public: Initial Public Offering
ALICO	$7.2 billion cash $9 billion MetLife equity interests	11/1/2010	Buyer: MetLife, Inc.
AIG Star Life Insurance and AIG Edison Life Insurance	$4.8 billion	TBD	Buyer: Prudential Financial, Inc.
Nan Shan Life Insurance Co. (sold 97.6%)*	$2.2 billion	TBD	Buyer: Ruen Chen Investment Holding Co., Ltd.

*approximate

Source: AIG, "AIG Enters Into Agreement To Sell Star and Edison Life Companies," 9/30/2010, www.aigcorporate.com/newsroom/index.html, accessed 12/9/2010; SEC, "8-K American International Group," 10/22/2010, www.sec.gov/Archives/edgar/data/5272/000095012310095032/y87334e8vk.htm, accessed 12/22/10; AIG, "AIG Raises Nearly $37 Billion In Two Transactions To Repay Government," 11/1/2010, http://ir.aigcorporate.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp/lptmOSyzUBWuL0HcUb4QPW7icXt6tSsNcMErV4ODlOk1KW0aD3/sacvpSe5qek1w==, accessed 12/9/2010; SEC, "10-Q American International Group," 10/29/2010, http://www.sec.gov/Archives/edgar/data/5272/000104746910009269/a2200724z10-q.htm, accessed 1/18/11; AIG, "AIG Raises Nearly $37 Billion In Two Transactions To Repay Government," 11/1/2010, http://ir.aigcorporate.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp/lptmOSyzUBWuL0HcUb4QPW7icXt6tSsNcMErV4ODlOk1KW0aD3/sacvpSe-5qek1w==, accessed 1/18/2011; AIG, "AIG Enters Into Agreement To Sell Nan Shan To Taiwan-Based Consortium Led By The Ruentex Group," 1/12/2011, http://ir.aigcorporate.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp2GDwAh4Ju2qNKZiaQ+LC4eLA/wD8wJ898T+OGLtuOD53u0EV2e/b6wq8HGwkVuaVQ==, accessed 1/18/2011.

With the exception of AIG's pledge of its equity and residual interests in Maiden Lane II and Maiden Lane III to secure Treasury's interest in the SPVs, Maiden Lane II and Maiden Lane III were excluded from AIG's recapitalization plan and will continue to have ongoing obligations. As of December 31, 2010, those obligations totaled $13.5 billion and $14.1 billion, respectively, to FRBNY.[432] Additionally, the warrants received by Treasury for its investments in AIG in November 2008 and April 2009 were unaffected by the terms of the Recapitalization Plan.[433]

Repayment and Termination of FRBNY Revolving Credit Facility

The initial step of the Recapitalization Plan was the repayment of $20.7 billion in secured debt outstanding as of January 14, 2011, which included interest and fees, under AIG's revolving credit facility provided by FRBNY.[434] Treasury announced that AIG fully repaid this debt using a portion of the cash proceeds from the AIA IPO and the sale of ALICO.[435]

Repurchase and Exchange of Government Interests in AIA and ALICO SPVs

In the next step of the Recapitalization Plan, AIG drew $20.3 billion of the remaining available funds under the TARP Series F equity capital facility (which had $22.3 billion still available as of December 31, 2010) to repurchase an equivalent amount of FRBNY's preferred interests in the AIA and ALICO SPVs, which were immediately provided to Treasury in return for cancelling the $20.3 billion of newly drawn Series F preferred shares. In other words, Treasury effectively purchased, from FRBNY, $20.3 billion of its interest in the SPVs.[436] The remaining amount of FRBNY's holdings in the AIA and ALICO SPVs, $6.1 billion, was redeemed by AIG with cash proceeds from the AIA IPO and the ALICO sale.[437]

The remaining available TARP funds, approximately $2 billion, were used to create a new stand-by equity commitment through the issuance of Series G preferred stock, which will be available for future draw-down by AIG.[438]

The remaining preferred SPV interests will be secured by the following:[439]

- AIG's remaining shares in AIA post-IPO (approximately 33% of AIA's outstanding shares)
- The non-cash proceeds from the sale of ALICO to MetLife, Inc.[440]
- AIG's equity and residual interests in Maiden Lane II and III
- AIG's ownership interest in Star and Edison
- The proceeds of the sale of Nan Shan Life Insurance Company, Ltd.
- AIG's ownership interest in International Lease Finance Corporation ("ILFC")[441]

AIG expects to repay Treasury for its preferred interest in the SPVs through proceeds from the future sales of some or all of these assets. If the proceeds from the sales of all the assets securing the SPVs are insufficient to fully redeem Treasury's interests in the AIA and ALICO SPVs, Treasury will recognize a loss in the amount of the shortfall.

Conversion of Treasury's and the AIG Trust's Preferred Shares to Common Stock

In connection with the transactions described above, as of January 14, 2011, AIG extinguished all of the prior outstanding preferred shares held by the Government and issued 1.655 billion shares of common stock, representing 92.1% of the common stock of AIG.[442] Under the exchange plan:

- The 79.8% ownership stake in AIG received by FRBNY that was held as Series C preferred shares by the AIG Trust was converted into 562.9 million shares of AIG common stock and the trust was terminated. This was diluted to approximately a 31% ownership interest at the conclusion of the Recapitalization Plan.
- $49.1 billion of the $69.4 billion in outstanding Series E and F preferred shares held by Treasury in return for TARP funding was retired and converted into approximately 1.1 billion shares of AIG common stock, representing approximately 61% of AIG's post-transaction common equity. This included a $1.6 billion obligation for unpaid dividends.
- AIG's existing 143 million common shares outstanding remain, but were diluted from approximately a 20% ownership interest to approximately 8% after the Recapitalization Plan took effect.

- AIG issued, on January 14, 2011, existing non-Government common shareholders 10-year warrants to purchase up to a cumulative total of 75 million shares of common stock at a strike price of approximately $45.00 per share.[443]

Treasury's Rights under the Exchange Plan

As part of the exchange, AIG entered into an agreement with Treasury that grants Treasury registration rights with respect to the shares of AIG common stock. Under the rights agreement, until Treasury's ownership of AIG's voting securities falls below 33%, AIG will have to obtain Treasury's consent over the terms, conditions, and pricing of any equity offering, including any primary offering by AIG. Additionally, AIG is required to pay Treasury's expenses for the registration of shares and underwriting fees, up to 1% of the amount offered by Treasury.[444]

Recapitalization Plan Closing Conditions

At the closing on January 14, 2011, AIG completed all steps in the Recapitalization Plan[445] Table 2.31 describes the closing conditions defined in the Recapitalization Plan.

TABLE 2.31

CONDITIONS FOR THE RECAPITALIZATION PLAN CLOSING
1. The proceeds from the SPVs and other asset sales must be sufficient to repay the remaining principal, accrued and unpaid interest, fees, and other amounts owed to the FRBNY credit facility in full.
2. FRBNY shall have received evidence reasonably satisfactory to it that after the recapitalization FRBNY would not hold AIA/ALICO preferred interests having an aggregate liquidation preference in excess of $2 billion.
3. Shareholder approval for the issuance of AIG common stock and Series G preferred stock.
4. The rating profile of AIG and its principal operating subsidiaries (Chartis, Inc. and SunAmerica Financial Group), taking into account the recapitalization, must be reasonably acceptable to FRBNY, Treasury, the AIG Trust, and AIG.
5. AIG must have in place at the closing available cash and third-party financing commitments in amounts and on terms reasonably acceptable to FRBNY, Treasury, and AIG.
6. AIG must not draw more than $2 billion of the Series F, after the date the parties announce the recapitalization and prior to the closing, unless waived by FRBNY and Treasury.
7. AIG must have achieved its year-end 2010 targets for the de-risking of AIG's Financial Products Unit.
8. Absence of any law or order prohibiting the closing and receipt of all material regulatory approvals and material third-party consents required to consummate the recapitalization.
9. Approval for listing of the shares of AIG common stock on the New York Stock Exchange.
10. AIG, Treasury, FRBNY, and the AIG Trust must perform all covenants of the recapitalization plan and ensure the accuracy of all representations and warranties made by each.

Source: Master Transaction Agreement, 12/08/2010.

For a summary of investments in AIG as of January 14, 2011, see Table 2.32.

TABLE 2.32

AIG INVESTMENT SUMMARY AS OF 1/14/2011 ($ BILLIONS)

	Authorized Capacity[a]	High-Water Mark[b]	Outstanding Balance
FRBNY Revolving Credit Facility	$25.1	$72.3[c]	$0.0
Maiden Lane II [f]	22.5	19.5	13.2
Maiden Lane III[f]	30.0	24.4	14.1
AIA SPV[d]	16.0	16.7	16.9
ALICO SPV[d]	9.0	9.4	3.4
Series E Preferred Stock	40.0	41.6	0.0
Series F Equity Capital Facility	29.8	29.8	0.0
Series G Stand-by Equity Commitment	2.0	2.0	2.0
Common Stock (cost basis)[e]			47.5
Total			**97.1**

Notes: Numbers affected by rounding.
[a] Amount does not include those investments that have already been repaid and is based on current authorized capacity.
[b] High-water mark means the highest outstanding balance (principal balance and accrued dividends/interest) during the entire history of the investment as of the respective date.
[c] Authorized capacity was previously $85 billion.
[d] Ownership of the preferred interests transferred from FRBNY to Treasury effective 1/14/2011, after $6.1 billion of FRBNY's interests were redeemed by AIG for cash. For purposes of this table, at Treasury's suggestion, all $6.1 billion of these repayments have been credited to the ALICO SPV.
[e] $(40.0 + 7.5) billion = Series C + Series E + Series F converted to 1.655 billion shares. Excludes $1.6 billion in dividends that were paid in the form of additional preferred shares.
[f] Outstanding balance as of 1/12/2011.

Sources: Treasury, response to SIGTARP data call, 1/11/2011; Treasury vetting response 1/19/2011; FRBNY, "Factors Affecting Reserve Balances," 1/11/2011 www.federalreserve.gov/releases/h41/Current/, accessed 1/12/2011.

Recent AIG Credit Developments

On November 30, 2010, AIG sold a total of $2.0 billion in corporate bonds. The debt was divided into two maturities, $0.5 billion of 3.65% notes due in January 2014 and $1.5 billion of 6.40% notes due in December 2020.[446] The issuance received A3 and A- ratings from Moody's Investors Service and Standard & Poor's, respectively. AIG will use the proceeds from the sale of the bonds for general corporate purposes, in accordance with its agreement with FRBNY.[447] The November 2010 sale was the first new debt issued by AIG since before it started to receive Government assistance in September 2008.

On December 23, 2010, AIG entered into two credit agreements totaling $3 billion. This was split equally between a three-year facility for $1.5 billion and another $1.5 billion shorter-term credit agreement that matures in slightly less than a year. Thirty-six banks participated in the facilities. Additionally, AIG secured a Letter of Credit through its wholly owned subsidiary Chartis Inc., for $1.3 billion.[448]

Loss Estimates

Before the announcement of the Recapitalization Plan, Treasury's most recent loss estimate for AIG under TARP, dated March 31, 2010, was $45.2 billion.[449] This estimate, like others before it, accounted for a broad range of factors that might affect the value of Treasury's holdings, including the comparison of several different data points based on a variety of different inputs and factors.[450]

Following Treasury's announcement of the Recapitalization Plan in its October 5, 2010, *TARP Two-Year Retrospective*, it offered a loss estimate of $5.1 billion. This estimate valued shares based on a number of assumptions, including the completion of the Recapitalization Plan and AIG's closing stock price on October 1, 2010.[451] While Treasury disclosed the use of its market closing price methodology, Treasury did not disclose at that time that the market closing price methodology represented a change from that used in previous estimates. Subsequently, on November 15, 2010, Treasury's audited *Agency Financial Report* for fiscal year 2010 reported a $36.9 billion estimated lifetime cost for TARP's AIG investment, as of September 30, 2010, using the older methodology, reflecting a reduction in anticipated losses of $8.3 billion over the preceding six months. The audited report also included the $5.1 billion *pro forma* estimate from its *TARP Two-Year Retrospective*.[452] In its November 2010 *Report on the Troubled Asset Relief Program*, the Congressional Budget Office estimated a lifetime cost of $14 billion for TARP's investment in AIG.[453] OMB's most recent estimate, released in October 2010, was for a lifetime cost of TARP's investment in AIG of $48 billion. This estimate, however, was as of May 2010 and did not take into consideration the terms of the Recapitalization Plan.[454] All of these estimates are exclusive of the expected return that will be realized on the sale of the equity interests, which then totaled 79.8% of AIG's common equity, that FRBNY received in September 2008 when it extended the revolving credit facility to AIG.

Retention of Greenhill & Co. LLC as Advisor to Treasury

On November 18, 2010, Treasury retained Greenhill & Co., LLC ("Greenhill"), which it described as an independent investment bank focused on providing financial advice on significant mergers, acquisitions, restructurings, financings, and capital raisings, to advise it on the management and disposition of Treasury's investments in AIG. Among the firm's responsibilities will be providing valuations of Treasury's AIG investments, advising and monitoring restructuring strategies before disposition of specific investments, reporting on performance, and analyzing and reviewing alternatives for the best strategy, structure, and timing to dispose of Treasury's investment. The initial term of the contract is for 18 months, but Treasury may extend Greenhill's mandate beyond the initial expiration date for an additional six months. For the first year of the contract, Greenhill will receive $500,000 per month, and subsequently, $175,000 per month until May 2012 for a total of $7.1 million.[455]

Targeted Investment Program and Asset Guarantee Program

Treasury invested a total of $40 billion in two financial institutions, Citigroup Inc. ("Citigroup") and Bank of America Corp. ("Bank of America"), through the Targeted Investment Program ("TIP"). Treasury invested $20 billion in Citigroup on December 31, 2008, and $20 billion in Bank of America on January 16, 2009, in return for preferred shares paying quarterly dividends at an annual rate of 8% and warrants from each institution.[456] According to Treasury, TIP's goal was to "strengthen the economy and protect American jobs, savings, and retirement security [where] the loss of confidence in a financial institution could result in significant market disruptions that threaten the financial strength of similarly situated financial institutions."[457] Both banks repaid TIP by December 2009.[458] On March 3, 2010, Treasury auctioned the Bank of America warrants it received under TIP for $1.25 billion.[459] Although Treasury still holds warrants in Citigroup, on January 14, 2011, Treasury announced its intention to sell the Citigroup warrants in a public auction in the first quarter of 2011. TIP is effectively closed.[460]

Under the Asset Guarantee Program ("AGP"), Treasury, the Federal Deposit Insurance Corporation ("FDIC"), the Federal Reserve, and Citigroup agreed to provide loss protection on a pool of Citigroup assets valued at approximately $301 billion. In return, as a premium, the Government received warrants to purchase Citigroup common stock and $7 billion in preferred stock. The preferred stock was subsequently exchanged for trust preferred securities ("TRUPS").

Treasury received $4 billion of the TRUPS and the FDIC received $3 billion.[461] Although Treasury's asset guarantee was not a direct cash investment, it exposed taxpayers to a potential TARP loss of $5 billion. On December 23, 2009, in connection with Citigroup's TIP repayment, Citigroup and Treasury terminated the AGP agreement. Although at the time of termination the asset pool suffered a $10.2 billion loss, this number was below the agreed-upon deductible and the Government suffered no loss.[462]

Treasury agreed to cancel $1.8 billion of the TRUPS issued by Citigroup, reducing the premium it received from $4.0 billion to $2.2 billion, in exchange for the early termination of the loss protection. The FDIC retained all of its $3 billion in securities.[463] Under the termination agreement, however, the FDIC will transfer up to $800 million of those securities to Treasury if Citigroup's participation in the FDIC's Temporary Liquidity Guarantee Program closes without a loss.[464]

On September 29, 2010, Treasury entered into an agreement with Citigroup to exchange the entire $2.2 billion in Citigroup TRUPS that it held under AGP for

Trust Preferred Securities ("TRUPS"): Securities that have both equity and debt characteristics created by establishing a trust and issuing debt to it.

For more information on the asset guarantee program, see SIGTARP Audit Report "Extraordinary Financial Assistance Provided to Citigroup, Inc.," dated January 13, 2011.

new TRUPS. Because the interest rate necessary to receive par value was below the interest rate paid by Citigroup to Treasury, Citigroup increased the principal amount of the securities sold by Treasury an additional $12 million, thereby enabling Treasury to receive an additional $12 million in proceeds from the $2.2 billion sale of the Citigroup TRUPS, which occurred on September 30, 2010. This sale did not include the $800 million in AGP TRUPS held by the FDIC for Treasury's benefit. The sale also did not include warrants for Citigroup's common stock that were issued as part of Citigroup's participation in AGP. Any proceeds from the ultimate sale of those securities will represent additional gains to the taxpayer. According to Treasury, it has realized a profit of approximately $12 billion over the course of Citigroup's participation in AGP, TIP, and CPP.[465]

Bank of America announced a similar asset guarantee agreement with respect to approximately $118 billion in Bank of America assets, but the final agreement was never executed. At the time Bank of America exited TARP, however, it agreed to pay $425 million to the Government as a termination fee.[466] Of this $425 million, $276 million was paid to Treasury, $92 million was paid to the FDIC, and $57 million was paid to the Federal Reserve.[467]

ASSET SUPPORT PROGRAMS

Three TARP programs have focused on supporting markets for specific asset classes: the Term Asset-Backed Securities Loan Facility ("TALF"), the Public-Private Investment Program ("PPIP"), and the Unlocking Credit for Small Businesses ("UCSB") program.

As initially announced, TALF was designed to support asset-backed securities ("ABS") transactions by providing investors up to $200 billion in non-recourse loans through the Federal Reserve Bank of New York ("FRBNY") to purchase non-mortgage-backed ABS and commercial mortgage-backed securities ("CMBS"). The program was supported by up to $20 billion in TARP funds to be used if borrowers surrendered the ABS purchased through the program and walked away from their loans. The TARP obligation was subsequently reduced to $4.3 billion. TALF ultimately provided $71.1 billion in Federal Reserve financing by the time the program closed to new loans.

PPIP uses a combination of private equity, Government equity, and Government debt through TARP to facilitate purchases of legacy mortgage-backed securities ("MBS") held by financial institutions. In July 2009, Treasury announced the selection of nine Public-Private Investment Fund ("PPIF") managers and a total potential commitment of $30 billion in TARP funds.[468] The actual funding of that commitment depended on how much private capital the PPIF managers raised. After the fund-raising period was completed, Treasury's PPIP obligation was capped at $22.4 billion. The PPIF managers are currently purchasing investments and managing their portfolios.

Through the UCSB loan support initiative, Treasury launched a program to purchase SBA 7(a) securities, which are securitized small-business loans. Treasury originally committed $15 billion to the program; the commitment was subsequently lowered several times. By the time the program closed, it had made a total of $368.1 million in purchases.[469]

Non-Recourse Loan: Secured loan in which the borrower is relieved of the obligation to repay the loan upon surrendering the collateral.

TALF

TALF, which was announced in November 2008, issued loans collateralized by eligible ABS.[470] According to FRBNY, "the ABS markets historically have funded a substantial share of credit to consumers and businesses," and TALF was "designed to increase credit availability and support economic activity by facilitating renewed issuance of consumer and business ABS."[471] The program was extended to eligible newly issued CMBS in June 2009 and to eligible legacy CMBS in July 2009.[472] TALF closed to new lending in June 2010.

Collateral: Asset pledged by a borrower to a lender until a loan is repaid. Generally, if the borrower defaults on the loan, the lender gains ownership of the pledged asset and may sell it to satisfy the debt. In TALF, the ABS or CMBS purchased with the TALF loan is the collateral that is posted with FRBNY.

Synthetic ABS: Security deriving its value and cash flow from sources other than conventional debt, equities, or commodities — for example, credit derivatives.

Nationally Recognized Statistical Rating Organization ("NRSRO"): Credit rating agency registered with the SEC. Credit rating agencies provide their opinion of the creditworthiness of companies and the financial obligations issued by companies. The ratings distinguish between investment grade and non–investment grade equity and debt obligations.

TALF is divided into two parts:[473]

- a lending program, TALF, that originated non-recourse loans to eligible borrowers using eligible ABS and CMBS as collateral
- an asset disposition facility, TALF LLC, that purchases the collateral from FRBNY if borrowers choose to surrender it and walk away from their loans or if the collateral is seized in the event of default

TALF, which was managed and substantially funded by FRBNY, closed its lending program with the last non-mortgage-backed ABS and legacy CMBS subscriptions closing on March 11, 2010, and March 29, 2010, respectively,[474] and the last subscription for newly issued CMBS closed on June 28, 2010.[475]

The asset disposition facility, TALF LLC, is managed by FRBNY and remains in operation.[476] TALF LLC charges FRBNY a fee for the commitment to purchase any collateral surrendered by the borrowers. TALF LLC's funding comes first from that fee, which is derived from the principal balance of each outstanding TALF program loan.[477] In the event that such funding proves insufficient, funding would then come from TARP, which is obligated to lend up to the authorized limit in subordinated debt from TALF LLC.[478] TARP's original TALF obligation was $20 billion, to support up to $200 billion in TALF loans. However, when TALF's lending phase ended in June 2010 with $42.5 billion in loans outstanding, Treasury and the Federal Reserve agreed to reduce the TARP obligation to $4.3 billion.[479] The TARP money is available for TALF LLC to use to purchase surrendered assets from FRBNY and may offset losses associated with disposing of the surrendered assets. As of December 31, 2010, $24.7 billion in TALF loans were outstanding.[480] No TALF loans were in default and consequently no collateral was purchased by TALF LLC.[481]

Lending Program

TALF's lending program made secured loans to eligible borrowers.[482] The loans were issued with terms of three or five years and were available for non-mortgage-backed ABS, newly issued CMBS, and legacy CMBS.[483]

To be eligible for TALF, the non-mortgage-backed ABS had to meet certain criteria, including the following:[484]

- be U.S.-dollar-denominated cash (not synthetic ABS)
- bear short-term and long-term credit ratings of the highest investment grade (e.g., AAA) from two or more major nationally recognized statistical rating organizations ("NRSROs") identified by FRBNY as eligible to rate non-mortgage-backed ABS collateral for TALF loans
- not bear a long-term credit rating less than the highest rating by a major NRSRO

- have all or substantially all of the underlying loans originate in the United States
- have any one of the following types of underlying loans: automobile, student, credit card, equipment, dealer floor plan, insurance premium finance, small-business fully guaranteed by SBA as to principal and interest, or receivables related to residential mortgage servicing advances ("servicing advance receivables")
- not have collateral backed by loans originated or securitized by the TALF borrower or one of its affiliates

For a discussion of the credit rating agency industry and an analysis of the impact of NRSROs on TARP and the overall financial market, see SIGTARP's October 2009 Quarterly Report, pages 113-148.

To qualify as TALF collateral, newly issued CMBS and legacy CMBS had to meet numerous requirements, some of which were the same for both CMBS types:[485]

- evidence an interest in a trust fund that consists of fully funded mortgage loans and not other CMBS, other securities, interest rate swap or cap instruments, or other hedging instruments
- possess a credit rating of the highest long-term investment grade from at least two rating agencies identified by FRBNY as eligible to rate CMBS collateral for TALF loans, and not possess a credit rating below the highest investment grade from any of those agencies
- offer principal and interest payments
- have been issued by any institution other than a Government-sponsored enterprise ("GSE") or an agency or instrumentality of the U.S. Government
- include a mortgage or similar instrument on a fee or lease-hold interest in one or more income-generating commercial properties

Some minor, but important, differences existed between eligible newly issued CMBS and eligible legacy CMBS. Newly issued CMBS had to meet the following requirements:[486]

- evidence first-priority mortgage loans that were current in payment at the time of securitization
- not be junior to other securities with claims on the same pool of loans
- have 95% or more of the dollar amount of the underlying credit exposures originated by a U.S.-organized entity or a U.S. branch or agency of a foreign bank

Legacy CMBS had to meet the following requirements:[487]

- not have been junior to other securities with claims on the same pool of loans at the time the CMBS was issued
- have at least 95% of the underlying properties, in terms of the related loan principal balance, located in the United States or its territories

The final maturity date of loans in the TALF portfolio is March 30, 2015.[488] TALF loans are non-recourse (unless the borrower breaches any representations, warranties, or covenants), which means that FRBNY cannot hold the borrower liable for any losses beyond the surrender of any assets pledged as collateral.[489]

TALF Agent: Financial institution that is party to the TALF Master Loan and Security Agreement and that occasionally acts as an agent for the borrower. TALF agents include primary and nonprimary broker-dealers.

Haircut: Difference between the value of the collateral and the value of the loan (the loan value is less than the collateral value).

Skin in the Game: Equity stake in an investment; down payment; the amount an investor can lose.

Custodian Bank: Bank holding the collateral and managing accounts for FRBNY; for TALF the custodian is Bank of New York Mellon.

Loan Terms

TALF participants were required to use a TALF agent to apply for a TALF loan.[490] Once the collateral (the particular asset-backed security financed by the TALF loan) was deemed eligible by FRBNY, the collateral was assigned a haircut. Haircuts, which represent the amount of money put up by the borrower (the borrower's "skin in the game"), were required for all TALF loans.[491] Haircuts for non-mortgage-backed ABS varied based on the riskiness and maturity of the collateral, and generally ranged between 5% and 16% for non-mortgage-backed ABS with average lives of five years or less.[492] The haircut for legacy and newly issued CMBS was generally 15% of par but increased above that amount if the average life of the CMBS was greater than five years.[493]

FRBNY lent each borrower the amount of the market price of the pledged collateral minus the haircut, subject to certain limitations.[494] The borrower delivered the collateral to the custodian bank, which collects payments generated by the collateral and distributes them to FRBNY (representing the borrower's payment of interest on the TALF loan).[495] Any excess payments from the collateral above the interest due and payable to FRBNY on the loan go to the TALF borrower.[496]

Because the loans are non-recourse, the risk for any borrower is limited to the haircut and any additional principal that may be paid down on the TALF loan. If the securities pledged as collateral are worth less than the loan balance when the loan is due, the borrower would likely surrender the collateral rather than pay the loan balance. The Government would then be at risk for potential losses equal to the difference between the loan balance and the value of the collateral.[497]

TALF Loan Subscriptions

The final TALF loans collateralized by non-mortgage-backed ABS were settled on March 11, 2010.[498] TALF provided $59.0 billion of non-mortgage-backed ABS loans during the lending phase of the program. Of all such loans settled, $20.5 billion was outstanding as of December 31, 2010.[499] Table 2.33 lists all settled TALF loans collateralized by non-mortgage-backed ABS, by ABS sector.

The final subscription for TALF CMBS loans was settled June 28, 2010. TALF provided $12.1 billion of CMBS loans during the lending phase of the program.[500] Of all such loans settled, $4.2 billion was outstanding as of December 31, 2010.[501] Table 2.34 includes all TALF CMBS loans that have been settled.

TABLE 2.33

TALF LOANS SETTLED BY ABS SECTOR (NON-MORTGAGE-BACKED COLLATERAL) ($ BILLIONS)

ABS Sector	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	Total
Auto Loans	$1.9	$6.1	$4.5	$0.2	$0.1	$12.8
Credit Card Receivables	2.8	12.4	8.4	1.8	0.9	26.3
Equipment Loans	—	1.0	0.1	0.3	0.2	1.6
Floor Plan Loans	—	—	1.0	1.5	1.4	3.9
Premium Finance	—	0.5	0.5	—	1.0	2.0
Servicing Advance Receivables	—	0.4	0.1	0.6	0.1	1.3
Small-Business Loans	—	0.1	0.4	0.9	0.7	2.2
Student Loans	—	2.5	3.6	1.0	1.8	8.9
Total	**$4.7**	**$23.0**	**$18.7**	**$6.4**	**$6.1**	**$59.0**

Notes: Numbers may not total due to rounding. Data as of 12/31/2010.The first subscription in the program was in March 2009; therefore, the first quarter of 2009 represents one subscription while the remaining quarters represent three subscriptions.

Sources: FRBNY, "Term Asset-Backed Securities Loan Facility: non-CMBS," no date, www.newyorkfed.org/markets/talf_operations.html, accessed 1/13/2011; FRBNY, "Term Asset-Backed Securities Loan Facility: non-CMBS," no date, www.newyorkfed.org/markets/TALF_recent_operations.html, accessed 1/13/2011.

TABLE 2.34

TALF LOANS SETTLED (CMBS COLLATERAL) ($ BILLIONS)

Type of Collateral Assets	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	2nd Quarter 2010	Total
Newly Issued CMBS	$—	$—	$0.1	$—	$—	$ 0.1
Legacy CMBS	—	4.1	4.5	3.3	—	12.0
Total	**$—**	**$4.1**	**$4.6**	**$3.3**	**$—**	**$12.1**

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. The second quarter of 2009 was only for legacy CMBS, while the second quarter of 2010 was only for newly issued CMBS.

Sources: FRBNY, "Term Asset-Backed Securities Loan Facility: CMBS," no date, www.newyorkfed.org/markets/cmbs_operations.html, accessed 10/5/2010; FRBNY, "Term Asset-Backed Securities Loan Facility: CMBS," no date, www.newyorkfed.org/markets/CMBS_recent_operations.html, accessed 1/13/2011.

Asset Disposition Facility

When FRBNY created TALF LLC, the facility that is used to purchase collateral received by FRBNY if TALF borrowers walk away from their loans, TARP loaned the facility $100 million. Of this initial funding, $15.8 million was allocated to cover administrative costs.[502] TARP will continue to fund TALF LLC, as needed, until its entire $4.3 billion obligation has been funded, all TALF loans are retired, or the loan commitment term expires. Any additional funds, if needed, will be provided by a loan from FRBNY that will be collateralized by the assets of TALF LLC and will be senior to the TARP loan.[503] Payments by TALF LLC from the proceeds of its holdings will be made in the following order:[504]

- operating expenses of TALF LLC
- principal due to FRBNY and funding of FRBNY's senior loan commitment
- principal due to Treasury
- interest due to FRBNY
- interest due to Treasury
- other secured obligations

Any remaining money will be shared by Treasury (90%) and FRBNY (10%).[505]

TALF Disclosures

On December 1, 2010, the Federal Reserve posted on its website detailed information on the 177 TALF loans, including the names of all the borrowers from the TALF program (some of which share a parent company); each borrower's city, state, and country; the name of any material investor in the borrower (defined as a 10% or greater beneficial ownership interest in any class of security of a borrower); the amount of the loan; the amount outstanding as of September 30, 2010; the loan date; the loan maturity date; the date of full repayment (if applicable); the date of loan assignment (if applicable); the loan rate (fixed or floating); the market value of the collateral associated with the loan at the time the loan was extended; the name of the issuer of the ABS collateral associated with the loan; and the collateral asset class and subclass.[506]

For the complete list of TALF borrowers, refer to the FRBNY website: www.federalreserve.gov/newsevents/reform_talf.htm.

As of December 31, 2010, $46.4 billion in TALF loans had been repaid. According to FRBNY, the $24.7 billion in TALF loans that have not been repaid in full are current in their payments.[507]

Current Status

As of December 31, 2010, no collateral had been surrendered or purchased by TALF LLC.[508] As of the same date, TALF LLC had assets of $665 million.[509] That amount includes the $100 million in initial TARP funding.[510] The remainder consists of interest payments and interest income earned from permitted investments. From its February 4, 2009, formation through December 31, 2010, TALF LLC had spent approximately $1.4 million on administration.[511]

When TALF closed for new loans in June 2010, FRBNY's responsibilities under the program shifted primarily to portfolio management, which includes the following duties:[512]

- maintaining documentation
- overseeing the custodian that is responsible for holding ABS collateral
- calculating and collecting principal and interest on TALF loans
- disbursing excess spread to TALF borrowers in accordance with the governing documents
- monitoring the TALF portfolio
- collecting and managing collateral assets if a borrower defaults or surrenders the collateral in lieu of repayment
- paying TALF LLC interest that borrowers pay FRBNY on TALF loans, in excess of FRBNY's cost of funding

Excess Spread: Funds left over after required payments and other contractual obligations have been met. In TALF it is the difference between the periodic amount of interest paid out by the collateral and the amount of interest charged by FRBNY on the non-recourse loan provided to the borrower to purchase the collateral.

Public-Private Investment Program

According to Treasury, the purpose of the Public-Private Investment Program ("PPIP") is to purchase legacy securities from financial institutions through Public-Private Investment Funds ("PPIFs"). PPIFs are partnerships, formed specifically for this program, that invest in mortgage-backed securities using equity capital from private-sector investors combined with TARP equity and debt. A private-sector fund management firm oversees each PPIF on behalf of these investors. According to Treasury, the aim of PPIP was to "restart the market for legacy securities, allowing banks and other financial institutions to free up capital and stimulate the extension of new credit."[513]

Treasury selected nine fund management firms to establish PPIFs. One PPIF manager, The TCW Group, Inc. ("TCW"), subsequently withdrew. Private investors and Treasury co-invested in the PPIFs to purchase legacy securities from financial institutions. The fund managers raised private-sector capital. Treasury matched the private-sector equity dollar for dollar and provided debt financing in the amount of the total combined equity. Each PPIF manager was also required to invest at least $20 million of its own money in the PPIF.[514] Each PPIF is approximately 75% TARP funded. PPIP was designed as an eight-year program but, under certain circumstances, Treasury can terminate it early or extend it for up to two additional years.[515]

The intent of the program is for the PPIFs to purchase securities from banks, insurance companies, mutual funds, pension funds, and other eligible financial institutions, as defined in EESA.[516] Treasury, the PPIF managers, and the private investors share PPIF profits on a *pro rata* basis based on their limited partnership interests. PPIF losses are also shared on a *pro rata* basis, up to each participant's investment amount.[517] In addition to its *pro rata* share, Treasury received warrants in each PPIF, as mandated by EESA.[518]

Legacy Securities: Real estate-related securities that remain on the balance sheets of financial institutions because of pricing difficulties that resulted from market disruption.

Equity: Investment that represents an ownership interest in a business.

Debt: Investment in a business that is required to be paid back to the investor, usually with interest.

For more information on the selection of PPIF managers, see SIGTARP's October 7, 2010, audit entitled "Selecting Fund Managers for the Legacy Securities Public-Private Investment Program."

For more information on the withdrawal of TCW as a PPIF manager, see SIGTARP's January 2010 Quarterly Report, page 88.

Pro Rata: Refers to dividing something among a group of participants according to the proportionate share that each participant holds as a part of the whole.

Limited Partnership: Partnership in which there is at least one partner whose liability is limited to the amount invested (limited partner) and at least one partner whose liability extends beyond monetary investment (general partner).

The securities eligible for purchase by PPIFs ("eligible assets") are supported by real estate-related loans, including non-agency residential mortgage-backed securities ("non-agency RMBS") and commercial mortgage-backed securities ("CMBS") that meet the following criteria:[519]

- issued before January 1, 2009 (legacy)
- bearing an original AAA or equivalent rating from two or more credit rating agencies designated as nationally recognized statistical rating organizations ("NRSROs")
- secured directly by actual mortgages, leases, or other assets, not other securities (other than certain swap positions, as determined by Treasury)
- located primarily in the United States (the loans and other assets that secure the non-agency RMBS and CMBS)
- purchased from financial institutions that are eligible for TARP participation

Non-Agency Residential Mortgage-Backed Securities ("non-agency RMBS"): Financial instrument backed by a group of residential real estate mortgages not guaranteed or owned by a Government-sponsored enterprise ("GSE"), such as the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac").

Legacy Securities Program Process

The following steps describe the process by which funds participate in the Legacy Securities Program:[520]

1. Fund managers applied to Treasury to participate in the program.
2. Pre-qualified fund managers raised the necessary private capital for the PPIFs.
3. Treasury matched the capital raised, dollar for dollar, up to a preset maximum. Treasury also received warrants so it could benefit further if the PPIFs turn a profit.
4. Fund managers may borrow additional funds from Treasury up to 100% of the total equity investment (including the amount invested by Treasury).
5. Each fund manager purchases and manages the legacy securities and provides monthly reports to its investors, including Treasury.

Obligated funds are not given immediately to PPIF managers. Instead, PPIF managers send a notice to Treasury and the private investors requesting portions of obligated contributions in order to purchase specific investments or to pay certain expenses and debts of the partnerships.[521] When the funds are delivered, the PPIF is said to have "drawn down" on the obligation.[522]

PPIF Purchasing Power

During the capital-raising period, the eight PPIP fund managers raised $7.4 billion of private-sector equity capital, which Treasury matched with a dollar-for-dollar obligation for a total of $14.7 billion in equity capital. Treasury also obligated $14.7 billion of debt financing, resulting in $29.4 billion of PPIF purchasing power. As of December 31, 2010, the current PPIFs have drawn down a total of approximately $20.4 billion, including private-sector equity capital and TARP funding of equity and debt, to purchase PPIP-eligible assets. The assets purchased have been valued by Bank of New York Mellon, operating as administrative agent, valuation agent, and custodian for PPIP, at $21.5 billion.[523] Treasury has expended a total of $15.6 billion for PPIP, including $15.2 billion for the eight active PPIFs and $356.3 million for TCW.

The fund-raising stage for PPIFs is now complete. PPIF managers had six months from the closing date of their first private-sector fund raising to raise additional private-sector equity.[524] Although Treasury initially pledged up to $30 billion for PPIP, the fund managers did not raise enough private-sector capital for Treasury's combination of matching funds and debt financing to reach that amount. Treasury's total obligation is now limited to $22.4 billion, which includes $22.1 billion for active PPIFs, and $356.3 million disbursed to TCW, which TCW repaid.[525]

Notwithstanding the expiration of TARP's purchasing authority on October 3, 2010, each active PPIF manager has up to three years from closing its first private-sector equity contribution (the investment period) to draw upon the TARP funds obligated for the PPIF.[526] The last of the three-year investment periods expires in December 2012. Table 2.35 shows all equity and debt obligated for active PPIFs under the program.

TABLE 2.35

PUBLIC-PRIVATE INVESTMENT PROGRAM, AS OF 12/31/2010 ($ Billions)

	Private-Sector Equity Capital	Treasury Equity	Treasury Debt	Total Purchasing Power
AG GECC PPIF Master Fund, L.P.	$1.2	$1.2	$2.5	$5.0
AllianceBernstein Legacy Securities Master Fund, L.P.	1.2	1.2	2.3	4.6
BlackRock PPIF, L.P.	0.7	0.7	1.4	2.8
Invesco Legacy Securities Master Fund, L.P.	0.9	0.9	1.7	3.4
Marathon Legacy Securities Public-Private Investment Partnership, L.P.	0.5	0.5	0.9	1.9
Oaktree PPIP Fund, Inc.	1.2	1.2	2.3	4.6
RLJ Western Asset Public/Private Master Fund, L.P.	0.6	0.6	1.2	2.5
Wellington Management Legacy Securities PPIF Master Fund, LP	1.1	1.1	2.3	4.6
Current Totals	**$7.4**	**$7.4**	**$14.7**	**$29.4**[a]

Notes: Numbers affected by rounding.
[a] Treasury initially obligated $0.4 billion to TCW. The $0.4 billion was paid to TCW, and TCW subsequently repaid the funds that were invested in its PPIF. As this PPIF has closed, the amount is not included in the total purchasing power.

Source: PPIF Monthly Performance Reports submitted by each PPIF manager, December 2010, received 1/18/2011.

Fund Performance

Each PPIF's performance — its gross and net returns since inception — as reported by PPIF managers, is listed inTable 2.36. The returns are calculated based on a methodology requested by Treasury. Each PPIF has three years to buy legacy securities on behalf of its private and Government investors. The program strives to maintain "predominantly a long-term buy and hold strategy."[527]

The data in Table 2.36 constitutes a snapshot of the funds' performance during the quarter ended December 31, 2010, and may not predict the funds' performance over the long term. According to some PPIF managers, it would be premature to draw any long-term conclusions because, among other reasons, some managers have not fully executed their investment strategies or fully drawn down Treasury's capital or debt obligations.

TABLE 2.36

PPIF INVESTMENT STATUS, AS OF 12/31/2010

Manager		1-Month Return (percent)[a]	3-Month Return (percent)[a]	Cumulative Since Inception (percent)[a]	Net Internal Rate of Return Since Inception (percent)[b]
AG GECC PPIF Master Fund, L.P.	Gross	4.73	15.08	65.85	60.48
	Net	4.71	15.00	63.62	59.69
AllianceBernstein Legacy Securities Master Fund, L.P.	Gross	1.12	7.06	37.83	39.27
	Net	1.02	6.76	34.99	37.38
BlackRock PPIF, L.P.	Gross	0.64	5.47	43.87	37.43
	Net	0.56	5.21	41.60	35.68
Invesco Legacy Securities Master Fund, L.P.	Gross	(0.02)	5.36	37.92	32.67
	Net	(0.14)	5.03	34.83	30.77
Marathon Legacy Securities Public-Private Investment Partnership, L.P.	Gross	2.64	9.16	40.92	44.88
	Net	2.56	8.89	37.21	42.81
Oaktree PPIP Fund, Inc.	Gross	4.90	9.85	25.09	31.73
	Net	4.76	9.29	19.23	27.82
RLJ Western Asset Public/Private Master Fund, L.P.	Gross	0.86	7.07	38.19	36.47
	Net	0.76	6.79	36.17	34.83
Wellington Management Legacy Securities PPIF Master Fund, LP	Gross	0.78	6.34	26.42	25.36
	Net	0.68	6.06	24.35	23.81

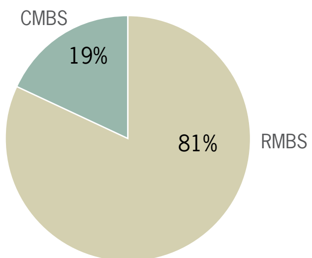
Notes: The performance indicators are listed as reported by the PPIF managers without further analysis by SIGTARP. The net returns include the deduction of management fees and partnership expenses attributable to Treasury.
[a] Time-weighted, geometrically linked returns.
[b] Dollar-weighted rate of return.

Source: PPIF Monthly Performance Reports submitted by each PPIF manager, December 2010, received 01/18/2011.

FIGURE 2.6

AGGREGATE COMPOSITION OF PPIF PURCHASES, AS OF 12/31/2010

Percentage of $21.5 Billion



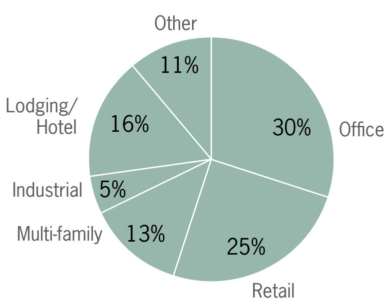
Notes: Numbers affected by rounding. Calculated based on monthly data supplied by the PPIF managers.

Source: PPIF Monthly Performance Reports, December 2010.

FIGURE 2.7

AGGREGATE CMBS PURCHASES BY SECTOR, AS OF 12/31/2010

Percentage of $4.1 Billion



Notes: Numbers affected by rounding. Calculated based on monthly data supplied by the PPIF managers.

Source: PPIF Monthly Performance Reports, December 2010.

According to their agreements with Treasury, PPIF managers may trade in both RMBS and CMBS, except for Oaktree PPIP Fund, Inc., which may purchase only CMBS.[528] Figure 2.6 shows the collective value of securities purchased by all PPIFs as of December 31, 2010, broken down by RMBS and CMBS.

PPIF investments can be classified by underlying asset type. For non-agency RMBS, the underlying assets are mortgages for residences with up to four dwelling units; all non-agency RMBS investments are considered residential. For CMBS, the assets are commercial real estate mortgages: office, retail, multi-family, hotel, industrial (such as warehouses), mobile home parks, mixed-use (combination of commercial and residential), and self-storage. Figure 2.7 breaks down CMBS investment distribution by sector. The aggregate CMBS portfolio had large concentrations in office (30%) and retail (25%) loans.

Non-agency RMBS and CMBS can be classified by the degree of estimated default risk (sometimes referred to as "quality"). Investors are most concerned about whether borrowers will default and the underlying collateral will be sold at a loss. Estimated risk, or quality, attempts to measure the likelihood of that outcome. There are no universal standards for ranking mortgage quality, and the designations vary depending on context. In general, the highest-quality rankings are granted to mortgages that have the strictest requirements regarding borrower credit, completeness of documentation, and underwriting standards. Treasury characterizes these investment-quality levels of risk for the types of mortgage loans that support non-agency RMBS as follows:[529]

- **Prime** — mortgage loan made to a borrower with good credit that generally meets the lender's strictest underwriting criteria. Non-agency prime loans generally exceed the dollar amount eligible for purchase by GSEs (jumbo loans) but may include lower-balance loans as well.
- **Alt-A** — mortgage loan made to a borrower with good credit but with limited documentation or other characteristics that do not meet the standards for prime loans. An Alt-A loan may have a borrower with a lower credit rating, a higher loan-to-value ratio, or limited or no documentation, compared with a prime loan.
- **Subprime** — mortgage loan made to a borrower with a poor credit rating.
- **Option Adjustable Rate Mortgage ("ARM")** — mortgage loan that gives the borrower a set of choices about how much interest and principal to pay each month. This may result in negative amortization (an increasing loan principal balance over time).
- **Other (RMBS)** — RMBS that do not meet the definitions for prime, Alt-A, subprime, or option ARM but meet the definition of "eligible assets" above.

Treasury characterizes CMBS according to the degree of "credit enhancement" supporting them:[530]

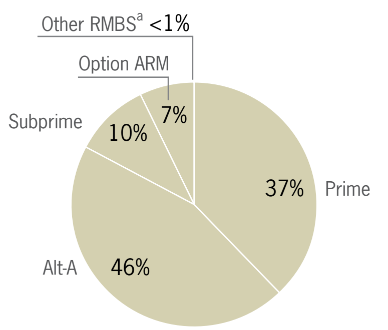
- **Super Senior** — most senior originally rated AAA bonds in a CMBS securitization with the highest level of credit enhancement. Credit enhancement refers to the percentage of the underlying mortgage pool by balance that must be written down before the bond suffers any losses. Super senior bonds often compose approximately 70% of a securitization and, therefore, have approximately 30% credit enhancement at issuance.
- **AM (Mezzanine)** — mezzanine-level originally rated AAA bond. Creditors receive interest and principal payments after super senior creditors but before junior creditors.[531] AM bonds often compose approximately 10% of a CMBS securitization.
- **AJ (Junior)** — the most junior bond in a CMBS securitization that attained a AAA rating at issuance.
- **Other (CMBS)** — CMBS that do not meet the definitions for super senior, AM, or AJ but meet the definition of "eligible assets" above.

Figure 2.8 and Figure 2.9 show the distribution of non-agency RMBS and CMBS investments held in PPIP by respective risk levels, as reported by PPIF managers.

FIGURE 2.8

AGGREGATE RMBS PURCHASES BY QUALITY, AS OF 12/31/2010

Percentage of $17.3 Billion



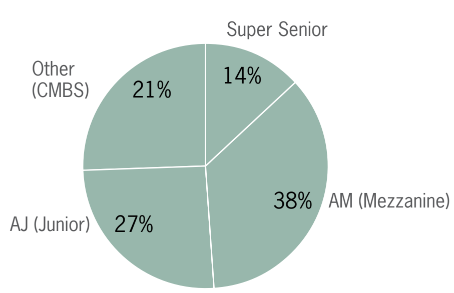
Notes: Numbers affected by rounding. Calculated based on monthly data supplied by the PPIF managers.
[a]The actual percentage for "Other RMBS" is 0.21%.

Source: PPIF Monthly Performance Reports, December 2010.

FIGURE 2.9

AGGREGATE CMBS PURCHASES BY QUALITY, AS OF 12/31/2010

Percentage of $4.1 Billion



Notes: Numbers affected by rounding. Calculated based on monthly data supplied by the PPIF managers.

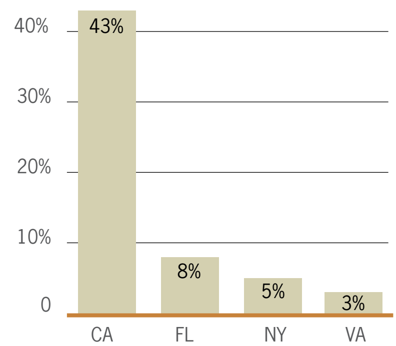
Source: PPIF Monthly Performance Reports, December 2010.

Non-agency RMBS and CMBS can be classified geographically, according to the states where the underlying mortgages are held. Figure 2.10 and Figure 2.11 show the states with the greatest representation in the underlying non-agency RMBS and CMBS investments in PPIFs, as reported by PPIF managers.

Non-agency RMBS and CMBS can also be classified by the delinquency of the underlying mortgages. Figure 2.12 and Figure 2.13 show the distribution of non-agency RMBS and CMBS investments held in PPIP by delinquency levels, as reported by PPIF managers.

FIGURE 2.10

AGGREGATE GEOGRAPHICAL DISTRIBUTION — PERCENT OF TOTAL RMBS, AS OF 12/31/2010

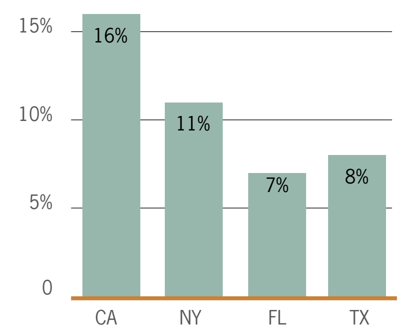


Notes: Only states with the largest representation shown. Calculated based on monthly data supplied by PPIF managers.

Source: PPIF Monthly Performance Reports, December 2010.

FIGURE 2.11

AGGREGATE GEOGRAPHICAL DISTRIBUTION — PERCENT OF TOTAL CMBS, AS OF 12/31/2010



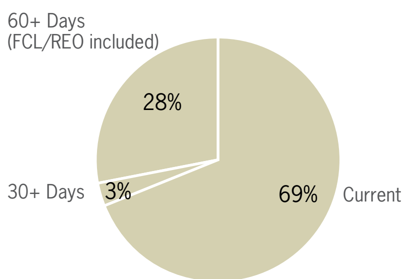
Notes: Only states with largest representation shown. Calculated based on monthly data supplied by the PPIF managers.

Source: PPIF Monthly Performance Reports, December 2010.

FIGURE 2.12

AGGREGATE AVERAGE RMBS DELINQUENCIES BY MARKET VALUE, AS OF 12/31/2010

Percentage of $17.3 Billion



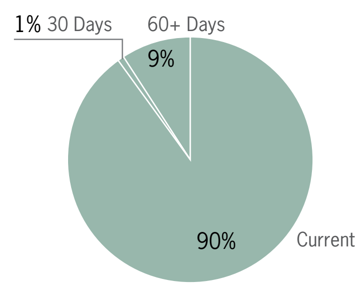
Notes: Numbers affected by rounding. Calculated based on monthly data supplied by the PPIF managers.

Source: PPIF Monthly Performance Reports, December 2010.

FIGURE 2.13

AGGREGATE AVERAGE CMBS DELINQUENCIES BY MARKET VALUE, AS OF 12/31/2010

Percentage of $4.1 Billion



Notes: Numbers affected by rounding. Calculated based on monthly data supplied by the PPIF managers.

Source: PPIF Monthly Performance Reports, December 2010.

Unlocking Credit for Small Businesses ("UCSB")/Small Business Administration ("SBA") Loan Support Initiative

On March 16, 2009, Treasury announced the Unlocking Credit for Small Businesses ("UCSB") program, designed to encourage banks to increase lending to small businesses. Treasury stated that, through UCSB, it would purchase up to $15 billion in securities backed by pools of loans from two SBA programs: the 7(a) Loan Program and the 504 Community Development Loan Program.[532] Treasury later lowered the amount available to purchase securities under UCSB to $400 million.[533]

Treasury never purchased any 504 Community Development Loan-backed securities through UCSB.[534] Treasury initiated the 7(a) portion of the program and signed contracts with two pool assemblers, Coastal Securities, Inc. ("Coastal Securities") on March 2, 2010, and Shay Financial Services, Inc. ("Shay Financial") on August 27, 2010.[535] Under the governing agreement, Earnest Partners, on behalf of Treasury, purchased SBA pool certificates from Coastal Securities and Shay Financial without confirming to the counterparties that Treasury was the buyer.[536]

From March 19, 2010, to September 28, 2010, Treasury purchased 31 floating-rate 7(a) securities from Coastal Securities and Shay Financial for a total of approximately $368.1 million.[537] Table 2.37 shows the CUSIPs and investment amounts for the securities Treasury bought.

7(a) Loan Program: SBA loan program guaranteeing a percentage of loans for small businesses that cannot otherwise obtain conventional loans at reasonable terms.

504 Community Development Loan Program: SBA program combining Government-guaranteed loans with private-sector mortgages to provide loans of up to $10 million for community development.

Pool Assemblers: Firms authorized to create and market pools of SBA-guaranteed loans.

SBA Pool Certificates: Ownership interest in a bond backed by SBA-guaranteed loans.

For more information on SBA 7(a) Loan Program mechanics and TARP support for the program, see SIGTARP's April 2010 Quarterly Report, pages 105-106.

TABLE 2.37

FLOATING-RATE SBA 7(A) SECURITIES ($ MILLIONS)

Trade Date	CUSIP	Pool Assembler	Investment Amount[a]
3/19/2010	83164KYN7	Coastal Securities	$4.4
3/19/2010	83165ADC5	Coastal Securities	8.3
3/19/2010	83165ADE1	Coastal Securities	8.7
4/8/2010	83165AD84	Coastal Securities	26.0
4/8/2010	83164KZH9	Coastal Securities	9.6
5/11/2010	83165AEE0	Coastal Securities	11.5
5/11/2010	83164K2Q5	Coastal Securities	14.2
5/11/2010	83165AED2	Coastal Securities	9.7
5/25/2010	83164K3B7	Coastal Securities	9.3
5/25/2010	83165AEK6	Coastal Securities	18.8
6/17/2010	83165AEQ3	Coastal Securities	38.3
6/17/2010	83165AEP5	Coastal Securities	31.7
7/14/2010	83164K3Y7	Coastal Securities	6.4
7/14/2010	83164K4J9	Coastal Securities	7.5
7/14/2010	83165AE42	Coastal Securities	14.8
7/29/2010	83164K4E0	Coastal Securities	2.8
7/29/2010	83164K4M2	Coastal Securities	10.4
8/17/2010	83165AEZ3	Coastal Securities	9.2
8/17/2010	83165AFB5	Coastal Securities	5.5
8/17/2010	83165AE91	Coastal Securities	11.1
8/31/2010	83165AEW0	Shay Financial	10.3
8/31/2010	83165AFA7	Shay Financial	11.7
8/31/2010	83164K5H2	Coastal Securities	7.3
9/14/2010	83165AFC3	Shay Financial	10.0
9/14/2010	83165AFK5	Shay Financial	8.9
9/14/2010	83164K5F6	Coastal Securities	6.1
9/14/2010	83164K5L3	Coastal Securities	6.4
9/28/2010	83164K5M1	Coastal Securities	3.8
9/28/2010	83165AFQ2	Coastal Securities	13.1
9/28/2010	83165AFM1	Shay Financial	15.3
9/28/2010	83165AFT6	Shay Financial	17.1
Total Investment Amount			**$368.1**

Notes: Numbers affected by rounding.
[a] Investment amounts may include accrued principal and interest.

Sources: Treasury, *Transactions Report*, 12/31/2010; Treasury, responses to SIGTARP data call, 12/16/2010 and 1/14/2011.

AUTOMOTIVE INDUSTRY SUPPORT PROGRAMS

During the financial crisis, Treasury, through TARP, launched three automotive industry support programs: the Automotive Industry Financing Program ("AIFP"), the Auto Supplier Support Program ("ASSP"), and the Auto Warranty Commitment Program ("AWCP"). According to Treasury, these programs were established "to prevent a significant disruption of the American automotive industry that poses a systemic risk to financial market stability and will have a negative effect on the economy of the United States."[538]

AIFP has not expended any TARP funds for the automotive industry since December 30, 2009, when GMAC Inc. ("GMAC"), now Ally Financial Inc. ("Ally Financial"), received a $3.8 billion capital infusion.[539] ASSP, designed to "ensure that automotive suppliers receive compensation for their services and products," was terminated in April 2010 after all $413.1 million in loans made through it were fully repaid.[540] AWCP, a $640.7 million program, was designed to assure car buyers that the warranties on any vehicles purchased during the bankruptcies of General Motors Corp. ("Old GM") and Chrysler LLC ("Old Chrysler") would be guaranteed by the Government. It was terminated in July 2009 after all loans under the program were fully repaid upon the companies' emergence from bankruptcy.[541]

Treasury initially obligated approximately $84.8 billion through these three programs to Old GM and General Motors Company ("New GM" or "GM"), Ally Financial, the Chrysler entities (Chrysler Holding LLC [now called CGI Holding LLC], Old Chrysler, and Chrysler Group LLC ["New Chrysler"]), and Chrysler Financial Services Americas LLC ("Chrysler Financial").[542] Treasury originally obligated $5.0 billion under ASSP but adjusted this amount to $413.1 million to reflect actual borrowings, thereby reducing the total obligation for all automotive industry support programs to approximately $81.8 billion (including approximately $2.1 billion in still undrawn loan obligations to New Chrysler).[543] As of December 31, 2010, Treasury had received approximately $26.9 billion in principal and $3.4 billion in dividends and interest.[544] As a result of these payments, old loan conversions (into common equity), and post-bankruptcy restructurings, Treasury now holds 33.3% of the common equity in New GM; a debt instrument of approximately $985.8 million from Old GM; a loan of approximately $7.1 billion to New Chrysler and 9.2% of the common equity in New Chrysler; and $8.6 billion in senior equity and 73.8% of the common equity in Ally Financial.[545]

TABLE 2.38

TARP AUTOMOTIVE PROGRAMS EXPENDITURES AND PAYMENTS, AS OF 12/31/2010 ($ BILLIONS)

	Chrysler	GM[d]	Chrysler Financial	Ally Financial/ GMAC	Total
Pre-Bankruptcy					
AIFP	$4.0	$19.4	$1.5	$17.2	$42.1
ASSP[a]	0.1	0.3			0.4
AWCP	0.3	0.4			0.6
Subtotal	**$4.4**	**$20.1**	**$1.5**	**$17.2**	**$43.1**
In-Bankruptcy (DIP Financing)					
AIFP	$1.9	$30.1			$32.0
Subtotal	**$1.9**	**$30.1**			**$32.0**
Post-Bankruptcy (Working Capital)					
AIFP	$4.6[b]				$4.6
Subtotal	**$4.6**				**$4.6**
Subtotals by Program:					
AIFP					$78.6
ASSP					0.4
AWCP					0.6
Total Expenditures	**$10.9**	**$50.2**	**$1.5**	**$17.2**	**$79.7**
Principal Repayments to Treasury	**($2.4)**	**($23.0)**	**($1.5)**	**$ —[c]**	**($26.9)**
Net Expenditures	**$8.5**	**$27.1**	**$ —[c]**	**$17.2**	**$52.8**

Notes: Numbers may not total due to rounding.
[a] The final commitment and repayment amounts reflect the total funds expended under the ASSP loans. Treasury initially obligated $5.0 billion under ASSP. Treasury adjusted its obligation to $0.4 billion.
[b] Chrysler has not drawn down approximately $2.07 billion of its $6.642 billion post-bankruptcy working capital loan from Treasury.
[c] This symbol indicates a value of zero.
[d] Including Treasury's sale of a total of 412.3 million common shares for $13.5 billion as part of the IPO.

Source: Treasury, *Transactions Report*, 12/31/2010.

Treasury's investments in these three programs and the companies' payments of principal are summarized in Table 2.38 and categorized by the timing of the investment in relation to the companies' progression through bankruptcy.

Automotive Industry Financing Program

Treasury provided $80.7 billion through AIFP to support automakers and their financing arms in order to "avoid a disorderly bankruptcy of one or more automotive companies."[546] As of December 31, 2010, Treasury had received approximately $3.4 billion in dividends and interest payments from participating companies.[547] Of AIFP-related loan principal repayments and share sale proceeds, Treasury has received approximately $22.4 billion from New GM (including Treasury's sale of a total of 412.3 million common shares for $13.5 billion as part of the initial public offering ["IPO"] as discussed below); $1.9 billion from the Chrysler entities; and $1.5 billion from Chrysler Financial. As discussed below, additional payments of $640.7 million and $413.1 million, respectively, were received under AWCP and ASSP.[548]

GM

Through December 31, 2010, Treasury had provided approximately $49.5 billion to GM through AIFP. Of that amount, $19.4 billion was provided before bankruptcy and $30.1 billion was provided as debtor-in-possession ("DIP") financing during bankruptcy. During bankruptcy proceedings, most of Treasury's pre-bankruptcy and DIP financing loans to Old GM were used to purchase common or preferred stock in New GM (the company that purchased substantially all of the assets of Old GM pursuant to Section 363 of the Bankruptcy Code) or debt assumed by New GM. As a result, Treasury's GM investment was converted to a 60.8% common equity stake in New GM, $2.1 billion in preferred stock in New GM, and a $7.1 billion loan to New GM ($6.7 billion through AIFP and $360.6 million through AWCP). As part of a credit agreement with Treasury, $16.4 billion of the DIP money was set in an escrow account that GM could access only with Treasury's permission. Separately, approximately $985.8 million in loans was left to facilitate the orderly wind-down and liquidation of Old GM.[549] Through the GM IPO, described in further detail below, Treasury sold a total of 412.3 million shares of common stock for net proceeds of $13.5 billion, after taking into account approximately $102.1 million in underwriting fees associated with the IPO.[550] As a result of the IPO, Treasury reduced its ownership position in New GM common shares to approximately 500.1 million shares, resulting in a decrease in ownership from 60.8% to 33.3%.[551]

In addition to selling a portion of its common shares in New GM through the IPO, on October 28, 2010, Treasury accepted an offer from New GM to repurchase the $2.1 billion in Series A preferred stock (83.9 million shares) issued to Treasury as part of GM's bankruptcy restructuring, conditioned on the closing of the IPO. On December 15, 2010, New GM repurchased these preferred shares at a price per share of $25.50 for total proceeds of $2.14 billion.[552] The share sale price included a 2% premium to the liquidation price of $25.00 and resulted in a capital gain to Treasury of approximately $41.9 million.[553]

Under the terms of Section 363 of the Bankruptcy Code governing the sale of certain assets from Old GM to New GM, the United Auto Workers' ("UAW") Retiree Medical Benefits Trust (the "VEBA Trust"), bondholders from Old GM, Treasury, the national government of Canada, and the provincial government of Ontario became the owners of New GM.[554]

Debt Repayments

New GM repaid the $6.7 billion loan provided through AIFP with interest, using the previously mentioned $16.4 billion escrow account that had been funded originally with TARP funds provided to GM during its bankruptcy. What remained in escrow was released to New GM without restrictions with the final debt payment in April 2010.[555] A separate $985.8 million loan was left behind with Old GM for wind-down costs associated with its liquidation. As of December 31, 2010, the GM

Debtor-in-Possession ("DIP"): Company operating under Chapter 11 bankruptcy protection that technically still owns its assets but is operating them to maximize the benefit to its creditors.

VEBA: Tax-free, post-retirement medical expense account used by retirees and their eligible dependents to pay for any eligible medical expenses.

entities had made approximately $778.3 million in dividend and interest payments to Treasury.[556]

GM IPO

GM Files Amended S-1 Registration Statement in Preparation for IPO

On August 18, 2010, GM filed a registration statement for an IPO with the Securities and Exchange Commission ("SEC"). The documents included a prospectus relating to the offering of GM's common stock and of newly issued Series B mandatorily convertible preferred shares ("MCP").[557] The prospectus also outlined certain aspects of GM's global business operations and risks facing the company. As is typical in an IPO, the prospectus listed a series of risks for potential purchasers of the IPO. These included, but were not limited to, warnings about the following:[558]

- the ability of several members of the new executive management team, who had no experience in the automotive industry, to learn the automotive industry quickly
- the risk that GM's plan to reduce the number of its retail channels and brands and to consolidate its dealer network may reduce its total sales volume and market share, and not result in anticipated cost savings
- a large debt overhang from unfunded pension liabilities
- a lack of effective internal controls for disclosure and financial reporting, which could jeopardize the implementation of the company's business plan
- the reduced compensation for its most highly paid executives as a result of its status as an exceptional assistance recipient of TARP funds, which may adversely affect GM's ability to hire and retain salaried employees
- the ability of GM Financial, GM's recently acquired captive financial arm, to support additional sales and leasing to consumers requiring subprime vehicle financing
- Treasury's continued ownership of a substantial interest in GM following the IPO, and the possibility that its interests may differ from those of GM's other stockholders
- purchasing shareholders' inability to sue Treasury under the common law doctrine of sovereign immunity[559]

On November 3, 2010, GM filed an amended registration statement that listed Treasury, the governments of Canada and Ontario, and the UAW VEBA Trust as selling stock holders of common stock, and GM as the sole seller of the MCP offered in the IPO.[560] The prospectus included in the November 3, 2010, filing stated that GM's Board of Directors had agreed to a three-for-one common stock split, which became effective November 1, 2010.[561] The split increased GM's common shares outstanding from 500 million to 1.5 billion. Of these outstanding shares, Treasury's 304.1 million in common shares split, to equal 912.4 million in shares (60.8% ownership in the company).[562]

GM IPO Results and GM's Repurchase of Series A Preferred Shares from Treasury

On November 17, 2010, GM's amended registration statement setting the final price and size of the IPO was declared effective by the SEC. GM registered 549.7 million shares of common stock priced at $33.00 per share and 100 million shares of Series B MCP priced at $50.00 per share, to include shares made available to cover the underwriters' over-allotment option. Although GM did not sell any shares of its common stock in the offering, it received $5.0 billion in proceeds from its sale of MCP, which carry a 4.75% annual dividend rate. Each of these shares will be converted automatically on December 1, 2013, into between 1.26 and 1.51 shares of GM's common stock, subject to certain provisions.[563]

According to Treasury, upon the exercising of the over-allotment options in full on November 26, 2010, 549.7 million common shares had been sold for $18.1 billion in gross proceeds, bringing the total offering proceeds to $23.1 billion including New GM's sale of MCP.[564] As part of the IPO, Treasury sold a total of 412.3 million common shares for $13.5 billion in net proceeds (after taking into account underwriting fees associated with the IPO), reducing its number of shares to 500.1 million and its ownership in GM to 33.3%.[565] Following the IPO, on December 15, 2010, New GM repurchased Treasury's $2.1 billion in Series A preferred stock, for total proceeds of $2.14 billion.[566] Table 2.39 shows the four largest holders' remaining common equity investments in GM pre- and post-IPO.

TABLE 2.39

COMMON EQUITY SHARE HOLDINGS IN GM PRIOR TO IPO AND POST-IPO, AS OF 12/31/2010

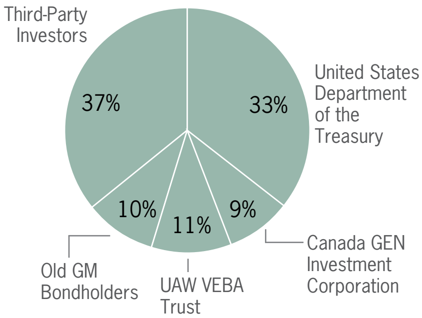
Financial Institution	Shares Prior to IPO (w/o Warrants)	Shares Post IPO
United States Department of the Treasury	912,394,068	500,065,254
Canada GEN Investment Corp.	175,105,932	140,084,746
UAW VEBA Trust[a]	262,500,000	160,150,000
Old GM Bondholders[b]	150,000,000	150,000,000

Notes:
[a] Under the terms of the UST Credit Agreement, on July 10, 2009, the UAW VEBA Trust received a warrant to acquire an additional 45,454,545 shares in GM common equity. The warrant is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share.
[b] Under the terms of the UST Credit Agreement, on July 10, 2009, the Old GM bondholders received two warrants, each to acquire 136,363,635 shares in GM common equity. The first tranche of warrants issued to the Old GM bondholders is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share.

Source: SEC, "General Motors: Amendment No. 9 to Form S-1," 11/17/2010, www.sec.gov/Archives/edgar/data/1467858/000119312510262471/ds1a.htm#rom45833_12, accessed 1/5/2011.

FIGURE 2.14

POST-IPO OWNERSHIP IN NEW GM



Notes: Numbers may not total due to rounding. Ownership percentages are shown prior to the exercising of any warrants for additional shares by the UAW or Old GM bondholders.

Source: SEC, "General Motors Company: Amendment No. 9 to Form S-1 Registration Statement," 12/3/2010, www.sec.gov/Archives/edgar/data/1467858/000119312510262471/ds1a.htm#rom45833_12.

The breakdown of ownership in GM's common equity following the IPO is shown in Figure 2.14.

To recoup its total investment in New GM, Treasury will need to recover an additional $27.1 billion in proceeds, which translates to an average of $54.28 per share on its remaining common shares, not taking into account dividend or interest payments received from New GM and other fees or costs associated with selling the shares.[567] The break-even price — $54.28 per share — is calculated by dividing the $27.1 billion that Treasury extended to GM (but that was still outstanding after the IPO and repurchase of the Series A preferred shares [including a $41.9 million gain]) by the 500.1 million remaining shares. If the $778.3 million in dividend and interest payments received by Treasury is included in this computation, then Treasury will need to recover an additional $26.4 billion in proceeds, which translates into a break-even price of $52.72 per share, not taking into account other fees or costs associated with selling the shares. The net break-even price — not including dividends and interest — before the IPO was $44.59 per share, making the "loss," or difference per share, $11.59 (with the IPO shares priced at $33.00) for a total of $4.8 billion. If dividends and interest are included, the "loss" would be $10.74 per share for a total of $4.4 billion.[568] Table 2.40 provides a cost-basis analysis of Treasury's remaining investments in GM following the IPO.

Treasury and the other selling stockholders are restricted from selling additional

TABLE 2.40

TREASURY HOLDINGS IN GENERAL MOTORS ENTITIES, PRE- AND POST-IPO AND REPURCHASE OF PREFERRED SHARES ON A COST BASIS ($ BILLIONS)

	Pre-IPO			Post-IPO and Repurchase of Preferred Shares		
	Old GM	New GM	Total	Old GM	New GM	Total
Debt (Outstanding Loans)	1.0	0.0	1.0	1.0	0.0	1.0
Preferred Equity[a]	0.0	2.1	2.1	0.0	0.0	0.0
Common Equity[b]	0.0	39.7	39.7	0.0	26.2	26.2
Total	1.0	41.8	42.8	1.0	26.2	27.1

Notes: Numbers may not total due to rounding.
[a] On December 15, 2010, New GM repurchased 83.9 million Series A preferred shares for $2.14 billion, representing a $41.9 million gain on Treasury's investment amount.
[b] The dollar value of Treasury's equity investment represents the cost basis of remaining loans made to GM pre- and post-bankruptcy minus all subsequent debt repayments, dividend and interest payments received, and proceeds from preferred share and common equity sales. Using the market value of Treasury's remaining 500.1 million shares, the value of Treasury's common equity investments was $18.4 billion as of December 31, 2010.

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury Press Release, "General Motors Repays Taxpayer's $2.1 billion, Completing Repurchase of Treasury Preferred Stock," 12/15/2010, accessed 1/13/2010; SEC, "General Motors Company: Amendment No. 9 to Form S-1 Registration Statement," 12/3/2010, accessed 12/13/2010; Market Data: Capital IQ, Inc. (a division of Standard & Poor's), www.capitaliq/com, accessed 1/12/2011.

common shares for six months after November 17, 2010, subject to the terms of the lock-up agreements described in the prospectus.[569] As of the drafting of this report, Treasury had not made a public statement articulating its specific plans for the future disposition of its common stock holdings in New GM.

Chrysler

Through October 3, 2010, Treasury had made approximately $12.5 billion available to Chrysler directly through AIFP in three stages to three corporate entities: $4 billion before bankruptcy to CGI Holding LLC, the parent company of Old Chrysler, the bankrupt entity; $1.9 billion in DIP financing to Old Chrysler during bankruptcy; and $6.6 billion to New Chrysler, the company formed post-bankruptcy that purchased most of Old Chrysler's assets through a working capital facility.[570] As of December 31, 2010, New Chrysler had drawn down only approximately $4.6 billion of the $6.6 billion post-bankruptcy working capital facility it received from Treasury.[571]

On April 30, 2010, following the bankruptcy court's approval of the liquidation plan for Old Chrysler, the $1.9 billion DIP loan was extinguished without repayment. In return, Treasury retained the right to recover proceeds from the sale of assets that were collateral for the DIP loan from a liquidation trust that received all of Old Chrysler's remaining assets.[572] As of December 31, 2010, Treasury had recovered approximately $48.1 million from asset sales.[573] Of the $4 billion lent to Old Chrysler's parent company, CGI Holding LLC, before bankruptcy, $500 million of the debt was assumed by New Chrysler while the remaining $3.5 billion was held by CGI Holding LLC.[574] On May 14, 2010, CGI Holding LLC repaid $1.9 billion of the $3.5 billion loan in full satisfaction of its outstanding obligations under

TABLE 2.41

TREASURY HOLDINGS IN THE CHRYSLER ENTITIES, AS OF 12/31/2010 ($ BILLIONS)

Original Treasury Commitment	Initial Investment Amount	Subsequent Transactions	Outstanding Treasury Investments in New Chrysler[a]
Pre-Bankruptcy Loan to CGI Holding LLC	$4.0	$0.5 transferred to New Chrysler	$0.5
		1.9 repaid to Treasury	0.0
		1.6 Unpaid[b]	1.6
DIP Financing to Old Chrysler	1.9	0.05 repaid to Treasury	0.0
		1.84 Unpaid[b]	1.84
Loan to New Chrysler	4.6[c]	None	4.6
Total			**$8.5**

Notes: Numbers may not total due to rounding.
[a] This column represents the total dollar value of funding provided to Chrysler that would be required to be paid back in order for Treasury to break even on its investments in the company.
[b] Treasury received a 9.9% common equity stake in New Chrysler upon execution of the $6.642 billion post-bankruptcy loan agreement in consideration for loans it had extended to Chrysler.
[c] As of December 31, 2010, Chrysler had not drawn down $2.07 billion of the $6.642 billion post-bankruptcy loan it received from Treasury.

Source: Treasury, *Transactions Report*, 12/31/2010.

AIFP.[575] In consideration for its assistance to Chrysler, Treasury received 9.9% of the common equity in New Chrysler. Additionally, Treasury holds $7.1 billion in loans, composed of the $6.6 billion in post-bankruptcy financing (including $2.07 billion in undrawn obligations) and the $500 million in debt assumed by New Chrysler from the original $4 billion loan to CGI Holding LLC.[576] Table 2.41 provides the status of Treasury's original investments in the Chrysler entities.

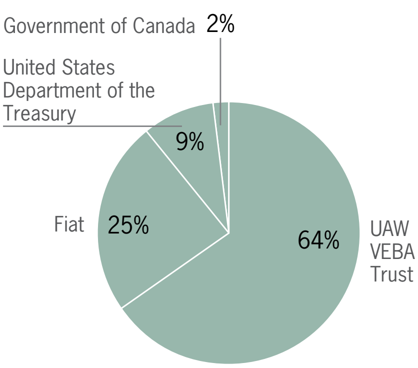
On July 10, 2009, as part of the AWCP wind-down, Treasury received a payment from CGI Holding LLC of approximately $280.1 million for principal it had received through AWCP upon New Chrysler's exit from bankruptcy.[577]

On April 7, 2010, as part of the scheduled termination of ASSP, Treasury received payment from New Chrysler for the full $123.1 million in principal it had received through the program as well as $50.3 million in additional fees and interest.[578]

On January 10, 2011, Fiat North America LLC ("Fiat") automatically increased its ownership of New Chrysler's common equity from 20% to 25% by meeting a Government requirement to build a new fuel-efficient engine in the United States.[579] Fiat has the opportunity to increase its stake to 35% upon the successful completion of two additional performance-related criteria. Following the increase in Fiat's ownership stake in New Chrysler, Treasury's ownership interest in New Chrysler's common equity decreased from 9.9% to 9.2%, with the remaining ownership split between the UAW VEBA Trust's 63.5% and the Canadian Government's 2.3%.[580] Figure 2.15 represents the allocation of ownership in New Chrysler's common equity following the increase in Fiat's ownership. The ownership percentages shown in Figure 2.15 will change if Fiat meets additional performance criteria, and exercises an option to purchase additional equity, which could eventually result in Fiat increasing its ownership interest from 25% to 51%.[581] However, Fiat's ownership is capped at 49.9% until the loans to the U.S. and Canadian governments are repaid in full.[582] Table 2.42 below shows these potential increases in Fiat's ownership of Chrysler.

FIGURE 2.15

OWNERSHIP IN NEW CHRYSLER



Notes: Numbers may not total due to rounding. Ownership percentages are shown prior to Fiat meeting additional performance metrics, which would allow it to increase its ownership in New Chrysler.

Source: Treasury, response to SIGTARP draft report, 1/14/2011.

TABLE 2.42

POTENTIAL FIAT STAKEHOLDER ACTIONS AND EQUITY STAKE

Action	Increase in Equity of Chrysler
Sales and Revenue Growth Outside of NAFTA	5%
Develop a 40 MPG vehicle with Fiat technology	5%
Option to acquire interest after Fiat's aggregate principal amount of Government loans falls below $4 billion	16%

Notes: In any of the events above, Fiat's ownership interest will increase through dilution of the other members' equity interests. Until the Government loans have been repaid in full, Fiat cannot obtain a majority stake in the company.

Source: Chrysler Group LLC, "Chrysler Group LLC 2009 Audited Financial Statement," 4/21/2010, www.chryslergroupllc.com/news/archive/2010/04/21/2009_audited_financial_statement, accessed 10/18/2010.

As of December 31, 2010, New Chrysler had made approximately $511.3 million in quarterly interest payments to Treasury.[583]

Automotive Financing Companies

Ally Financial/GMAC

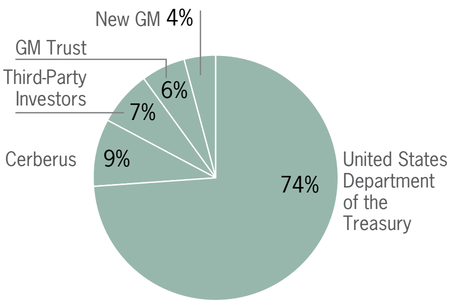
On December 29, 2008, Treasury purchased $5 billion in senior preferred equity from GMAC and received an additional $250 million in preferred shares through warrants that Treasury exercised immediately at a cost of $2.5 million.[584] On the same day, Treasury also agreed to lend up to $1 billion to Old GM in order to increase Old GM's ownership interest in GMAC. In January 2009, Old GM borrowed $884 million, which it invested in GMAC.[585] In May 2009, Treasury exchanged that $884 million note for a 35.4% common equity ownership in GMAC, thereby giving Treasury the right to appoint two directors to GMAC's board.[586]

On May 21, 2009, Treasury made an additional investment in GMAC when it purchased $7.5 billion of MCP and received warrants that Treasury immediately exercised for an additional $375 million in MCP at an additional cost of approximately $75,000.[587] On December 30, 2009, Treasury invested another $3.8 billion in GMAC, consisting of approximately $2.5 billion in trust preferred securities ("TRUPS") and approximately $1.3 billion in MCP. Treasury also received warrants, which were immediately exercised, to purchase an additional $127 million in TRUPS and $62.5 million in MCP at an additional cost of approximately $1,270 and $12,500, respectively.[588] Additionally, Treasury converted $3 billion of its MCP into GMAC common stock, increasing its common equity ownership from 35.4% to 56.3%. This gave Treasury the right to appoint two additional directors to GMAC's board, potentially bringing the total number of Treasury-appointed directors to four.[589] On May 10, 2010, GMAC changed its name to Ally Financial Inc.[590]

On December 30, 2010, Treasury announced the conversion of $5.5 billion of its MCP in Ally Financial to common equity. This conversion increased Treasury's ownership stake in Ally Financial's common equity from 56.3% to 73.8%. In addition, Treasury continues to hold $5.9 billion of MCP and $2.7 billion in TRUPS. According to Treasury, the rate at which it completed its most recent conversion of MCP to common shares in Ally Financial was determined according to Ally's unaudited quarterly financial statement as of September 30, 2010. According to Treasury, the conversion aims to stabilize Ally Financial through the addition of common equity to its capital structure and allowing it easier access to both equity and debt financing in private capital markets. The move is also intended to facilitate any future efforts on the part of Treasury to reduce its investment in Ally Financial through the sale of its common equity holdings in the company.[591] As a result, Treasury will no longer receive the quarterly dividend payments that Ally Financial was required to pay on the $5.5 billion of MCP.

FIGURE 2.16

OWNERSHIP IN ALLY FINANCIAL/GMAC



Note: Numbers may not total due to rounding.

Source: SEC, "Ally Financial: Form 8-K," 12/10/2010; SEC, "Ally Financial: Form 8-K," 10/5/2010

As a result of the conversion, Treasury has the right to appoint two additional directors, for a total of six, to Ally Financial's board, and the size of the board will be increased to 11 members.[592] As of December 31, 2010, Treasury has appointed three directors but has not exercised its right to fill its remaining three director positions.[593] Treasury is currently vetting candidates and expects to name the fourth director in January 2011.[594] The conversion of $5.5 billion of Treasury's MCP diluted the shares of other existing shareholders in Ally Financial. Following the conversion, the private equity firm Cerberus Capital Management, L.P. ("Cerberus") held 8.9%, third-party investors collectively held 7.4%, an independently managed trust owned by New GM held 5.9%, and New GM directly held a 4.0% stake in Ally Financial's common equity.[595] Figure 2.16 shows the breakdown of common equity ownership in Ally Financial as of December 31, 2010.

As of December 31, 2010, Treasury had invested a total of approximately $17.2 billion in GMAC for 73.8% of Ally Financial's common stock, $2.54 billion in TRUPS, and $5.3 billion in MCP securities.[596] In return for its investment, Treasury was also granted warrants, which it executed immediately at a cost of $91,285, to purchase securities with a par value of approximately $815 million: $250 million in preferred shares (which were later converted to MCP), $438 million in additional MCP, and $127 million in TRUPS. This brings Treasury's total holdings in Ally Financial securities to a par value of approximately $18.0 billion, for which it expended approximately $17.2 billion in TARP funds.[597] Table 2.43 summarizes Treasury's Ally Financial holdings.

As of December 31, 2010, Ally Financial had made approximately $2.0 billion in dividend and interest payments to Treasury.[598]

TABLE 2.43

TREASURY HOLDINGS IN ALLY FINANCIAL (FORMERLY GMAC) AS OF 9/30/2010 AND 12/31/2010 ($ BILLIONS)

	9/30/10 Total	12/31/10 Total
Mandatorily Convertible Preferred Shares (MCP)[a]	$11.4	$5.9
Trust Preferred Securities (TRUPS)[b]	2.7	2.7
Common Equity	3.9[c]	9.4[d]
Total[e]	**$18.0**	**$18.0**

Notes: Numbers affected by rounding.
[a] This figure includes three separate tranches of MCP acquired via the exercise of warrants: $250 million in warrants that were exercised to acquire preferred shares that were later converted to MCP on December 30, 2009, $375 million in MCP warrants exercised on May 21, 2009, and $63 million in MCP warrants exercised on December 30, 2009.
[b] This figure includes $127 million in warrants exercised on December 30, 2009.
[c] The dollar value of Treasury's 56.3% stake in Ally Financial's common equity is based on the costs to acquire such a stake, including the conversion of the GM rights loan of $884 million in May 2009 and the $3 billion of MCP in December 2009.
[d] The dollar value of Treasury's 73.8% stake in Ally Financial's common equity is based on the costs to acquire such a stake, including the conversion of the GM rights loan of $884 million in May 2009, the $3 billion of MCP in December 2009, and the $5.5 billion of MCP in December 2010.
[e] This figure includes $815 million in shares acquired by the exercise of the warrants discussed above. These warrants were exercised at an aggregate cost of $16,270 to the taxpayer.

Sources: For aggregate holdings, see Treasury Press Release, "Treasury Converts Nearly Half of its Ally Preferred Shares to Common Stock," 12/30/2010, www.treasury.gov/press-center/press-releases/Pages/tg1014.aspx, accessed 1/3/2011 and Ally Financial, Form 8-K, 1/5/2010, http://biz.yahoo.com/e/100105/gjm8-k.html, accessed 9/29/2010.

Chrysler Financial

In January 2009, Treasury loaned Chrysler Financial $1.5 billion under AIFP to support Chrysler Financial's retail lending. On July 14, 2009, Chrysler Financial fully repaid the loan in addition to approximately $7.4 million in interest payments.[599]

Auto Supplier Support Program ("ASSP")

On March 19, 2009, Treasury announced a commitment of $5.0 billion to ASSP to "help stabilize the automotive supply base and restore credit flows in a critical sector of the American economy."[600] Because of concerns about the auto manufacturers' ability to pay their invoices, suppliers had not been able to borrow from banks by using their receivables as collateral. ASSP enabled automotive parts suppliers to access Government-backed protection for money owed to them for the products they shipped to manufacturers.

The total commitment of $5.0 billion was reduced to $3.5 billion on July 8, 2009 — $2.5 billion for GM and $1.0 billion for Chrysler.[601] Of the $3.5 billion reduced commitment to GM and Chrysler, approximately $413.1 million was actually expended. Because the actual expenditure was lower than initially anticipated, Treasury reduced its obligation under ASSP to $413.1 million. Treasury received a total of $413.1 million in ASSP loan repayments — $290.0 million from GM and approximately $123.1 million from Chrysler.[602] Additionally, Treasury received $115.9 million in fees and interest payments — $65.6 million from GM and $50.3 million from Chrysler.[603] ASSP was terminated on April 5, 2010, for GM and April 7, 2010, for Chrysler.[604] All loans made under this program have been repaid with interest.

Auto Warranty Commitment Program ("AWCP")

AWCP was designed to bolster consumer confidence by guaranteeing Chrysler and GM vehicle warranties during the companies' restructuring in bankruptcy.[605] Treasury funded $640.7 million toward this program — $360.6 million for GM and $280.1 million for Chrysler.[606] On July 10, 2009, the companies fully repaid Treasury upon their exit from bankruptcy.[607]

EXECUTIVE COMPENSATION

TARP recipients are subject to executive compensation restrictions. The original executive compensation rules set forth in Section 111 of EESA were amended in February 2009 in the American Recovery and Reinvestment Act of 2009 ("ARRA") and have been interpreted and implemented by Treasury regulations and notices.[608] On June 10, 2009, Treasury released its Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the "Rule"), which "implement[s] the ARRA provisions, consolidates all of the executive-compensation-related provisions that are specifically directed at TARP recipients into a single rule (superseding all prior rules and guidance), and utilizes the discretion granted to the [Treasury] Secretary under the ARRA to adopt additional standards, some of which are adapted from principles set forth" in guidance provided by Treasury in February 2009.[609]

The Rule applies to institutions that meet its definition of a TARP recipient as well as any entity that owns at least 50% of any TARP recipient. As long as a TARP recipient has an outstanding "obligation" to Treasury (as defined by ARRA, this does not include warrants to purchase common stock), it must abide by the Rule.[610] The Rule also specifically subjects exceptional assistance recipients to enhanced restrictions designed to "maximize long-term shareholder value and protect taxpayer interests."[611]

Some program participants are exempt from the Rule:

- TALF recipients, because they did not directly receive TARP assistance (instead, TARP funds are available to purchase collateral surrendered to TALF)[612]
- PPIFs, because they have no employees. In addition, PPIF investors and asset managers are exempt because the program's terms prohibit any single private entity from owning more than 9.9% of any such fund and, therefore, fall below the 50% ownership threshold[613]
- Making Home Affordable ("MHA") program participants, because they are statutorily exempt

Special Master

Treasury created the Office of the Special Master for TARP Executive Compensation on June 15, 2009, and appointed Kenneth R. Feinberg to the position of Special Master; Mr. Feinberg was succeeded by Ms. Patricia Geoghegan, who became Acting Special Master on September 10, 2010.[614] The Special Master's responsibilities include the following:[615]

- **Top 25 Reviews** — review and approve compensation structures and payments for the five senior executive officers ("SEOs") and the next 20 most highly paid employees at institutions that received exceptional financial assistance

Exceptional Assistance Recipients: Companies that receive assistance under SSFI, TIP, and AIFP. Current recipients are AIG, Chrysler, GM, and Ally Financial (formerly GMAC).

For more information on the Rule and a summary of the timeline of TARP executive compensation restrictions, see SIGTARP's July 2009 Quarterly Report, page 118.

For more information on executive compensation issues and findings, refer to SIGTARP audits: "Despite Evolving Rules on Executive Compensation, SIGTARP Survey Provides Insights on Compliance," issued August 19, 2009, and "Extent of Federal Agencies' Oversight of AIG Compensation Varied, and Important Challenges Remain," issued October 14, 2009.

Senior Executive Officers ("SEOs"): "Named executive officers" of TARP recipients as defined under Federal securities law, which generally includes the principal executive officer, the principal financial officer, and the next three most highly compensated officers.

- **Top 26 through 100 Reviews** — review and approve compensation structures for the next 75 highest-paid employees at institutions that received exceptional financial assistance (employees who are not in the top 25 but are executive officers or among the top 100 most highly compensated employees fall into this category)
- **Prior Payment Reviews** — review bonuses, retention awards, and other compensation paid to SEOs and the 20 next most highly compensated employees of each entity that received TARP assistance from the date the entity first received TARP assistance until February 17, 2009, and seek to negotiate reimbursements where the payment was determined to be inconsistent with the purposes of EESA or TARP, or otherwise contrary to the public interest
- **Interpretation** — provide advisory opinions with respect to the Rule's application and whether compensation payments and structures were consistent with the purposes of EESA or TARP, or otherwise contrary to the public interest

Exceptional Assistance Recipients

As of December 31, 2010, only AIG, Chrysler, GM, and Ally Financial (formerly GMAC) were still considered exceptional assistance recipients.[616] Citigroup and Bank of America had been considered exceptional assistance recipients because each participated in TIP, but they no longer fall under this designation because of repayments each made in December 2009.[617] Citigroup was released from all of its obligations under the Rule after Treasury completed the sale of its remaining Citigroup common stock holdings in December 2010.[618] Chrysler Financial was released from all its obligations under the Rule after it repaid its $1.5 billion loan under AIFP and its parent company, CGI Holding LLC, repaid $1.9 billion of its original $4 billion TARP loan under AIFP to Treasury on May 14, 2010, in full satisfaction of its outstanding obligations to Treasury.[619]

The Special Master "Look Back" Review was completed on July 23, 2010, and is discussed in SIGTARP's October 2010 Quarterly Report on pages 153-154.

Public Interest: Regulatory standard that the Special Master is required to apply in making determinations. It refers to the determination of whether TARP-recipient compensation plans are aligned with the best interests of the U.S. taxpayer, based on a balancing of specific principles set forth in the Rule.

For the specific principles used in reviewing compensation plans, see SIGTARP's July 2009 Quarterly Report, pages 122–123.

SECTION 3

TARP OPERATIONS AND ADMINISTRATION

Under the Emergency Economic Stabilization Act of 2008 ("EESA"), Congress authorized the Secretary of the Treasury ("Treasury Secretary") to create the operational and administrative mechanisms to carry out the Troubled Asset Relief Program ("TARP"). EESA established the Office of Financial Stability ("OFS") within the U.S. Department of the Treasury ("Treasury"). OFS is responsible for administering TARP.[620] Treasury has authority to establish program vehicles, issue regulations, directly hire or appoint employees, enter into contracts, and designate financial institutions as financial agents of the Government.[621] In addition to using permanent and interim staff, OFS relies on contractors and financial agents for legal services, investment consulting, accounting, and other key services.

TARP ADMINISTRATIVE AND PROGRAM EXPENDITURES

According to Treasury, as of December 31, 2010, it had spent $159.9 million on TARP administrative costs and $481.4 million on programmatic expenditures, for a total of $641.4 million. As of December 31, 2010, Treasury has obligated $194.0 million for TARP administrative costs and $788.4 million in programmatic expenditures for a total of $982.4 million.[622] Treasury reported that it has employed 97 career civil servants, 121 term appointees, and 33 detailees, for a total of 251 full-time employees.[623] Table 3.1 provides a summary of the expenditures and obligations for TARP administrative costs through December 31, 2010. These costs are categorized as "personnel services" and "non-personnel services," with a few exceptions.

TABLE 3.1

TARP ADMINISTRATIVE EXPENDITURES AND OBLIGATIONS

Budget Object Class Title	Obligations for Period Ending 12/31/2010	Expenditures for Period Ending 12/31/2010
Personnel Services		
Personnel Compensation & Services	$52,472,809	$52,246,279
Total Personnel Services	**$52,472,809**	**$52,246,279**
Non-Personnel Services		
Travel & Transportation of Persons	$912,003	$894,706
Transportation of Things	11,960	11,960
Rents, Communications, Utilities & Misc. Charges	753,885	461,529
Printing & Reproduction	395	395
Other Services	138,895,064	105,402,551

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TARP ADMINISTRATIVE EXPENDITURES AND OBLIGATIONS (CONTINUED)

Budget Object Class Title	Obligations for Period Ending 12/31/2010	Expenditures for Period Ending 12/31/2010
Supplies & Materials	711,721	702,371
Equipment	232,054	222,675
Land & Structures	—	—
Dividends and Interest	29	29
Total Non-Personnel Services	**$141,517,111**	**$107,696,216**
Grand Total	**$193,989,920**	**$159,942,495**

Notes: Numbers affected by rounding. The cost associated with "Other Services" under TARP Administrative Expenditures and Obligations iscomposed of administrative services including financial, administrative, IT, and legal (non-programmatic) support.

Source: Treasury, response to SIGTARP data call, 1/7/2011.

Table 3.2 provides a summary of the programmatic expenditures, which include costs to hire financial agents and contractors, and obligations through December 31, 2010.

CURRENT CONTRACTORS AND FINANCIAL AGENTS

As of December 31, 2010, Treasury had retained 73 private vendors: 16 financial agents and 57 contractors, to help administer TARP.[624] Table 3.2 lists service providers retained as of December 31, 2010. Although Treasury informed SIGTARP that it "does not track" the number of individuals who provide services under its agreements, the number likely dwarfs the 251 that Treasury has identified as working for OFS.[625] For example, on October 14, 2010, the Congressional Oversight Panel ("COP") reported that "Fannie Mae alone currently has 600 employees working to fulfill its TARP commitments."[626] To streamline and expedite contract solicitation, EESA allowed the Treasury Secretary to waive specific Federal Acquisition Regulations for urgent and compelling circumstances.[627]

TABLE 3.2

OFS SERVICE CONTRACTS

Date	Vendor	Purpose	Type of Transaction	Obligated Value	Expended Value
10/10/2008	Simpson Thacher & Bartlett MNP LLP	Legal services for the implementation of TARP	Contract	$931,090	$931,090
10/11/2008	Ennis Knupp & Associates Inc	Investment and Advisory Services	Contract	2,715,965	2,470,242
10/14/2008	The Bank of New York Mellon Corporation	Custodian	Financial Agent	37,203,764	25,164,758
10/16/2008	PricewaterhouseCoopers	Internal control services	Contract	31,017,937	24,849,026
10/17/2008	Turner Consulting Group, Inc.	For Process Mapping Consulting Services	Interagency Agreement	9,000	—
10/18/2008	Ernst & Young LLP	Accounting Services	Contract	13,997,968	11,312,846
10/29/2008	Hughes Hubbard & Reed LLP	Legal services for the Capital Purchase Program	Contract	3,060,921	2,835,357
10/29/2008	Squire, Sanders & Dempsey LLP	Legal services for the Capital Purchase Program	Contract	5,787,939	2,687,999
10/31/2008	Lindholm & Associates, Inc	Human resources services	Contract	751,302	614,963
11/7/2008	Sonnenschein Nath & Rosenthal LLP	Legal services related to auto industry loans	Contract	2,722,326	2,702,441
11/9/2008	Internal Revenue Service (IRS)	Detailees	Interagency Agreement	97,239	97,239
11/14/2008	Internal Revenue Service (IRS)	CSC Systems & Solutions LLC	Interagency Agreement	8,095	8,095
11/25/2008	Department of the Treasury - Departmental Offices	Administrative Support	Interagency Agreement	16,512,820	15,394,425
12/3/2008	Alcohol and Tobacco Tax and Trade Bureau	IAA - TTB Development, management and operation of SharePoint	Interagency Agreement	67,489	67,489
12/5/2008	Washington Post	Subscription Service for 4 users	Interagency Agreement	395	—
12/10/2008	Thacher Proffitt & Wood	Legal Advisory - Auto Industry	Contract	—	—
12/10/2008	Sonnenschein Nath & Rosenthal LLP	Legal Services for the purchase of asset-backed securities	Contract	249,999	102,769
12/15/2008	Office of Thrift Supervision (OTS)	Detailees	Interagency Agreement	225,547	164,823
12/16/2008	Department of Housing and Urban Development	Detailees	Interagency Agreement	142,863	124,773
12/22/2008	Office of Thrift Supervision (OTS)	Detailees	Interagency Agreement	103,871	—
12/24/2008	Cushman and Wakefield of VA Inc	Painting Services for TARP Offices	Contract	8,750	8,750
1/6/2009	Securities and Exchange Commission U.S.	Detailees	Interagency Agreement	30,417	30,416
1/7/2009	Colonial Parking Inc.	Lease of parking spaces	Contract	275,650	127,146
1/27/2009	Cadwalader Wickersham & Taft LLP	Bankruptcy Legal Services	Contract	409,955	409,955
1/27/2009	Whitaker Brothers Bus Machines Inc	Paper Shredder	Contract	3,213	3,213
1/30/2009	Comptroller of the Currency	Detailees	Interagency Agreement	561,568	501,118
2/2/2009	U.S. Government Accountability Office	IAA - GAO required by P.L. 110-343 to conduct certain activities related to TARP	Interagency Agreement	7,459,049	7,459,049
2/3/2009	Internal Revenue Service	Detailees	Interagency Agreement	242,499	242,499

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OFS SERVICE CONTRACTS (CONTINUED)

Date	Vendor	Purpose	Type of Transaction	Obligated Value	Expended Value
2/9/2009	Pat Taylor & Associates, Inc	Temporary Services for Document Production, FOIA Assistance, and Program Support	Contract	$692,108	$692,108
2/12/2009	Locke Lord Bissell & Liddell LLP	Initiate Interim Legal Services in support of Treasury Investments under EESA	Contract	272,243	272,243
2/18/2009	Fannie Mae	Homeownership Preservation Program	Financial Agent	254,202,000	145,311,940
2/18/2009	Freddie Mac	Homeownership Preservation Program	Financial Agent	156,744,000	88,327,693
2/20/2009	Simpson Thacher & Bartlett MNP LLP	Capital Assistance Program (I)	Contract	2,047,872	1,530,023
2/20/2009	Venable LLP	Capital Assistance Program (II) Legal Services	Contract	1,394,724	1,394,724
2/20/2009	Financial Clerk U.S. Senate	Congressional Oversight Panel	Interagency Agreement	3,394,348	3,394,348
2/20/2009	Office of Thrift Supervision (OTS)	Detailees	Interagency Agreement	226,931	189,533
2/26/2009	Securities and Exchange Commission	Detailees	Interagency Agreement	18,531	18,531
2/27/2009	Pension Benefit Guaranty Corporation	Rothschild, Inc.	Interagency Agreement	7,750,000	7,750,000
3/6/2009	The Boston Consulting Group	Management Consulting relating to the Auto industry	Contract	991,169	991,169
3/16/2009	Earnest Partners	Small Business Assistance Program	Financial Agent	2,550,000	1,917,915
3/23/2009	Heery International Inc.	Architects	Interagency Agreement	—	—
3/30/2009	Cadwalader Wickersham & Taft LLP	Auto Investment Legal Services	Contract	17,482,165	17,392,786
3/30/2009	Haynes and Boone, LLP	Auto Investment Legal Services	Contract	345,746	345,746
3/30/2009	Sonnenschein Nath & Rosenthal LLP	Auto Investment Legal services	Contract	1,834,193	1,834,193
3/30/2009	Bingham McCutchen LLP	SBA Initiative Legal Services - Contract Novated to TOFS-10-D-0001 with Bingham McCutcheon	Contract	149,349	126,631
3/31/2009	FI Consulting Inc	Credit Reform Modeling and Analysis	Contract	1,867,047	1,711,031
4/3/2009	American Furniture Rentals Inc.	Facilities - furniture rental	Interagency Agreement	35,187	25,808
4/3/2009	The Boston Consulting Group	Management Consulting relating to the Auto industry	Contract	4,100,195	4,099,923
4/17/2009	Herman Miller, Inc	Aeron Chairs	Contract	53,799	53,799
4/17/2009	Bureau of Engraving and Printing	Detailees	Interagency Agreement	45,822	45,822
4/21/2009	AllianceBernstein LP	Asset Management Services	Financial Agent	33,288,445	23,917,820
4/21/2009	FSI Group, LLC	Asset Management Services	Financial Agent	18,212,500	12,639,338
4/21/2009	Piedmont Investment Advisors, LLC	Asset Management Services	Financial Agent	8,955,000	5,967,375
4/30/2009	Department of State	Detailees	Interagency Agreement	45,492	45,492
5/5/2009	Federal Reserve Board	Detailees	Interagency Agreement	48,422	48,422

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OFS SERVICE CONTRACTS (CONTINUED)

Date	Vendor	Purpose	Type of Transaction	Obligated Value	Expended Value
5/13/2009	Department of the Treasury – U.S. Mint	"Making Home Affordable" Logo Search	Interagency Agreement	$975	$325
5/14/2009	KnowledgeBank Inc.	Executive Search Services - Chief Homeownership Officer	Contract	124,340	124,340
5/15/2009	Phacil, Inc	Freedom of Information Act (FOIA) Analysts	Contract	103,425	90,301
5/20/2009	Securities and Exchange Commission	Detailees	Interagency Agreement	430,000	430,000
5/22/2009	Department of Justice - ATF	Detailees	Interagency Agreement	243,778	243,740
5/26/2009	Anderson, McCoy & Orta	Legal services for work under Treasury's Public Private Investment Funds (PPIF) program	Contract	4,068,834	2,300,434
5/26/2009	Simpson Thacher & Bartlett MNP LLP	Legal services for work under Treasury's Public Private Investment Funds (PPIF) program	Contract	7,849,026	3,413,653
6/9/2009	Financial Management Services	Gartner, Inc.	Interagency Agreement	93,292	89,436
6/29/2009	Department of the Interior	Federal Consulting Group (Foresee)	Interagency Agreement	49,000	49,000
7/15/2009	Judicial Watch	Payment to liquidate claim - contract protest	Interagency Agreement	1,500	1,500
7/17/2009	Korn/Ferry International	Executive search services for the OFS Chief Investment Officer position	Contract	75,017	75,017
7/30/2009	Cadwalader Wickersham & Taft LLP	Restructuring Legal Services	Contract	2,049,979	1,278,696
7/30/2009	Debevoise & Plimpton LLP	Restructuring Legal Services	Contract	159,175	1,683
7/30/2009	Fox, Hefter, Swibel, Levin & Carol, LLP	Restructuring Legal Services	Contract	84,125	24,770
8/10/2009	Department of Justice - ATF	Detailees	Interagency Agreement	63,218	54,679
8/10/2009	National Aeronautics and Space Administration (NASA)	Detailees	Interagency Agreement	146,986	140,889
8/18/2009	Mercer LLC	Executive Compensation Data Subscription	Contract	3,000	3,000
8/25/2009	Department of Justice - ATF	Detailees	Interagency Agreement	63,494	63,248
9/2/2009	Knowledge Mosaic Inc.	SEC filings subscription service	Contract	5,000	5,000
9/10/2009	Equilar, Inc.	Executive Compensation Data Subscription	Contract	59,990	59,990
9/11/2009	PricewaterhouseCoopers	PPIP compliance	Contract	1,448,537	1,365,137
9/18/2009	Treasury Franchise Fund	BPD	Interagency Agreement	436,054	436,054
9/30/2009	Immixtechnology Inc.	EnCase eDiscovery ProSuite	Interagency Agreement	210,184	—
9/30/2009	Immixtechnology Inc.	Guidance Inc	Interagency Agreement	108,000	—

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OFS SERVICE CONTRACTS (CONTINUED)

Date	Vendor	Purpose	Type of Transaction	Obligated Value	Expended Value
9/30/2009	NNA INC.	Newspaper delivery	Contract	$8,479	$8,220
9/30/2009	SNL Financial LC	SNL Unlimited, a web-based financial analytics service	Contract	260,000	260,000
11/2/2009	Bingham McCutchen LLP[1]	SBA Initiative Legal Services - Contract Novated from TOFS-09-D-0005 with McKee Nelson	Contract	273,006	143,893
11/29/2009	Department of the Treasury - Departmental Offices	Administrative Support	Interagency Agreement	23,682,061	16,636,521
12/16/2009	Internal Revenue Service	Detailees	Interagency Agreement	46,202	—
12/22/2009	Avondale Investments LLC	Asset Management Services	Financial Agent	1,562,500	737,500
12/22/2009	Bell Rock Capital, LLC	Asset Management Services	Financial Agent	1,535,000	703,750
12/22/2009	Howe Barnes Hoefer & Arnett, Inc	Asset Management Services	Financial Agent	2,856,438	1,243,938
12/22/2009	KBW Asset Management, Inc	Asset Management Services	Financial Agent	7,905,833	4,995,833
12/22/2009	Lombardia Capital Partners, LLC	Asset Management Services	Financial Agent	2,450,000	1,262,500
12/22/2009	Paradigm Asset Management Co., LLC	Asset Management Services	Financial Agent	2,387,250	1,237,250
12/22/2009	Hughes Hubbard & Reed LLP	Document Production services and Litigation Support	Contract	1,097,205	649,762
1/14/2010	U.S. Government Accountability Office	IAA - GAO required by P.L. 110-343 to conduct certain activities related to TARP	Interagency Agreement	7,304,722	7,304,722
1/15/2010	Association of Government Accountants	CEAR Program Application	Contract	5,000	5,000
2/16/2010	Internal Revenue Service	Detailees	Interagency Agreement	52,742	52,742
2/16/2010	The MITRE Corporation	FNMA IR2 Assessment - OFS task order on Treasury Mitre Contract	Contract	777,604	726,465
2/18/2010	Treasury Franchise Fund	BPD	Interagency Agreement	1,221,140	1,221,140
3/8/2010	Qualx Corporation	FOIA Support Services	Contract	510,438	230,438
3/22/2010	Financial Management Services	Gartner, Inc.	Interagency Agreement	73,750	73,750
3/26/2010	Federal Maritime Commission (FMC)	Detailees	Interagency Agreement	159,141	159,141
3/29/2010	Morgan Stanley	Disposition Agent Services	Financial Agent	23,577,000	—
4/2/2010	Financial Clerk U.S. Senate	Congressional Oversight Panel	Interagency Agreement	4,797,556	4,797,556
4/8/2010	Squire, Sanders & Dempsey LLP	Housing Legal Services	Contract	1,229,350	670,097
4/12/2010	Ennis Knupp & Associates Inc	Investment Consulting Services	Contract	3,040,150	254,000
4/22/2010	Digital Management Inc	Data and Document Management Consulting Services	Contract	—	—
4/22/2010	MicroLink, LLC	Data and Document Management Consulting Services	Contract	4,275,596	1,309,945
4/23/2010	RDA Corporation	Data and Document Management Consulting Services	Contract	1,277,134	—
5/4/2010	Internal Revenue Service	Training - Bulux CON 120	Interagency Agreement	1,320	1,320

Continued on next page.

OFS SERVICE CONTRACTS (CONTINUED)

Date	Vendor	Purpose	Type of Transaction	Obligated Value	Expended Value
5/17/2010	Greenhill & Co., Inc.[a]	Structuring and Disposition Services	Financial Agent	$7,050,000	$737,500
5/17/2010	Lazard Fréres & Co. LLC	Transaction Structuring Services	Financial Agent	7,500,000	3,283,333
6/24/2010	Reed Elsevier Inc (dba LexisNexis)	Accurint subscription services for one year - 4 users	Contract	8,208	2,736
6/30/2010	The George Washington University	Financial Institution Mgmt & Modeling - Training course (J.Talley)	Contract	5,000	5,000
7/21/2010	Navigant Consulting	Program Compliance Support Services	Contract	—	—
7/21/2010	Regis and Associates PC	Program Compliance Support Services	Contract	—	—
7/22/2010	Schiff Hardin LLP	Housing Legal Services	Contract	537,375	98,091
7/22/2010	Ernst & Young LLP	Program Compliance Support Services	Contract	—	—
7/22/2010	PricewaterhouseCoopers	Program Compliance Support Services	Contract	—	—
7/27/2010	West Publishing Corporation	Subscription Service for 4 users	Contract	6,722	5,972
8/6/2010	Alston & Bird LLP	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Cadwalader Wickersham & Taft LLP	Omnibus procurement for legal services	Contract	3,246,209	604,589
8/6/2010	Fox, Hefter, Swibel, Levin & Carol, LLP	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Haynes and Boone, LLP	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Hughes Hubbard & Reed LLP	Omnibus procurement for legal services	Contract	56,580	20,547
8/6/2010	Love & Long LLP	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Orrick Herrington Sutcliffe LLP	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Paul, Weiss, Rifkind, Wharton & Garrison LLP	Omnibus procurement for legal services	Contract	2,357,411	—
8/6/2010	Perkins Coie LLP	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Seyfarth Shaw LLP	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Shulman, Rogers, Gandal, Pordy & Ecker, PA	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Sullivan Cove Reign Enterprises JV	Omnibus procurement for legal services	Contract	—	—
8/6/2010	Venable LLP	Omnibus procurement for legal services	Contract	—	—
8/12/2010	Knowledge Mosaic Inc.	SEC filings subscription service	Contract	5,000	5,000
8/30/2010	Department of Housing and Urban Development	Detailees	Interagency Agreement	29,915	29,915

Continued on next page.

OFS SERVICE CONTRACTS (CONTINUED)

Date	Vendor	Purpose	Type of Transaction	Obligated Value	Expended Value
9/1/2010	CQ-Roll Call Inc.	One-year subscription (3 users) to the CQ Today Breaking News & Schedules, CQ Congressio-nal & Financial Transcripts, CQ Custom Email Alerts	Contract	$7,500	$7,500
9/17/2010	Bingham McCutchen LLP	SBA 7(a) Security Purchase Program	Contract	19,975	13,689
9/27/2010	Davis Audrey Robinette	Program Operations Support Services/project management, scanning/document management/ correspondence	Contract	677,731	74,953
9/30/2010	Department of the Treasury - Departmental Offices	Administrative Support	Interagency Agreement	671,731	435,323
9/30/2010	CCH Incorporated	GSA Task Order for procurement books - FAR, T&M, Government Contracts Reference, World Class Contracting	Contract	2,430	—
10/1/2010	Financial Clerk U.S. Senate	Congressional Oversight Panel	Interagency Agreement	5,200,000	1,138,080
10/8/2010	Management Concepts Inc	Training Course - 11107705	Contract	995	—
10/8/2010	Management Concepts Inc	Training Course - Analytic Boot	Contract	1,500	—
10/8/2010	Management Concepts Inc	Training Course - CON 216	Contract	1,025	1,025
10/8/2010	Management Concepts Inc	Training Course - CON 217	Contract	1,025	1,025
10/8/2010	Management Concepts Inc	Training Course - CON 217	Contract	1,025	1,025
10/8/2010	Management Concepts Inc	Training Course - CON 218	Contract	2,214	—
10/8/2010	Management Concepts Inc	Training Course - CON 218	Contract	2,214	—
10/8/2010	Management Concepts Inc	Training Course - CON 218	Contract	2,214	—
10/14/2010	Management Concepts Inc	Intern	Contract	12,975	12,975
10/26/2010	U.S. Government Accountability Office	IAA - GAO required by P.L. 110-343 to conduct certain activities related to TARP	Interagency Agreement	7,600,000	1,575,300
11/8/2010	The MITRE Corporation	FNMA IR2 Assessment - OFS task order on Treasury Mitre Contract for cost and data validation services related to HAMP FA	Contract	1,007,050	85,998
12/2/2010	Addx Corporation	Acquisition Support Services - PSD TARP (action is an order against BPA)	Contract	768,653	—
Total				**$788,371,141**	**$481,430,846**

Notes: Numbers may not total due to rounding. At year-end, OFS validated the matrix against source documents, resulting in modification of award date. At year-end, a matrix entry that included several Interagency Agreements (IAAs) bundled together was split up to show the individual IAAs. For IDIQ contracts, 0 is obligated if no task orders have been awarded.
1McKee Nelson Contract, TOFS-09-D-0005, was novated to Bingham McCutchen.
[a] On 5/17/2010, Greenhill & Co., LLC was approved as a vendor. On 11/18/2010, as described more fully in Section 2: "Systemically Significant Failing Institutions," Greenhill & Co., LLC signed a contract to provide structuring and disposition services to the U.S. Treasury relating to AIG recapitalization.

Source: Treasury, response to SIGTARP data call, 1/11/2011.

SECTION 4 SIGTARP RECOMMENDATIONS

One of the critical responsibilities of the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") is to provide recommendations to the U.S. Department of the Treasury ("Treasury") and other Federal agencies managing Troubled Asset Relief Program ("TARP") initiatives so that the various TARP-related programs can be designed or modified to facilitate transparency and effective oversight and to prevent fraud, waste, and abuse. SIGTARP has made such recommendations in its quarterly reports to Congress and in many of its audit reports. This section discusses developments with respect to SIGTARP's prior recommendations, introduces new recommendations relating to the recapitalization and refinancing of Capital Purchase Program ("CPP") participants, and, in the table at the end of this section, summarizes SIGTARP's recommendations from past quarters and notes the extent of their implementation. Appendix G: "Correspondence" includes Treasury's written responses to recommendations referenced in SIGTARP's Quarterly Report to Congress dated October 26, 2010 (the "October 2010 Quarterly Report").

RECOMMENDATIONS REGARDING IMPLEMENTATION OF THE SMALL BUSINESS LENDING FUND

In the October 2010 Quarterly Report, SIGTARP reported three recommendations regarding the Small Business Lending Fund ("SBLF"). Authorized by the Small Business Jobs Act of 2010, which was signed by the President on September 27, 2010, SBLF is intended to allow Treasury "to make capital investments in eligible institutions in order to increase the availability of credit for small businesses." See the SBLF discussion in Section 2: "TARP Overview" in this report.

For more information on SBLF, see pages 127–132 of this report.

Although SBLF will be managed outside TARP and does not explicitly include SIGTARP oversight, it does require Treasury to issue regulations and other guidance "to permit eligible institutions to refinance securities issued to Treasury under" existing TARP programs. SBLF is limited to those institutions with less than $10 billion in total assets. Because many current participants in TARP's CPP are likely to seek to refinance their CPP capital through SBLF, SIGTARP provided three recommendations with respect to any such refinancing process. Treasury responded to these recommendations by letter dated January 18, 2011, a copy of which is included in Appendix G: "Correspondence." Each recommendation, along with Treasury's response and SIGTARP's response, is discussed below.

First, when Treasury considers whether to accept an existing CPP participant into SBLF, because conditions for many of the relevant institutions have changed dramatically since they were approved for CPP, Treasury and the

bank regulators should conduct a new analysis of whether the applying institution is sufficiently healthy and viable to warrant participation in SBLF.

Much like applicants to CPP, SBLF applicants must demonstrate to their regulator that they have the financial ability to participate in the program and repay the investment. In formulating this recommendation, SIGTARP observed that a CPP participant deemed healthy and viable at the time of its CPP application may not remain so when it applies to SBLF at a later date. It makes little sense to convert a bank to SBLF (a program intended to spur increased lending) if the institution does not have the necessary capital to support such increased lending. Treasury has indicated that it "generally agrees with and is implementing this recommendation." SIGTARP will monitor Treasury's adoption of this recommendation in an upcoming audit on the process Treasury uses to refinance CPP participants into SBLF.

Second, for similar reasons, when Treasury conducts the new analysis of an institution's health and viability, the existing CPP preferred shares should not be counted as part of the institution's capital base.

The financial health and viability of institutions applying to CPP was typically evaluated without accounting for the anticipated CPP investment. This approach fulfilled Treasury's commitment to provide CPP funding for only healthy and viable institutions, maximized the likelihood that an institution was in a capital position to be able to use CPP funds to originate lending as opposed to shoring up its capital base, and limited the Government's investment to those institutions that had the best chance of repaying it later. In SIGTARP's view, the application of a CPP recipient seeking to refinance to SBLF should be evaluated in precisely the same way. An institution that would not have an adequate capital base *but for* the Government's CPP investment would be less likely to have the necessary capital to support increased lending. For a weaker CPP institution that is only adequately capitalized because of TARP funds, the incentives in SBLF to increase its lending volume could result in more speculative lending that imposes greater risks of loss on the taxpayer. SIGTARP has serious concerns about the prospect of converting a weaker institution from CPP and TARP, which are characterized by strong oversight from multiple oversight bodies, periodic monitoring, and other governance and capital controls to protect the taxpayers' interest, to a program with less stringent governance provisions and fewer taxpayer safeguards. Doing so would be contrary to the taxpayers' interest and do nothing to advance the stated goals of SBLF.

Treasury has rejected this recommendation, citing its belief that current CPP participants may be unfairly disadvantaged in their SBLF applications if their existing CPP investments are not counted as part of their capital base. Treasury states that many such institutions have used their CPP capital to extend new loans to taxpayers and small businesses. According to Treasury, considering these loans without the benefit of the CPP capital to support the loans would "effectively punish" CPP participants for engaging in the very lending Treasury has encouraged.

Treasury also argues that SBLF "already provides substantial hurdles that CPP recipients must overcome" that don't apply to other applicants. Specifically, Treasury states that while it will consider the effect of "matched" private funds when evaluating other SBLF applications, it will not do so for CPP participants, and, unlike other applicants, "many CPP participants will have to increase their lending without the benefit of any additional capital — as they will be refinancing their outstanding CPP investments, rather than obtaining new capital, under SBLF."

Treasury's professed desire to avoid "punishing" CPP recipients seeking to convert to SBLF wildly misses the mark. CPP banks do not have some absolute right to benefit from SBLF, particularly if they are not well suited to meet its goals. The SBLF program is intended to incentivize *new* lending by already well capitalized banks with surplus capital provided by taxpayers and the prospect of very low dividend rates. For banks not already participating in CPP and judged healthy without the benefit of Government funds, that combination may well produce the desired result — increased lending to qualifying businesses. But for banks that currently benefit from a CPP investment and that would not be adequately capitalized without it, the calculus is quite different.

First, for such banks, the goal of providing Governmental capital to incentivize lending would have already been met and a refinance would result in all risk and no gain. If, as Treasury anticipates, a CPP recipient would be unable to meet the necessary capital threshold for SBLF because it already committed its Government-supplied capital to increase lending, there is simply no objective reason to allow such an institution to convert to SBLF. Treasury would have already achieved its policy goal with respect to that institution. Further, when such an institution converts to SBLF, the taxpayers' position will be significantly prejudiced and the CPP bank will receive a significant and unnecessary subsidy. Taxpayers, who previously were benefitting from the institution's required 5% CPP dividend payments — Congress assured that CPP recipients that seek to refinance to SBLF must have missed no more than one dividend payment — will now be paid a dividend rate as low as 1%. And while for bank holding companies, which composed more than four out of every five of the 578 institutions still in CPP as of December 31, 2010, dividend payments are cumulative, meaning that the payments are required and missed dividend payments accrue and are still owed, Treasury made dividend payments under SBLF non-cumulative for all participants, meaning that they are optional and non-accruing, conferring a windfall upon CPP recipients paying cumulative dividends that refinance into SBLF. While SIGTARP is not critical of this decision (which was driven by changes in capital requirements mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act), it does result in increased risk to taxpayers given a recent research study that found that institutions in CPP that have non-cumulative dividends (non-bank holding companies) are more likely to skip their payments than are those that have cumulative dividend requirements. In addition, taxpayers will lose the benefit of significant capital-protecting provisions required by CPP, such as limits on executive compensation, stock repurchases, and dividend increases. It may make sense to confer these benefits on a CPP recipient by permitting it to refinance into SBLF if it has enough excess capital to achieve SBLF's policy goal of increased small business lending. In contrast, by converting TARP recipients to SBLF that could not stand on their own without taxpayer assistance, Treasury will be providing them a substantial subsidy at the taxpayers' expense while receiving little in return.

Second, providing a new lending incentive of decreased dividend payments to CPP recipients not prepared to stand on their own without existing Government assistance risks encouraging overly risky loans by banks that may not have sufficient capital to support such lending, thus putting the taxpayers' investment at further risk. In short, Treasury's decision to permit institutions seeking to refinance from CPP to SBLF to count their CPP funding as part of their capital base both prejudices the taxpayers' interest and renders Treasury vulnerable to the criticism that it is using its authority to adopt SBLF regulations as much as a way to wind down TARP, by removing from the program banks that otherwise would not or could not repay their assistance, as to increase small business lending.

Third, Treasury should take steps to prevent institutions that are refinancing into SBLF from CPP from securing windfall dividend reductions without any relevant increase in lending.

The program as currently designed gives CPP recipients who refinance into SBLF the opportunity for an immediate decreased dividend rate based on an increase in lending prior to ever taking part in SBLF. Pursuant to SBLF, the initial 5% annual dividend rate could drop to as low as 1% on the basis of increased lending compared to a "baseline" of the institution's average quarterly small business lending from July 1, 2009, through June 30, 2010. As explained in more detail in the October 2010 Quarterly Report, and as acknowledged by Treasury in its published guidelines for SBLF, a CPP participant that refinances into SBLF could benefit substantially from reduced dividend payments on its public investment, even if the SBLF incentive played no role in increasing its lending. Because the initial dividend rate is based on the difference between the baseline and the lending reflected in the call report data published in the quarter immediately before the SBLF investment, these lenders could be rewarded simply for sustaining recent increases in their lending arising from an improving economy and the previous benefit of CPP funds, factors that have nothing to do with SBLF. In its SBLF "Getting Started Guide," Treasury provides the following example, under which the SBLF funding is received in the second quarter of 2011:

Baseline Qualified Small Business Lending (average quarterly amount outstanding for the year ending 6/30/2010)	$100 million
Qualified Small Business Lending (quarterly outstanding amount as of 12/31/2010)	$105 million
Percentage Increase in Qualified Small Business Lending	5%
Initial Dividend Rate	3%

This immediate reduction from the 5% dividend rate under CPP to 3% under SBLF would be a complete windfall unrelated to the SBLF incentive — the increase in lending preceded SBLF. Because of this anomaly, SIGTARP has recommended that when issuing regulations or other guidance under SBLF, Treasury implement measures designed to negate the windfall that could accrue to CPP participants seeking refinancing under the new program, such as imposing a refinancing fee that would approximate the difference in dividend rates between CPP and SBLF unless and until the institution actually increases its small business lending *after* entering the program.

Treasury has rejected this recommendation as well, suggesting first that its adoption would subvert the will of Congress, which created this method of calculating the baseline and initial dividend rate, and second, that SIGTARP's recommendation "may not be helpful" because "it is unclear that using the statutorily mandated baseline will lead to anomalies." In other words, while Treasury acknowledges at least the possibility of an undeserved windfall to CPP recipients, it refuses to address it by ascribing to Congress the intent to deliver such a windfall. SIGTARP continues to believe that Treasury has both the authority and the obligation to prevent CPP recipients from securing undeserved dividend reductions simply by transferring into SBLF.

Wisely, Congress gave Treasury the authority it needs to address this sort of complex problem by directing the Secretary to "issue regulations and other guidance to permit eligible institutions to refinance securities issued under" TARP. The intent of this provision is clear: to empower Treasury to fashion rules that treat CPP recipients differently from other SBLF applicants — and for good reason. Institutions seeking to convert to SBLF, in contrast to new applicants, have already received the benefit of Government funding, may have already increased their lending as a result, are already obligated to pay dividends to the taxpayer, and are already subject to significant controls. While there may be a need for Treasury and Congress to make certain aspects of SBLF attractive to certain banks in order to overcome the potential stigma of participating in a Government program, no such enticement is necessary for a CPP participant bank. If Congress intended for Treasury to apply the exact same provisions to CPP applicants as other SBLF applicants, it easily could have directed

Treasury to do so. Instead it directed Treasury to treat these entities differently when appropriate.

Indeed, Treasury's claimed reluctance to depart from the statutory text for CPP recipients is belied by its actions elsewhere under SBLF, which recognize Congress' plain intent that it protect the taxpayers' interest as appropriate for CPP recipients. For example, as Treasury itself noted in its response to SIGTARP's second recommendation above, although the SBLF legislation explicitly permits applicants to raise matching private funds to support their applications, Treasury has employed its discretion to treat CPP applicants differently, stating that it "will not consider 'matched' [private] funds when making SBLF investment decisions." An even more striking example is Treasury's decision to institute the exact same type of windfall penalty on CPP recipients on the back end of the program in another context, requiring an additional 2% annual payment on CPP recipients, commencing on the five-year anniversary date of their receipt of CPP funding, which do not increase funding after two years in the program. This provision, presumably adopted so that CPP banks that do not increase lending will pay the same dividend rate in SBLF that they would if they stayed in CPP after five years, is indistinguishable from the front-end protection recommended by SIGTARP. Treasury's selective citation to the statute as a justification for not preventing a windfall to CPP recipients, simply put, is wholly unpersuasive.

Treasury's second contention is based on its "understand[ing] that quarterly variations in small business lending often result from seasonal effects," meaning that for certain institutions lending rates may regularly move up and down depending on the season and the nature of their business. According to Treasury, if a CPP applicant experiences a pre-application increase in lending relative to the baseline that is seasonally based, then the lending level captured in the initial rate would be artificially high and would smooth out in subsequent quarters as lending seasonally decreased. As a result, according to Treasury, any potential windfall would be ultimately addressed by the seasonal cycle.

The central flaw in Treasury's reasoning is that, at most, it suggests that for *some* CPP banks — those that face material seasonal lending effects *and* that happen to have hit high season in the precise quarter that determines their initial dividend rate — the instant windfall dividend reduction may be limited over the course of their participation in SBLF. This ignores all the other CPP banks — those either not prone to "seasonal effects" or those whose initial dividend-rate-setting lending quarter is not their high lending season. For all of those banks, the real possibility remains that they will receive a substantial windfall simply for sustaining recent increases in their lending arising out of an improving economy and the previous benefit of CPP funds, factors that have nothing to do with SBLF. And even for the CPP banks that fit Treasury's example, they will still receive a windfall at least initially, and in no case would they be worse off by converting to SBLF if Treasury were to adopt SIGTARP's recommendation. At worst they would eventually return to the same 5% dividend rate they currently pay under CPP and still benefit from all of the other advantages of refinancing, such as non-cumulative dividends, a lower initial rate and potentially lower rates in the future, and fewer restrictions. In sum, Treasury should not let the hypothetical seasonal lender be the tail that wags the dog of potential CPP windfalls. To best protect the taxpayer, Treasury should adopt SIGTARP's recommendation. In doing so, it certainly could fashion a remedy to both protect against its perceived concerns about seasonal lending and to prevent an unwarranted windfall to a TARP recipient at taxpayer expense. SIGTARP reiterates its offer to discuss with Treasury such potential remedies.

RECOMMENDATIONS REGARDING CPP RESTRUCTURINGS AND RECAPITALIZATIONS AND RELATED SBLF RECOMMENDATION

As discussed more extensively in Section 2: "TARP Overview" of this report, a CPP recipient that is in danger of becoming insolvent may propose to Treasury a restructuring or recapitalization of Treasury's CPP investment to make it easier for the institution to attract private capital. These transactions may result in Treasury taking a haircut on its CPP investment, and Treasury often requires the CPP recipient to raise capital from private entities before it will consummate the transaction. Treasury has explained to SIGTARP that it enters into these transactions in an attempt to avoid the total loss of Treasury's investment that would occur if the institution failed. After Treasury receives a restructuring proposal from a CPP institution, it performs due diligence on the institution. Previously, as part of its due diligence, Treasury shared with SIGTARP, in advance of the transaction, the identity of the candidate and details of the proposed transaction in order to determine if the candidate is the subject of an ongoing criminal investigation by SIGTARP. Recently, it has appeared that Treasury has stopped identifying these candidates to SIGTARP in advance of a public announcement.

Although not all of SIGTARP's investigations will lead to the filing of criminal or civil charges, Treasury's apparent reluctance to take the relatively simple step of consulting with SIGTARP to determine whether the CPP participant is currently under investigation for an ongoing fraud creates unwarranted and unnecessary risk. First, because these transactions are often designed to attract new capital from private investors, if there is an ongoing fraud Treasury will essentially be shifting the risk of loss from that fraud off of its books and onto those of unknowing private investors. This is particularly dangerous given the potential that the market may perceive Treasury's participation in such a transaction as an endorsement of the viability of the institution after the transaction is completed. Second, the information received from the subject CPP participant by Treasury as it conducts its due diligence may be tainted by fraud, potentially compromising Treasury's decision-making process.

A similar concern will arise when CPP recipients seek to refinance into the SBLF program and at the same time seek additional taxpayer dollars. In those cases, in order to protect against taxpayer dollars being needlessly put at risk, Treasury should similarly consult with SIGTARP to learn whether the entity is the subject of an ongoing investigation.

Recommendations:

- SIGTARP recommends that Treasury, as part of its due diligence concerning any proposed restructuring, recapitalization, or sale of its investment to a third party, provide to SIGTARP the identity of the CPP institution and the details of the proposed transaction.
- When a CPP participant refinances into SBLF and seeks additional taxpayer funds, SIGTARP recommends that Treasury provide to SIGTARP the identity of the institution and details of the proposed additional SBLF investment.

Should Treasury adopt these recommendations, SIGTARP would then be able to share information about the investigation, on a strictly confidential basis, with certain Treasury personnel so that Treasury could be better informed before completing such transactions.

SIGTARP provided a draft of these recommendations to Treasury on January 14, 2011. As of the drafting of this report, Treasury had not responded.

SIGTARP RECOMMENDATIONS TABLE

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
1	*	Treasury should include language in the automobile industry transaction term sheet acknowledging SIGTARP's oversight role and expressly giving SIGTARP access to relevant documents and personnel.	x					
2	*	Treasury should include language in new TARP agreements to facilitate compliance and oversight. Specifically, SIGTARP recommends that each program participant should (1) acknowledge explicitly the jurisdiction and authority of SIGTARP and other oversight bodies, as relevant, to oversee compliance of the conditions contained in the agreement in question, (2) establish internal controls with respect to that condition, (3) report periodically to the Compliance department of the Office of Financial Stability ("OFS-Compliance") regarding the implementation of those controls and its compliance with the condition, and (4) provide a signed certification from an appropriate senior official to OFS-Compliance that such report is accurate.		x				Although Treasury has made substantial efforts to comply with this recommendation in many of its agreements, there have been exceptions, including in its agreements with servicers in MHA.
3	*	All existing TARP agreements, as well as those governing new transactions, should be posted on the Treasury website as soon as possible.	x					
4	*	Treasury should require all TARP recipients to report on the actual use of TARP funds.	x					
5	*	Treasury quickly determines its going-forward valuation methodology.	x					
6	*	Treasury begins to develop an overall investment strategy to address its portfolio of stocks and decide whether it intends to exercise warrants of common stock.	x					
7	*	In formulating the structure of TALF, Treasury should consider requiring, before committing TARP funds to the program, that certain minimum underwriting standards and/or other fraud prevention mechanisms be put in place with respect to the ABS and/or the assets underlying the ABS used for collateral.	x					The Federal Reserve adopted mechanisms that address this recommendation.
8	*	Agreements with TALF participants should include an acknowledgment that: (1) they are subject to the oversight of OFS-Compliance and SIGTARP, (2) with respect to any condition imposed as part of TALF, that the party on which the condition is imposed is required to establish internal controls with respect to each condition, report periodically on such compliance, and provide a certification with respect to such compliance.				x		
9	*	Treasury should give careful consideration before agreeing to the expansion of TALF to include MBS without a full review of risks that may be involved and without considering certain minimum fraud protections.	x					This recommendation was implemented with respect to CMBS, and the Federal Reserve did not expand TALF to RMBS.
10	*	Treasury should oppose any expansion of TALF to legacy MBS without significant modifications to the program to ensure a full assessment of risks associated with such an expansion.	x					This recommendation was implemented with respect to CMBS, and the Federal Reserve did not expand TALF to RMBS.
11		Treasury should formalize its valuation strategy and begin providing values of the TARP investments to the public.	x					Treasury has formalized its valuation strategy and regularly publishes its estimates.

Continued on next page.

SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
12	*	Treasury and the Federal Reserve should provide to SIGTARP, for public disclosure, the identity of the borrowers who surrender collateral in TALF.					x	On December 1, 2010, the Federal Reserve publicly disclosed the identities of all TALF borrowers and that there had been no surrender of collateral. SIGTARP will continue to monitor disclosures if a collateral surrender takes place.
13	*	In TALF, Treasury should dispense with rating agency determinations and require a security-by-security screening for each legacy RMBS. Treasury should refuse to participate if the program is not designed so that RMBS, whether new or legacy, will be rejected as collateral if the loans backing particular RMBS do not meet certain baseline underwriting criteria or are in categories that have been proven to be riddled with fraud, including certain undocumented subprime residential mortgages.					x	The Federal Reserve announced that RMBS were ineligible for TALF loans, rendering this recommendation moot.
14	*	In TALF, Treasury should require significantly higher haircuts for all MBS, with particularly high haircuts for legacy RMBS, or other equally effective mitigation efforts.	x					This recommendation was implemented with respect to CMBS, and the Federal Reserve did not expand TALF to RMBS.
15	*	Treasury should require additional anti-fraud and credit protection provisions, specific to all MBS, before participating in an expanded TALF, including minimum underwriting standards and other fraud prevention measures.	x					The Federal Reserve adopted mechanisms that address this recommendation with respect to CMBS, and did not expand TALF to RMBS.
16	*	Treasury should design a robust compliance protocol with complete access rights to all TALF transaction participants for itself, SIGTARP, and other relevant oversight bodies.				x		
17	*	Treasury should not allow Legacy Securities PPIFs to invest in TALF unless significant mitigating measures are included to address these dangers.	x					
18	*	All TALF modeling and decisions, whether on haircuts or any other credit or fraud loss mechanisms, should account for potential losses to Government interests broadly, including TARP funds, and not just potential losses to the Federal Reserve.	x					
19	*	Treasury should address the confusion and uncertainty on executive compensation by immediately issuing the required regulations.	x					

Continued on next page.

SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
20		Treasury should significantly increase the staffing levels of OFS-Compliance and ensure the timely development and implementation of an integrated risk management and compliance program.			x			According to Treasury, OFS-Compliance has increased its staffing level and continues its effort to recruit candidates.
21	*	Treasury should require CAP participants to (1) establish an internal control to monitor their actual use of TARP funds, (2) provide periodic reporting on their actual use of TARP funds, (3) certify to OFS-Compliance, under the penalty of criminal sanction, that the report is accurate, that the same criteria of internal controls and regular certified reports should be applied to all conditions imposed on CAP participants, and (4) acknowledge explicitly the jurisdiction and authority of SIGTARP and other oversight bodies, as appropriate, to oversee conditions contained in the agreement.					x	Treasury closed the program with no investments having been made, rendering this recommendation moot.
22	*	Treasury should impose strict conflict-of-interest rules upon PPIF managers across all programs that specifically address whether and to what extent the managers can (1) invest PPIF funds in legacy assets that they hold or manage on behalf of themselves or their clients or (2) conduct PPIF transactions with entities in which they have invested on behalf of themselves or others.		x				Treasury has adopted some significant conflict-of-interest rules related to this recommendation, but has failed to impose other significant safeguards.
23	*	Treasury should require that all PPIF fund managers (1) have stringent investor-screening procedures, including comprehensive “Know Your Customer” requirements at least as rigorous as that of a commercial bank or retail brokerage operation to prevent money laundering and the participation of actors prone to abusing the system, and (2) be required to provide Treasury with the identities of all the beneficial owners of the private interests in the fund so that Treasury can do appropriate diligence to ensure that investors in the funds are legitimate.		x				Treasury’s agreements with PPIF managers include investor-screening procedures such as “Know Your Customer” requirements. Treasury has agreed that it will have access to any information in a fund manager’s possession relating to beneficial owners. However, Treasury did not impose an affirmative requirement that managers obtain and maintain beneficial owner information.
24	*	Treasury should require most-favored-nation clauses, PPIF managers to acknowledge that they owe Treasury a fiduciary duty, and that each manager adopt a robust ethics policy and compliance apparatus.	x					
25		Treasury should require servicers in MHA to submit third-party verified evidence that the applicant is residing in the subject property before funding a mortgage modification.			x			Treasury has decided to adopt this important SIGTARP recommendation and stated that its program administrator Fannie Mae conducted a pilot program to verify owner occupancy. However, as discussed in Section 2 of this report, the residency requirement for HAFA transactions has been significantly loosened so that the borrower only needs to demonstrate that he lived in the residence in the preceding 12 months.

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SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
26	*	In MHA, Treasury should require a closing-like procedure be conducted that would include (1) a closing warning sheet that would warn the applicant of the consequences of fraud; (2) the notarized signature and thumbprint of each participant; (3) mandatory collection, copying, and retention of copies of identification documents of all participants in the transaction; (4) verbal and written warnings regarding hidden fees and payments so that applicants are made fully aware of them; (5) the benefits to which they are entitled under the program (to prevent a corrupt servicer from collecting payments from the Government and not passing the full amount of the subsidies to the homeowners); and (6) the fact that no fee should be charged for the modification.		x				See discussion in Section 5: "SIGTARP Recommendations" of SIGTARP's October 2009 Quarterly Report.
27		Additional anti-fraud protections should be adopted in MHA to verify the identity of the participants in the transaction and to address the potential for servicers to steal from individuals receiving Government subsidies without applying them for the benefit of the homeowner.			x			Treasury stated that it is working with its program administrator Fannie Mae to test a new fraud detection program and working with its compliance agent Freddie Mac to develop procedures designed to address this recommendation. SIGTARP will continue to monitor implementation of this recommendation.
28	*	In MHA, Treasury should require the servicer to compare the income reported on a mortgage modification application with the income reported on the original loan applications.				x		Treasury has rejected SIGTARP's recommendation and does not require income reported on the modification application to be compared to income reported on the original loan application.
29	*	In MHA, Treasury should require that verifiable, third-party information be obtained to confirm an applicant's income before any modification payments are made.	x					
30	*	In MHA, Treasury should defer payment of the $1,000 incentive to the servicer until after the homeowner has verifiably made a minimum number of payments under the mortgage modification program.				x		Rather than deferring payment of the incentive until after the homeowner has verifiably made a minimum number of payments on his permanent modification, Treasury will pay the incentive after the servicer represents that the homeowner has made three payments during the trial period.
31	*	In MHA, Treasury should proactively educate homeowners about the nature of the program, warn them about modification rescue fraudsters, and publicize that no fee is necessary to participate in the program.	x					

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SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
32	*	In MHA, Treasury should require its agents to keep track of the names and identifying information for each participant in each mortgage modification transaction and to maintain a database of such information.		x				While Treasury's program administrator, Fannie Mae, has developed a HAMP system of record that maintains the servicers' and investors' names and participating borrowers' personally identifiable information, such as names and addresses, the database is not constructed to maintain other information that may assist in detecting insiders who are committing large-scale fraud.
33	*	Treasury should require the imposition of strict information barriers or "walls" between the PPIF managers making investment decisions on behalf of the PPIF and those employees of the fund management company who manage non-PPIF funds.				x		Treasury has refused to adopt this significant anti-fraud measure designed to prevent conflicts of interest. This represents a material deficiency in the program.
34	*	Treasury should periodically disclose PPIF trading activity and require PPIF managers to disclose to SIGTARP, within seven days of the close of the quarter, all trading activity, holdings, and valuations so that SIGTARP may disclose such information, subject to reasonable protections, in its quarterly reports.				x		Treasury has committed to publish on a quarterly basis certain high-level information about aggregated purchases by the PPIFs, but not within seven days of the close of the quarter. Treasury has not committed to providing full transparency to show where public dollars are invested by requiring periodic disclosure of every trade in the PPIFs.
35		Treasury should define appropriate metrics and an evaluation system should be put in place to monitor the effectiveness of the PPIF managers, both to ensure they are fulfilling the terms of their agreements and to measure performance.				x		Despite that there has been fifteen months of trading by the PPIFs, Treasury stated that it is still difficult to specify a benchmark by which performance of a PPIF can be measured. Treasury stated that it will begin to review each PPIF's net internal rate of return relative to the returns each PPIF manager proposed to Treasury and to private PPIF investors. Treasury stated that it is still looking for a subcontractor to assist with providing analytics and metrics on the PPIF portfolio. SIGTARP will continue to monitor Treasury's progress in this area.

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SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
36	*	The conditions that give Treasury "cause" to remove a PPIF manager should be expanded to include a manager's performance below a certain standard benchmark, or if Treasury concludes that the manager has materially violated compliance or ethical rules.				x		Treasury has refused to adopt this recommendation, relying solely on Treasury's right to end the investment period after 12 months. During this time the PPIF manager's performance may continue to fall below a standard benchmark, potentially putting significant Government funds at risk.
37	*	Treasury should require PPIF managers to disclose to Treasury, as part of the Watch List process, not only information about holdings in eligible assets but also holdings in related assets or exposures to related liabilities.	x					
38		Treasury should require PPIF managers to obtain and maintain information about the beneficial ownership of all of the private equity interests, and Treasury should have the unilateral ability to prohibit participation of private equity investors.				x		Treasury has agreed that it can have access to any information in a fund manager's possession relating to beneficial owners. However, Treasury is not making an affirmative requirement that managers obtain and maintain beneficial owner information. Treasury will not adopt the recommendation to give itself unilateral ability to deny access to or remove an investor, stating that such a right would deter participation.
39	*	Treasury and FRBNY should (1) examine Moody's assertions that some credit rating agencies are using lower standards to give a potential TALF security the necessary AAA rating and (2) develop mechanisms to ensure that acceptance of collateral in TALF is not unduly influenced by the improper incentives to overrate that exist among the credit agencies.	x					
40	*	Treasury should more explicitly document the vote of each Investment Committee member for all decisions related to the investment of TARP funds.	x					
41	*	Treasury should improve existing control systems to document the occurrence and nature of external phone calls and in-person meetings about actual and potential recipients of funding under the CPP and other similar TARP-assistance programs to which they may be part of the decision making.	x					
42	*	The Secretary of the Treasury should direct the Special Master to work with FRBNY officials in understanding AIG compensation programs and retention challenges before developing future compensation decisions that may affect both institutions' ability to get repaid by AIG for Federal assistance provided.	x					
43	*	Treasury should establish policies to guide any similar future decisions to take a substantial ownership position in financial institutions that would require an advance review so that Treasury can be reasonably aware of the obligations and challenges facing such institutions.					x	Treasury stated that it does not anticipate taking a substantial percentage ownership position in any other financial institution pursuant to EESA.

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SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
44	*	Treasury should establish policies to guide decision making in determining whether it is appropriate to defer to another agency when making TARP programming decisions where more than one Federal agency is involved.		x				Treasury has agreed to work closely with other Federal agencies that are involved in TARP.
45		Treasury should rectify the confusion that its own statements have caused for HAMP by prominently disclosing its goals and estimates (updated over time, as necessary) of how many homeowners the program will help through permanent modifications and report monthly on its progress toward meeting that goal.				x		Despite SIGTARP's repeated highlighting of this essential transparency and effectiveness measure, Treasury has refused to disclose clear and relevant goals and estimates for the program.
46		Treasury should develop other performance metrics and publicly report against them to measure over time the implementation and success of HAMP. For example, Treasury could set goals and publicly report against those goals for servicer processing times, modifications as a proportion of a servicer's loans in default, modifications as a proportion of foreclosures generally, rates of how many borrowers fall out of the program prior to permanent modification, and re-default rates.		x				Although Treasury has increased its reporting of servicer performance, it has not identified goals for each metric and measured performance against those goals.
47		Treasury should undertake a sustained public service campaign as soon as possible, both to reach additional borrowers who could benefit from the program and to arm the public with complete, accurate information – this will help to avoid confusion and delay, and prevent fraud and abuse.	x					
48		Treasury should reconsider its position that allows servicers to substitute alternative forms of income verification based on subjective determinations by the servicer.				x		
49		Treasury should re-examine HAMP's structure to ensure that it is adequately minimizing the risk of re-default stemming from non-mortgage debt, second liens, partial interest rate resets after the five-year modifications end, and from many borrowers being underwater.		x				Treasury has adopted some programs to assist underwater mortgages to address concerns of negative equity but has not addressed other factors contained in this recommendation.
50		Treasury should institute careful screening before putting additional capital through CDCI into an institution with insufficient capital to ensure that the TARP matching funds are not flowing into an institution that is on the verge of failure.	x					Treasury has stated that it has implemented this recommendation. SIGTARP will examine Treasury's implementation of the recommendation.
51		Treasury should develop a robust procedure to audit and verify the bona fides of any purported capital raise in CDCI and to establish adequate controls to verify the source, amount and closing of all claimed private investments.	x					Treasury has stated that it has implemented this recommendation. SIGTARP will examine Treasury's implementation of the recommendation.
52		Treasury should revise CDCI terms to clarify that Treasury inspection and copy rights continue until the entire CDCI investment is terminated. Additionally, consistent with recommendations made in connection with other TARP programs, the terms should be revised to provide expressly that SIGTARP shall have access to the CDFI's records equal to that of Treasury.	x					
53		Treasury should consider more frequent surveys of a CDCI participant's use of TARP funds than annually as currently contemplated. Quarterly surveys would more effectively emphasize the purpose of CDCI.				x		

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SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
54		Treasury should ensure that more detail is captured by the Warrant Committee meeting minutes. At a minimum, the minutes should include the members' qualitative considerations regarding the reasons bids were accepted or rejected within fair market value ranges.	x					Treasury has indicated that it has implemented this recommendation. Although the detail of the minutes has improved, Treasury is still not identifying how each member of the committee casts his or her vote.
55		Treasury should document in detail the substance of all communications with recipients concerning warrant repurchases.				x		Treasury has agreed to document the dates, participants, and subject line of calls. It has refused to document the substance of such conversations.
56		Treasury should develop and follow guidelines and internal controls concerning how warrant repurchase negotiations will be pursued, including the degree and nature of information to be shared with repurchasing institutions concerning Treasury's valuation of the warrants.			x			Treasury has indicated that it is in the process of memorializing broad procedures designed to address this recommendation, including a policy to discuss only warrant valuation inputs and methodologies prior to receiving a bid, generally to limit discussion to valuation ranges after receiving approval from the Warrant Committee, and to note the provision of any added information in the Committee minutes.
57	*	Treasury should promptly take steps to verify TARP participants' conformance to their obligations, not only by ensuring that they have adequate compliance procedures but also by independently testing participants' compliance.		x				Although Treasury largely continues to rely on self-reporting, stating that it only plans to conduct independent testing where they have particular concerns as to a TARP recipient's compliance procedures or testing results, Treasury has conducted independent testing of compliance obligations during two recent compliance reviews.
58		Treasury should develop guidelines that apply consistently across TARP participants for when a violation is sufficiently material to merit reporting, or in the alternative require that all violations be reported.			x			Treasury states that it intends to develop standard guidelines.
59		For each HAMP-related program and subprogram, Treasury should publish the anticipated costs and expected participation in each and that, after each program is launched, it report monthly as to the program's performance against these expectations.		x				Treasury has provided anticipated costs, but not expected participation.

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SIGTARP RECOMMENDATIONS TABLE (CONTINUED)

		Recommendation	Implemented	Partially Implemented	In Process	Not Implemented	TBD/NA	Comments
60	*	Treasury should re-evaluate the voluntary nature of its principal reduction program and, irrespective of whether it is discretionary or mandatory, consider changes to better maximize its effectiveness, ensure to the greatest extent possible the consistent treatment of similarly situated borrowers, and address potential conflict of interest issues.					x	Treasury plans to maintain the voluntary nature of the program, providing an explanation that on its face seems unpersuasive to SIGTARP. SIGTARP will continue to monitor performance.
61		Treasury should adopt a uniform appraisal process across all HAMP and HAMP-related short-sale and principal reduction programs consistent with FHA's procedures.				x		
62		Treasury should reconsider the length of the minimum term of HAMP's unemployment forbearance program.					x	Treasury plans to maintain the existing minimum term, providing an explanation that on its face seems unpersuasive to SIGTARP. SIGTARP will continue to monitor performance.
63		Treasury should launch a broad-based information campaign, including public service announcements in target markets that focus on warnings about potential fraud, and include conspicuous fraud warnings whenever it makes broad public announcements about the program.	x					
64		When Treasury considers whether to accept an existing CPP participant into SBLF, because conditions for many of the relevant institutions have changed dramatically since they were approved for CPP, Treasury and the bank regulators should conduct a new analysis of whether the applying institution is sufficiently healthy and viable to warrant participation in SBLF.	x					See discussion in this section.
65		When Treasury conducts the new analysis of an institution's health and viability, the existing CPP preferred shares should not be counted as part of the institution's capital base.				x		See discussion in this section.
66		Treasury should take steps to prevent institutions that are refinancing into the SBLF from CPP from securing windfall dividend reductions without any relevant increase in lending.				x		See discussion in this section.

Note: * Indicates that Treasury considers the recommendation closed and will take no further action.

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10. Treasury, *Transactions Report*, 12/31/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/tarp-transactions/DocumentsTARPTransactions/1-4-11%20Transactions%20Report%20as%20of%201-3-11.pdf, accessed 1/16/2011; Treasury, response to SIGTARP data call, 1/7/2011.
11. Emergency Economic Stabilization Act of 2008, P.L.110-343, 10/3/2008, p. 1.
12. Emergency Economic Stabilization Act of 2008, P.L.110-343, 10/3/2008, pp. 2, 16.
13. Treasury Press Release, "Treasury Department Releases Text of Letter from Secretary Geithner to Hill Leadership on Administration's Exit Strategy for TARP," 12/9/2009, www.treasury.gov/press-center/press-releases/Pages/tg433.aspx, accessed 12/9/2010.
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41. Treasury, response to SIGTARP data call, 1/21/2011.
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GLOSSARY

This appendix provides a glossary of terms that are used throughout the context of this report.

504 Community Development Loan Program: SBA program combining Government-guaranteed loans with private-sector mortgages to provide loans of up to $10 million for community development.

7(a) Loan Program: SBA loan program guaranteeing a percentage of loans for small businesses that cannot otherwise obtain conventional loans at reasonable terms.

Asset-Backed Securities ("ABS"): Bonds backed by a portfolio of consumer or corporate loans, e.g., credit card, auto, or small-business loans. Financial companies typically issue ABS backed by existing loans in order to fund new loans for their customers.

Auction Agent: Firms (such as investment banks) that buy a series of securities from one institution for resale.

Bank Holding Company: Company that owns and/or controls one or more U.S. banks.

Call Reports: Reports of Condition and Income that are required to be filed quarterly with financial regulatory authorities by insured depository institutions operating in the U.S. These reports, which generally contain a balance sheet, an income statement, and supporting schedules, are commonly referred to as Call Reports.

Collateral: Asset pledged by a borrower to a lender until a loan is repaid. Generally, if the borrower defaults on the loan, the lender gains ownership of the pledged asset and may sell it to satisfy the debt. In TALF, the ABS or CMBS that is purchased with the TALF loan is the collateral that is posted with FRBNY.

Commercial Mortgage-Backed Securities ("CMBS"): Bonds backed by one or more mortgages on commercial real estate (*e.g.*, office buildings, rental apartments, hotels).

Common Stock: Equity ownership entitling an individual to share in corporate earnings and voting rights.

Community Development Financial Institutions ("CDFIs"): Financial institutions eligible for Treasury funding to serve urban and rural low-income communities through the CDFI Fund. CDFIs were created in 1994 by the Riegle Community Development and Regulatory Improvement Act. These entities must be certified by Treasury; certification confirms they target at least 60% of their lending and other economic development activities to areas underserved by traditional financial institutions.

Cumulative Preferred Stock: Stock requiring a defined dividend payment. If the company does not pay the dividend on schedule, it still owes the missed dividend to the preferred stock's owner.

Custodian Bank: Bank holding the collateral and managing accounts for FRBNY; for TALF the custodian is Bank of New York Mellon.

Debt: Investment in a business that is required to be paid back to the investor, usually with interest.

Debtor-in-Possession ("DIP"): Company operating under Chapter 11 bankruptcy protection that technically still owns its assets but is operating them to maximize the benefit to its creditors.

Deed-in-Lieu of Foreclosure: Instead of going through foreclosure, the borrower voluntarily surrenders the deed to the home to the lender, often as satisfaction of the unpaid mortgage balance.

Deficiency Judgment: Court order authorizing a lender to collect all or part of an unpaid and outstanding debt resulting from the borrower's default on the mortgage note securing a debt. A deficiency judgment is rendered after the foreclosed or repossessed property is sold when the proceeds are insufficient to repay the full mortgage debt.

Direct Private Placement: Sale of securities to investors that meet minimum net worth and sophistication requirements, thereby receiving an exemption from normal SEC registration requirements.

Due Diligence: Appropriate level of attention or care a reasonable person should take before entering into an agreement or a transaction with another party. In finance, often refers to the process of conducting an audit or review of the institution before initiating a transaction.

Dutch Auction: For a Treasury warrant auction (which has multiple bidders bidding for different quantities of the asset) the accepted price is set at the lowest bid of the group of high bidders whose collective bids fulfill the amount offered by Treasury. As an example, three investors place bids to own a portion of 100 shares offered by the issuer:

- Bidder A wants 50 shares at $4/share
- Bidder B wants 50 shares at $3/share
- Bidder C wants 50 shares at $2/share

The seller selects Bidders A and B as the two highest bidders, and their collective bids consume the 100 shares offered. The winning price is $3, which is what both bidders pay per share. Bidder C's bid is not filled.

Equity: Investment that represents an ownership interest in a business.

Equity Capital Facility: Commitment to invest equity capital in a firm under certain future conditions. An equity facility when drawn down is an investment that increases the provider's ownership stake in the company. The investor may be able to recover the amount invested by selling their ownership stake to other investors at a later date.

Equity Share Agreement: Agreements that a homeowner will share future increases in home value with a mortgage investor or other party. In the context of mortgage loan modifications, the investor may reduce the borrower's UPB in return for the right to share in a portion of any future rise in the home's value. An equity share agreement thus may provide the mortgage investor with a prospect of recovering its full investment, even if it provides a principal reduction to the borrower. Conversely, it may also provide an immediate benefit to an "underwater" borrower, yet still offer that borrower some prospect of benefiting from future home price appreciation.

Exceptional Assistance Recipients: Companies receiving assistance under SSFI, TIP, and AIFP. Current recipients are AIG, Chrysler, GM, and Ally Financial (formerly GMAC).

Excess Spread: Funds left over after required payments and other contractual obligations have been met. In TALF it is the difference between the periodic amount of interest paid out by the collateral and the amount of interest charged by FRBNY on the non-recourse loan provided to the borrower to purchase the collateral.

Exercise Price: Preset price at which the warrant holder may purchase each share. For warrants in publicly traded institutions issued through CPP, this was based on the average stock price during the 20 days before the date that Treasury granted preliminary CPP participation approval.

Haircut: Difference between the value of the collateral and the value of the loan (the loan value is less than the collateral value).

Illiquid Assets: Assets that cannot be quickly converted to cash.

Investors: Owners of mortgage loans or bonds backed by mortgage loans who receive interest and principal payments from monthly mortgage payments. Servicers manage the cash flow from these payments and distribute them to investors according to Pooling and Servicing Agreements ("PSAs").

Legacy Securities: Real estate-related securities that remain on the balance sheets of financial institutions because of pricing difficulties that resulted from market disruption.

Letter of Credit: Letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the issuing bank is required to cover the full or remaining amount of the obligation.

Limited Partnership: Partnership in which there is at least one partner whose liability is limited to the amount invested (limited partner) and at least one partner whose liability extends beyond monetary investment (general partner).

Loan Servicers: Companies that perform administrative tasks on monthly mortgage payments until the loan is repaid. These tasks include billing, tracking, and collecting monthly payments; maintaining records of payments and balances; allocating and distributing payment collections to investors in accordance with each mortgage loan's governing documentation; following up on delinquencies; and initiating foreclosures.

Loan-to-Value ("LTV") Ratio: Lending risk assessment ratio that financial institutions and other lenders examine before approving a mortgage; calculated by dividing the outstanding amount of the loan by the value of the collateral backing the loan. Typically, assessments with high LTV ratios are generally seen as higher risk.

Mandatorily Convertible Preferred Shares ("MCP"): Preferred share that can be converted to common stock at the issuer's discretion if specific criteria are met by a certain date.

Mutual Depository Institution: Any U.S. bank, U.S. savings association, bank holding company, or savings and loan holding company organized in a mutual form. Savings associations organized as mutual institutions issue no capital stock and therefore have no stockholders. Mutual savings associations build capital almost exclusively through retained earnings.

Nationally Recognized Statistical Rating Organization ("NRSRO"): Credit rating agency registered with the SEC. Credit rating agencies provide their opinion on the creditworthiness of companies and the financial obligations issued by companies. The ratings distinguish between investment grade and non-investment grade equity and debt obligations.

Net Present Value ("NPV") Test: Compares the money generated by modifying the terms of the mortgage with the amount an investor can reasonably expect to recover in a foreclosure sale.

Non-Agency Residential Mortgage-Backed Securities ("non-agency RMBS"): Financial instrument backed by a group of residential real estate mortgages not guaranteed or owned by a Government-sponsored enterprise ("GSE"), such as the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac").

Non-Cumulative Preferred Stock: Preferred stock with a defined dividend, without the obligation to pay missed dividends.

Non-Recourse Loan: Secured loan in which the borrower is relieved of the obligation to repay the loan upon surrendering the collateral.

Obligations: Definite commitments that create a legal liability for the Government to pay funds.

Over-allotment: A provision in some underwriting contracts allowing the underwriter to sell more shares to investors than were originally agreed upon. In an underwriting agreement, the underwriter agrees with the issuer of a security to place a certain amount with investors. If demand for the security exceeds the underwriter's supply, the over-allotment option allows the underwriter to sell more shares and increase the amount of proceeds the issuer receives from the IPO.

Pool Assemblers: Firms authorized to create and market pools of SBA-guaranteed loans.

Preferred Stock: Equity ownership that usually pays a fixed dividend before distributions for common stock owners but only after payments due to holders of debt and depositors. It typically confers no voting rights. Preferred stock also has priority over common stock in the distribution of assets when a bankrupt company is liquidated.

Pro Forma: In finance, refers to the presentation of hypothetical financial information assuming that certain assumptions will happen.

Pro Rata: Refers to dividing something among a group of participants according to the proportionate share that each participant holds as a part of the whole.

Public Interest: Regulatory standard that the Special Master is required to apply in making determinations. It refers to the determination of whether TARP-recipient compensation plans are aligned with the best interests of the U.S. taxpayer, based on a balancing of specific principles set forth in the Rule.

Qualifying Financial Institutions ("QFIs"): Private and public U.S.-controlled banks, savings associations, bank holding companies, certain savings and loan holding companies, and mutual organizations.

Residential Mortgage-Backed Securities ("RMBS"): Bonds backed by a pool of mortgages for residential real estate (*e.g.*, home mortgages for residences with up to four dwelling units).

Revolving Credit Facility: Line of credit for which borrowers pay a commitment fee, allowing them to repeatedly draw down funds up to a guaranteed maximum amount. The amount of available credit decreases and increases as funds are borrowed and then repaid.

Risk-weighted Assets: Risk-based measure of total assets held by a financial institution. Assets are assigned broad risk categories. The amount in each risk category is then multiplied by a risk factor associated with that category. The sum of the resulting weighted values from each of the risk categories is the bank's total risk-weighted assets.

SBA Pool Certificate: Ownership interest in a bond backed by SBA-guaranteed loans.

Senior Executive Officers ("SEOs"): "Named executive officer" of a TARP recipient as defined under Federal securities law, which generally includes the principal executive officer, principal financial officer, and the next three most highly compensated officers.

Senior Preferred Stock: Shares that give the stockholder priority dividend and liquidation claims over junior preferred and common stockholders.

Senior Subordinated Debentures: Debt instrument ranking below senior debt but above equity with regard to investors' claims on company assets or earnings. Senior debt holders are paid in full before subordinated debt holders are paid. There may be additional distinctions of priority among subordinated debt holders.

Short Sale: Sale of a home for less than the unpaid mortgage balance. A borrower sells the home and the lender collects the proceeds as full or partial satisfaction of the unpaid mortgage balance, thus avoiding the foreclosure process.

Skin in the Game: Equity stake in an investment; down payment; the amount an investor can lose.

Special Purpose Vehicle ("SPV"): Off-balance-sheet legal entity that holds transferred assets presumptively beyond the reach of the entities providing the assets.

Subchapter S-corporation ("S-corporation"): Corporate form that passes corporate income, losses, deductions, and credit through to shareholders for Federal tax purposes. Shareholders of S-corporations report the flow-through of income and losses on their personal tax returns and are taxed at their individual income tax rates.

Synthetic ABS: Security deriving its value and cash flow from sources other than conventional debt, equities, or commodities — for example, credit derivatives.

Systemically Significant: Term referring to any financial institution whose failure would impose significant losses on creditors and counterparties, call into question the financial strength of similar institutions, disrupt financial markets, raise borrowing costs for households and businesses, and reduce household wealth (also commonly used to describe institutions "too big to fail").

TALF Agent: Financial institution that is party to the TALF Master Loan and Security Agreement and that occasionally acts as an agent for the borrower. TALF agents include primary and nonprimary broker-dealers.

Trial Modification: Under HAMP, a period of at least three months in which a borrower is given a chance to establish that he or she can make lower monthly mortgage payments.

Trust Preferred Securities ("TRUPS"): Securities that have both equity and debt characteristics, created by establishing a trust and issuing debt to it.

Undercapitalized: Condition in which a financial institution does not meet its regulator's requirements for sufficient capital to operate under a defined level of adverse conditions.

Underwater Mortgage: Mortgage loan on which a homeowner owes more than the home is worth, typically as a result of a decline in the home's value.

VEBA: Tax-free, post-retirement medical expense account used by retirees and their eligible dependents to pay for any eligible medical expenses.

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ACRONYMS AND ABBREVIATIONS

2MP	Second Lien Modification Program
ABS	asset-backed securities
AGP	Asset Guarantee Program
AIA	American International Assurance Co., Ltd.
AIFP	Automotive Industry Financing Program
AIG	American International Group, Inc.
AIG Trust	AIG Credit Facility Trust
ALICO	American Life Insurance Company
ARM	adjustable rate mortgage
ARRA	American Recovery and Reinvestment Act of 2009
ASSP	Auto Supplier Support Program
AWCP	Auto Warranty Commitment Program
Bank of America	Bank of America Corporation
BHC	bank holding company
BlackRock	BlackRock Financial Management, Inc.
CAP	Capital Assistance Program
CBO	Congressional Budget Office
CDCI	Community Development Capital Initiative
CDFI	Community Development Financial Institution
Central Pacific	Central Pacific Financial Corp., Honolulu, Hawaii
CEO	chief executive officer
Cerberus	Cerberus Capital Management, L.P.
Chrysler Financial	Chrysler Financial Services Americas LLC
CMBS	commercial mortgage-backed securities
Colonial	Colonial Bancgroup
COP	Congressional Oversight Panel
CPP	Capital Purchase Program
Currituck	Bank of Currituck, Moyock, North Carolina
DIP	debtor-in-possession
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
DTI	debt-to-income ratio
Edison	AIG Edison Life Insurance Company
EESA	Emergency Economic Stabilization Act of 2008
Fannie Mae	Federal National Mortgage Association
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FDIC OIG	Office of the Inspector General of the Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHA2LP	Federal Housing Administration Second Lien Program
FHFA	Federal Housing Finance Agency
Fiat	Fiat North America LLC
First BanCorp	First BanCorp, San Juan, Puerto Rico
FRBNY	Federal Reserve Bank of New York
Freddie Mac	Federal Home Loan Mortgage Corporation
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office
GM	General Motors Company
GMAC	GMAC Inc.
GSE	Government-sponsored enterprise
HAFA	Home Affordable Foreclosure Alternatives program
HAMP	Home Affordable Modification Program
HFA	Housing Finance Agency
HHF	Hardest-Hit Fund
HPDP	Home Price Decline Protection program
HSC	HAMP Solution Center
HUD	Department of Housing and Urban Development
HUD OIG	Office of the Inspector General of the Department of Housing and Urban Development
ICE	U.S. Immigration and Customs Enforcement
ILFC	International Lease Finance Corporation
IPO	initial public offering
IRS	Internal Revenue Service
LTV	loan-to-value ratio
MBS	mortgage-backed securities
MCP	mandatorily convertible preferred shares
MHA	Making Home Affordable program
NHMC	Nations Housing Modification Center
NPV	net present value

NRSRO	nationally recognized statistical rating organization
OFS	Office of Financial Stability
OMB	Office of Management and Budget
Pierce County	Pierce County Bancorp, Tacoma, Washington
PPIF	Public-Private Investment Fund
PPIP	Public-Private Investment Program
PRA	Principal Reduction Alternative program
QFI	qualifying financial institution
RD-HAMP	Rural Development Home Affordable Modification Program
RHS	Rural Housing Service
RMA	request for modification and affidavit
RMBS	residential mortgage-backed securities
S&P	Standard & Poor's
SBA	Small Business Administration
SBLF	Small Business Lending Fund
SEC	Securities and Exchange Commission
SEO	senior executive officer
SIGTARP	Special Inspector General for the Troubled Asset Relief Program
SPA	Servicer Participation Agreement
Special Master	Office of the Special Master for the Troubled Asset Relief Program
SPV	special purpose vehicle
SS/DIL	short sales/deed-in-lieu of foreclosure
SSFI	Systemically Significant Failing Institutions program
Star	AIG Star Life Insurance Co., Ltd.
TALF	Term Asset-Backed Securities Loan Facility
TARP	Troubled Asset Relief Program
TCW	The TCW Group, Inc.
the Rule	Interim Final Rule on TARP Standards for Compensation and Corporate Governance
Tifton	Tifton Banking Company, Tifton, Georgia
TIP	Targeted Investment Program
TOTAL	FHA TOTAL Scorecard
TowneBank	TowneBank, Portsmouth, Virginia
TPP	trial period plan
Treasury	Department of the Treasury
TRUPS	trust preferred securities
UAW	United Auto Workers
UCSB	Unlocking Credit for Small Businesses initiative
ULG	United Law Group
UP	Home Affordable Unemployment Program
USDA	U.S. Department of Agriculture
USPIS	U.S. Postal Inspection Service
VA	Department of Veterans Affairs
VEBA	Retiree Medical Benefits Trust

REPORTING REQUIREMENTS

This appendix provides Treasury's responses to data call questions regarding the reporting requirements of the Special Inspector General for the Troubled Asset Relief Program outlined in EESA Section 121, as well as a cross-reference to related data presented in this report and prior reports. Italic style indicates narrative taken verbatim from source documents.

#	EESA Section	EESA Reporting Requirement	Treasury Response to SIGTARP Data Call	SIGTARP Report Section
1	Section 121(c)(A)	A description of the categories of troubled assets purchased or otherwise procured by the Treasury Secretary.	*Treasury's authority to make new financial commitments under TARP ended on October 3, 2010.* Below are program descriptions from Treasury's www.treasury.gov/initiatives/financial-stability/Pages/default.aspx website, as of 12/31/2010: CPP: *Treasury created the Capital Purchase Program (CPP) in October 2008 to stabilize the financial system by providing capital to viable financial institutions of all sizes throughout the nation. With a strengthened capital base, financial institutions have an increased capacity to lend to U.S. businesses and consumers and to support the U.S. economy.* SSFI: *Systemically Significant Failing Institution Program (SSFI) was established to provide stability and prevent disruptions to financial markets from the failure of institutions that are critical to the functioning of the nation's financial system.* AGP: *The Asset Guarantee Program (AGP) provides government assurances for assets held by financial institutions that are critical to the functioning of the nation's financial system, which face a risk of losing the critical confidence that is needed for them to continue to lend to other banks.* TIP: *Treasury created the Targeted Investment Program (TIP) to stabilize the financial system by making investments in institutions that are critical to the functioning of the financial system. This program focuses on the complex relationships and reliance of institutions within the financial system. Investments made through the TIP seek to avoid significant market disruptions resulting from the deterioration of one financial institution that can threaten other financial institutions and impair broader financial markets and pose a threat to the overall economy.* TALF: *The TALF is designed to increase credit availability and support economic activity by facilitating renewed issuance of consumer and small business ABS at more normal interest rate spreads… Under the TALF, the Federal Reserve Bank of New York (FRBNY) will provide non-recourse funding to any eligible borrower owning eligible collateral... The U.S. Treasury's Troubled Assets Relief Program (TARP) may purchase $4.3 billion of subordinated debt in an SPV created by the FRBNY. The SPV will purchase and manage any assets received by the FRBNY in connection with any TALF loans. Residual returns from the SPV will be shared between the FRBNY and the U.S. Treasury.* *PPIP: The Legacy Securities Public-Private Investment Program ("S-PPIP") is designed to purchase troubled legacy securities that are central to the problems currently impacting the U.S. financial system. Under this program, Treasury will invest equity and debt in multiple Public-Private Investment Funds ("PPIFs") established with private sector fund managers and private sector investors for the purpose of purchasing eligible assets. PPIF managers will invest in securities backed directly by mortgages that span the residential credit spectrum (e.g., prime, Alt-A, subprime mortgages) as well as the commercial mortgage market.* CDCI: *In February 2010, Treasury announced the Community Development Capital Initiative (CDCI) to improve access to credit for small businesses. Through this TARP program, Treasury will invest lower-cost capital in Community Development Financial Institutions (CDFIs) that lend to small businesses in the country's hardest-hit communities.*	Section 2: "TARP Overview" Appendix D: "Transaction Detail"

#	EESA Section	EESA Reporting Requirement	Treasury Response to SIGTARP Data Call	SIGTARP Report Section
			SBLF: [SBLF] *was established on September 27, 2010 to allow Treasury to make capital investments in eligible institutions in order to increase the availability of credit for small businesses.* UCSB: *The Treasury Department will begin making direct purchases of securities backed by SBA loans to get the credit market moving again, and it will stand ready to purchase new securities to ensure that community banks and credit unions feel confident in extending new loans to local businesses.* AIFP: *The objective of* [AIFP] *is to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States…* [Through AIFP, Treasury has provided] *loans or equity investments to General Motors, GMAC, Chrysler, and Chrysler Financial in order to avoid a disorderly bankruptcy of one or more auto companies; such an event would pose a systemic risk to the country's financial system. Treasury's loans to the automobile industry forged a path for these companies to go through orderly restructurings and achieve viability.* ASSP: [ASSP was created to] *provide up to $5 billion in financing, giving suppliers the confidence they need to continue shipping parts, pay their employees and continue their operations.* AWCP: *The Treasury Department announced an innovative new program to give consumers who are considering new car purchases the confidence that even while Chrysler and GM were restructuring in bankruptcy, their warrantees will be honored. This program is part of the Administration's broader program to stabilize the auto industry and stand behind a restructuring effort that will result in stronger, more competitive and viable American car companies.* HAMP (a program under MHA): *The Home Affordable Modification Program has a simple goal: reduce the amount homeowners owe per month to sustainable levels to stabilize communities. This program will bring together lenders, investors, servicers, borrowers, and the government, so that all stakeholders share in the cost of ensuring that responsible homeowners can afford their monthly mortgage payments – helping to reach up to 3 to 4 million at-risk borrowers in all segments of the mortgage market, reducing foreclosures, and helping to avoid further downward pressures on overall home prices.*	
2	Section 121(c)(B)	A listing of the troubled assets purchased in each such category described under Section 121(c)(A).	*Treasury's authority to make new financial commitments under TARP ended on October 3, 2010.* *Information on all transactions as well as additional information about these programs and related purchases is available in the transaction reports and monthly 105(a) reports posted at www.treasury.gov/initiatives/financial-stability/briefing-room/Pages/briefing-room.aspx. Information regarding all transactions through the end of December 2010 is available at the aforementioned link in a transaction report dated December 30, 2010. No additional transactions occurred between December 30, 2010 and December 31, 2010.*	Appendix D: "Transaction Detail"
3	Section 121(c)(C)	An explanation of the reasons the Treasury Secretary deemed it necessary to purchase each such troubled asset.	*Treasury's authority to make new financial commitments under TARP ended on October 3, 2010.*	Section 2: "TARP Overview" Appendix C: "Reporting Requirements" of prior SIGTARP Quarterly Reports to Congress
4	Section 121(c)(D)	A listing of each financial institution from which such troubled assets were purchased.	See #2 above	See #2

#	EESA Section	EESA Reporting Requirement	Treasury Response to SIGTARP Data Call	SIGTARP Report Section
5	Section 121(c)(E)	A listing of and detailed biographical information on each person or entity hired to manage such troubled assets.	*There have been no new PPIP fund managers hired between October 1, 2010 and December 31, 2010.* *On November 18, 2010, the Treasury engaged Greenhill & Co. LLC (Greenhill) as a financial agent to provide certain services relating to the management and disposition of American International Group, Inc. (AIG) investments acquired pursuant to the Emergency Economic Stability Act of 2008 (EESA). Greenhill is a global financial services firm providing investment banking and advice on mergers, acquisitions, restructurings, financings and capital raisings to corporations, partnerships, institutions and governments.* *Greenhill, acting as Treasury's transaction structuring agent, will perform various services related to the management and disposition of such investments, including:* • *Analyzing, reviewing and documenting financial, corporate, and business information related to potential transactions,* • *Reporting on the potential performance of designated investments and their disposition given a range of market scenarios and transaction structure,* • *Analyzing and reviewing disposition alternatives and structures including the use of underwriters, brokers or other capital market advisors for the best means and structure to dispose of assets, and,* • *Maintaining a compliance program designed to detect and prevent violations of Federal securities laws, and identifying, documenting, and enforcing controls to mitigate conflicts of interest.* *Additionally, Greenhill is required to permit the Treasury's internal and external auditors, or other governmental oversight entities, to audit books and records related to their services provided to Treasury under the terms of their Financial Agency Agreement (FAA) with the Treasury. The FAA is available on our website at www.financialstability.gov/impact/contractDetail2.html.*	Section 2: "Public Private Investment Program" Appendix C: "Reporting Requirements" of prior SIGTARP Quarterly Reports to Congress
6	Section 121(c)(F)	A current estimate of the total amount of troubled assets purchased pursuant to any program established under Section 101, the amount of troubled assets on the books of Treasury, the amount of troubled assets sold, and the profit and loss incurred on each sale or disposition of each such troubled asset.	*The transaction reports also capture detailed information about troubled asset purchases, price paid, and the amount of troubled assets currently on Treasury's books. The latest transaction reports are available on OFS' website at www.financialstability.gov/latest/reportsanddocs.html. Information regarding all transactions through the end of December 2010 is available at the aforementioned link in a transaction report dated December 30, 2010. No additional transactions occurred between December 30, 2010 and December 31, 2010.* *Information on the repayments of Treasury's investments under the CPP and proceeds from the sale of warrants are available within Treasury's press releases, transactions reports and Section 105(a) Monthly Congressional Reports at the following links:* *www.treasury.gov/initiatives/financial-stability/briefing-room/Pages/press-releases.aspx* *www.treasury.gov/initiatives/financial-stability/briefing-room/reports/Pages/Home.aspx*	Table C.1; Section 2: "TARP Overview" Appendix D: "Transaction Detail"
7	Section 121(c)(G)	A listing of the insurance contracts issued under Section 102.	*Treasury's authority to make new financial commitments under TARP ended on October 3, 2010. As such, Treasury cannot issue any new insurance contracts after this date.*	Section 2: "TARP Overview" Section 2: "Targeted Investment Program and Asset Guarantee Program"

#	EESA Section	EESA Reporting Requirement	Treasury Response to SIGTARP Data Call	SIGTARP Report Section
8	Section 121(f)	A detailed statement of all purchases, obligations, expenditures, and revenues associated with any program established by the Secretary of the Treasury under Sections 101 and 102.	*Treasury's authority to make new financial commitments under TARP ended on October 3, 2010.* *Treasury provides information about TARP obligations, expenditures and revenues in separate transaction reports available on Treasury's public website at www.treasury.gov/initiatives/financial-stability/briefing-room/Pages/briefing-room.aspx. Information regarding all transactions through the end of December 2010 is available at the aforementioned link in a transaction report dated December 30, 2010. No additional transactions occurred between December 30, 2010 and December 31, 2010.*	Table C.1; Section 2: "TARP Overview" Section 3: "TARP Operations and Administration" Appendix D: "Transaction Detail"

Sources: Treasury, responses to SIGTARP data call, 1/5/2011 and 1/7/2011; Program Descriptions: Treasury, "Programs" webpage, www.treasury.gov/initiatives/financial-stability/investment-programs/Pages/default.aspx, accessed 12/31/2010; ASSP: "Treasury Announces Auto Suppliers Support Program," 3/19/2009, www.treasury.gov/press-center/press-releases/Pages/tg64.aspx, accessed 12/31/2010; AWCP: "Obama Administration's New Warrantee Commitment Program," no date, www.whitehouse.gov/assets/documents/Warrantee_Commitment_Program.pdf, accessed 12/31/2010; TALF: Federal Reserve, "Term Asset-Backed Securities Loan Facility (TALF) Frequently Asked Questions," no date, www.federalreserve.gov/newsevents/press/monetary/monetary20090303a2.pdf, accessed 12/31/2010; SBLF: Small Business Lending Act, P.L. 111-240, 9/27/2010; MHA "Housing Programs," no date, www.treasury.gov/initiatives/financial-stability/housing-programs/mha/Pages/default.aspx, accessed 12/31/2010.

TOTAL AMOUNT OF TROUBLED ASSETS PURCHASED AND HELD ON TREASURY'S BOOKS, AS OF 12/31/2010 ($ BILLIONS)

	Obligations[a]	Expended[b]	On Treasury's Books[c]
Capital Purchase Program ("CPP")	$204.89	$204.89	$36.96
Systemically Significant Failing Institutions ("SSFI")	69.84	47.54	47.54
Home Affordable Modification Program ("HAMP")	45.62	1.00	1.00
Targeted Investment Program ("TIP")	40.00	40.00	—
Automotive Industry Financing Program ("AIFP")	81.76	79.69	52.83
Asset Guarantee Program ("AGP")	5.00	—	—
Consumer and Business Lending Initiative ("CBLI")			
Term Asset-Backed Securities Loan Facility ("TALF")	4.30	0.10	0.10
Small Business Lending Program	—	—	—
Unlocking Credit for Small Businesses ("UCSB")	0.37	0.37	0.37
Community Development Capital Initiative ("CDCI")	0.57	0.21	0.21
Legacy Securities Public-Private Investment Program ("PPIP")	22.41	15.56	14.97
Total	**$474.76**	**$389.36**	**$153.98**

Notes: Numbers affected by rounding.
[a] For purposes of this table, "Obligations" refers to "Face Value Obligations" on the Treasury TARP/Financial Stability Plan Budget Table ("TARP Budget" as of 1/4/2011).
[b] "Expended" refers to "Face Value Disbursed/Outlays," defined as "TARP cash that has left the Treasury, according to the TARP budget."
[c] "On Treasury's Books" calculated as "Face Value Disbursed/Outlays" net of repayments per the *Transactions Report* if they do not appear to be already netted out.

Sources: Repayments data: Treasury, *Transactions Report*, 1/4/2011; all other data: Treasury, response to SIGTARP data call, 1/4/2011.

TABLE D.1

CPP TRANSACTION DETAIL, AS OF 12/31/2010

				Capital Repayment Details				Final Disposition				Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[a]	In or Out of the Money[a]	Interest/ Dividends Paid to Treasury
12/23/2008	1st Constitution Bancorp, Cranbury, NJ[4]	Preferred Stock w/ Warrants	$12,000,000	10/27/2010	$12,000,000	—				$8.56	$39.14	$8.15	220,745	$0.41	IN	$1,106,667
2/13/2009	1st Enterprise Bank, Los Angeles, CA[2]	Preferred Stock w/ Exercised Warrants	$4,400,000													$699,315
12/11/2009	1st Enterprise Bank, Los Angeles, CA[2, 10a]	Preferred Stock	$6,000,000													
11/14/2008	1st FS Corporation, Hendersonville, NC	Preferred Stock w/ Warrants	$16,369,000							$0.40	$2.04	$8.87	276,815	($8.47)	OUT	$1,229,949
1/23/2009	1st Source Corporation, South Bend, IN[4]	Preferred Stock w/ Warrants	$111,000,000	12/29/2010	$111,000,000	—				$20.24	$489.87	$19.87	837,947	$0.37	IN	$10,730,000
3/13/2009	1st United Bancorp, Inc., Boca Raton, FL[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$10,000,000	11/18/2009	$10,000,000	—	11/18/2009	R	$500,000							$370,903
1/23/2009	AB&T Financial Corporation, Gastonia, NC	Preferred Stock w/ Warrants	$3,500,000							$2.00	$5.34	$6.55	80,153	($4.55)	OUT	$316,944
1/30/2009	Adbanc, Inc, Ogallala, NE[2]	Preferred Stock w/ Exercised Warrants	$12,720,000													$1,242,055
1/23/2009	Alarion Financial Services, Inc., Ocala, FL[2]	Preferred Stock w/ Exercised Warrants	$6,514,000													$643,017
2/6/2009	Alaska Pacific Bancshares, Inc., Juneau, AK	Preferred Stock w/ Warrants	$4,781,000							$6.00	$3.92	$4.08	175,772	$1.92	IN	$304,789
6/26/2009	Alliance Bancshares, Inc., Dalton, GA[2]	Preferred Stock w/ Exercised Warrants	$2,986,000													$225,534
12/19/2008	Alliance Financial Corporation, Syracuse, NY[4]	Preferred Stock w/ Warrants	$26,918,000	5/13/2009	$26,918,000	—	6/17/2009	R	$900,000	$32.35	$152.17					$538,360
6/26/2009	Alliance Financial Services Inc., Saint Paul, MN[8]	Subordinated Debentures w/ Exercised Warrants	$12,000,000													$388,742
4/24/2009	Allied First Bancorp, Inc., Oswego, IL[2]	Preferred Stock w/ Exercised Warrants	$3,652,000													$310,218
3/27/2009	Alpine Banks of Colorado, Glenwood Springs, CO[2]	Preferred Stock w/ Exercised Warrants	$70,000,000													$6,231,166
1/30/2009	AMB Financial Corp., Munster, IN[2]	Preferred Stock w/ Exercised Warrants	$3,674,000													$358,799
3/6/2009	AmeriBank Holding Company, Collinsville, OK[2]	Preferred Stock w/ Exercised Warrants	$2,492,000													$229,813
1/9/2009	American Express Company, New York, NY[4]	Preferred Stock w/ Warrants	$3,388,890,000	6/17/2009	$3,388,890,000	—	7/29/2009	R	$340,000,000	$42.92	$51,665.55					$74,367,308
5/29/2009	American Premier Bancorp, Arcadia, CA[2]	Preferred Stock w/ Exercised Warrants	$1,800,000													$143,335
1/9/2009	American State Bancshares, Inc., Great Bend, KS[2]	Preferred Stock w/ Exercised Warrants	$6,000,000													$604,950
11/21/2008	Ameris Bancorp, Moultrie, GA	Preferred Stock w/ Warrants	$52,000,000							$10.54	$249.01	$11.17	698,554	($0.63)	OUT	$5,156,667
12/19/2008	AmeriServ Financial, Inc, Johnstown, PA	Preferred Stock w/ Warrants	$21,000,000							$1.58	$33.53	$2.40	1,312,500	($0.82)	OUT	$2,000,833
8/21/2009	AmFirst Financial Services, Inc., McCook, NE[8]	Subordinated Debentures w/ Exercised Warrants	$5,000,000													$517,385
1/30/2009	Anchor BanCorp Wisconsin Inc., Madison, WI	Preferred Stock w/ Warrants	$110,000,000							$1.20	$26.02	$2.23	7,399,103	($1.03)	OUT	—
1/30/2009	Annapolis Bancorp, Inc., Annapolis, MD	Preferred Stock w/ Warrants	$8,152,000							$4.32	$16.93	$4.08	299,706	$0.24	IN	$730,283
11/21/2008	Associated Banc-Corp, Green Bay, WI	Preferred Stock w/ Warrants	$525,000,000							$15.15	$2,621.83	$19.77	3,983,308	($4.62)	OUT	$52,062,500
12/29/2009	Atlantic Bancshares, Inc., Bluffton, SC[2, 10]	Preferred Stock w/ Exercised Warrants	$2,000,000													$95,520
2/27/2009	Avenue Financial Holdings, Inc., Nashville, TN[2]	Preferred Stock w/ Exercised Warrants	$7,400,000													$692,332
3/13/2009	BancIndependent, Inc., Sheffield, AL[2]	Preferred Stock w/ Exercised Warrants	$21,100,000													$1,922,972
7/10/2009	Bancorp Financial, Inc., Oak Brook, IL[2, 10]	Preferred Stock w/ Exercised Warrants	$13,669,000													$970,472

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details					Final Disposition			Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
12/19/2008	Bancorp Rhode Island, Inc., Providence, RI[4]	Preferred Stock w/ Warrants	$30,000,000	8/5/2009	$30,000,000	—	9/30/2009	R	$1,400,000	$29.09	$135.97					$941,667
2/20/2009	BancPlus Corporation, Ridgeland, MS[2, 4, 7, 30 - 9/29/2010, 30a]	Preferred Stock w/ Exercised Warrants	$48,000,000	9/29/2010	$48,000,000	—	9/29/2010	R	$2,400,000							$4,207,399
4/3/2009	BancStar, Inc., Festus, MO[2]	Preferred Stock w/ Exercised Warrants	$8,600,000													$757,732
12/19/2008	BancTrust Financial Group, Inc., Mobile, AL	Preferred Stock w/ Warrants	$50,000,000							$2.67	$47.22	$10.26	730,994	($7.59)	OUT	$4,763,889
8/14/2009	Bank Financial Services, Inc., Eden Prarie, MN[2]	Preferred Stock w/ Exercised Warrants	$1,004,000													$68,527
1/9/2009	Bank of America Corporation, Charlotte, NC[1a, 1b, 4]	Preferred Stock w/ Warrants	$10,000,000,000	12/9/2009	$10,000,000,000	—	3/3/2010	A	$124,228,646	$13.34	$134,535.86					$1,293,750,000
10/28/2008	Bank of America Corporation, Charlotte, NC[1b, 4]	Preferred Stock w/ Warrants	$15,000,000,000	12/9/2009	$15,000,000,000	—	3/3/2010	A	$186,342,969							
1/16/2009	Bank of Commerce, Charlotte, NC[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$299,296
11/14/2008	Bank of Commerce Holdings, Redding, CA	Preferred Stock w/ Warrants	$17,000,000							$4.25	$72.21	$6.29	405,405	($2.04)	OUT	$1,702,361
3/13/2009	Bank of George, Las Vegas, NV[2]	Preferred Stock w/ Exercised Warrants	$2,672,000													$243,576
12/5/2008	Bank of Marin Bancorp, Novato, CA[4, k]	Preferred Stock w/ Warrants	$28,000,000	3/31/2009	$28,000,000	—				$35.00	$184.45	$27.18	154,521	$7.82	IN	$451,111
4/17/2009	Bank of the Carolinas Corporation, Mocksville, NC	Preferred Stock w/ Warrants	$13,179,000							$2.50	$9.74	$4.16	475,204	($1.66)	OUT	$1,039,677
12/12/2008	Bank of the Ozarks, Inc., Little Rock, AR[4]	Preferred Stock w/ Warrants	$75,000,000	11/4/2009	$75,000,000	—	11/24/2009	R	$2,650,000	$43.35	$736.52					$3,354,167
1/30/2009	Bankers' Bank of the West Bancorp, Inc., Denver, CO[2]	Preferred Stock w/ Exercised Warrants	$12,639,000													$717,532
1/23/2009	BankFirst Capital Corporation, Macon, MS[2]	Preferred Stock w/ Exercised Warrants	$15,500,000													$1,529,937
2/13/2009	BankGreenville, Greenville, SC[2]	Preferred Stock w/ Exercised Warrants	$1,000,000													$95,678
11/21/2008	Banner Corporation, Walla Walla, WA	Preferred Stock w/ Warrants	$124,000,000							$2.32	$259.98	$10.89	1,707,989	($8.57)	OUT	$12,296,667
2/6/2009	Banner County Ban Corporation, Harrisburg, NE[2]	Preferred Stock w/ Exercised Warrants	$795,000													$76,946
1/16/2009	Bar Harbor Bankshares, Bar Harbor, ME[5]	Preferred Stock w/ Warrants	$18,751,000	2/24/2010	$18,751,000	—	7/28/2010	R	$250,000	$29.05	$110.54					$1,036,514
11/14/2008	BB&T Corp., Winston-Salem, NC[4]	Preferred Stock w/ Warrants	$3,133,640,000	6/17/2009	$3,133,640,000	—	7/22/2009	R	$67,010,402	$26.29	$18,238.21					$92,703,517
4/3/2009	BCB Holding Company, Inc., Theodore, AL[2]	Preferred Stock w/ Exercised Warrants	$1,706,000													$150,270
12/23/2008	BCSB Bancorp, Inc., Baltimore, MD	Preferred Stock w/ Warrants	$10,800,000							$11.30	$36.07	$8.83	183,465	$2.47	IN	$1,023,000
1/30/2009	Beach Business Bank, Manhattan Beach, CA[2]	Preferred Stock w/ Exercised Warrants	$6,000,000													$585,875
6/12/2009	Berkshire Bancorp, Inc., Wyomissing, PA[2]	Preferred Stock w/ Exercised Warrants	$2,892,000													$145,826
12/19/2008	Berkshire Hills Bancorp, Inc., Pittsfield, MA[4]	Preferred Stock w/ Warrants	$40,000,000	5/27/2009	$40,000,000	—	6/24/2009	R	$1,040,000	$22.11	$310.40					$877,778
2/13/2009	Bern Bancshares, Inc., Bern, KS[2]	Preferred Stock w/ Exercised Warrants	$985,000													$94,361
4/24/2009	Birmingham Bloomfield Bancshares, Inc, Birmingham, MI[2]	Preferred Stock w/ Exercised Warrants	$1,635,000													$218,102
12/18/2009	Birmingham Bloomfield Bancshares, Inc, Birmingham, MI[2, 10a]	Preferred Stock	$1,744,000													
6/19/2009	Biscayne Bancshares, Inc., Coconut Grove, FL[8, 10]	Subordinated Debentures w/ Exercised Warrants	$6,400,000													$734,843

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details					Final Disposition					Warrant and Market Data for Publicly Traded Companie		
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
3/13/2009	Blackhawk Bancorp, Inc., Beloit, WI[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$911,361
5/22/2009	Blackridge Financial, Inc., Fargo, ND[2]	Preferred Stock w/ Exercised Warrants	$5,000,000													$403,451
3/6/2009	Blue Ridge Bancshares, Inc., Independence, MO[2]	Preferred Stock w/ Exercised Warrants	$12,000,000													$779,350
3/6/2009	Blue River Bancshares, Inc., Shelbyville, IN[2]	Preferred Stock w/ Exercised Warrants	$5,000,000													$460,980
12/5/2008	Blue Valley Ban Corp, Overland Park, KS	Preferred Stock w/ Warrants	$21,750,000							$6.50	$18.32	$29.37	111,083	($22.87)	OUT	$211,458
4/17/2009	BNB Financial Services Corporation, New York, NY[2]	Preferred Stock w/ Exercised Warrants	$7,500,000													$440,542
12/5/2008	BNC Bancorp, Thomasville, NC	Preferred Stock w/ Warrants	$31,260,000							$9.00	$81.37	$8.63	543,337	$0.37	IN	$3,039,167
2/27/2009	BNC Financial Group, Inc., New Canaan, CT[2]	Preferred Stock w/ Exercised Warrants	$4,797,000													$448,822
1/16/2009	BNCCORP, Inc., Bismarck, ND[2]	Preferred Stock w/ Exercised Warrants	$20,093,000													$909,542
3/6/2009	BOH Holdings, Inc., Houston, TX[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$921,958
5/15/2009	Boscobel Bancorp, Inc, Boscobel, WI[8]	Subordinated Debentures w/ Exercised Warrants	$5,586,000													$468,624
11/21/2008	Boston Private Financial Holdings, Inc., Boston, MA[4]	Preferred Stock w/ Warrants	$154,000,000	1/13/2010	$50,000,000	$104,000,000				$6.55	$500.94	$8.00	$2,887,500	($1.45)	OUT	$11,022,222
				6/16/2010	$104,000,000	—										
12/23/2008	Bridge Capital Holdings, San Jose, CA	Preferred Stock w/ Warrants	$23,864,000							$8.70	$95.40	$9.03	396,412	($0.33)	OUT	$2,260,451
12/19/2008	Bridgeview Bancorp, Inc., Bridgeview, IL[2]	Preferred Stock w/ Exercised Warrants	$38,000,000													$2,393,156
11/14/2008	Broadway Financial Corporation, Los Angeles, CA[3a - 11/24/2009]	Preferred Stock	$9,000,000							$2.43	$4.24					$810,417
12/4/2009	Broadway Financial Corporation, Los Angeles, CA[3, 10a]	Preferred Stock	$6,000,000													
5/15/2009	Brogan Bankshares, Inc., Kaukauna, WI[8]	Subordinated Debentures w/ Exercised Warrants	$2,400,000													$302,040
7/17/2009	Brotherhood Bancshares, Inc., Kansas City, KS[2]	Preferred Stock w/ Exercised Warrants	$11,000,000													$796,003
4/24/2009	Business Bancshares, Inc., Clayton, MO[2]	Preferred Stock w/ Exercised Warrants	$15,000,000													$1,273,938
3/13/2009	Butler Point, Inc., Catlin, IL[2]	Preferred Stock w/ Exercised Warrants	$607,000													$55,267
1/9/2009	C&F Financial Corporation, West Point, VA	Preferred Stock w/ Warrants	$20,000,000							$22.31	$68.89	$17.91	167,504	$4.40	IN	$1,850,000
12/18/2009	Cache Valley Banking Company, Logan, UT[2, 10a]	Preferred Stock	$4,640,000													$702,853
12/23/2008	Cache Valley Banking Company, Logan, UT[2]	Preferred Stock w/ Exercised Warrants	$4,767,000													
1/9/2009	Cadence Financial Corporation, Starkville, MS[33]	Preferred Stock w/ Warrants	$44,000,000							$2.46	$29.30	$5.76	1,145,833	($3.30)	OUT	$2,970,000
2/27/2009	California Bank of Commerce, Lafayette, CA[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$374,233
1/23/2009	California Oaks State Bank, Thousand Oaks, CA[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$3,300,000	12/8/2010	$3,300,000	—	12/8/2010	R	$165,000							$337,219
1/23/2009	Calvert Financial Corporation, Ashland, MO[2]	Preferred Stock w/ Exercised Warrants	$1,037,000													$102,383
1/23/2009	CalWest Bancorp, Rancho Santa Margarita, CA[2]	Preferred Stock w/ Exercised Warrants	$4,656,000													$396,164
12/23/2008	Capital Bancorp, Inc., Rockville, MD[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$4,700,000	12/30/2010	$4,700,000	—	12/30/2010	R	$235,000							$517,281
12/12/2008	Capital Bank Corporation, Raleigh, NC	Preferred Stock w/ Warrants	$41,279,000							$2.49	$32.07	$8.26	749,619	($5.77)	OUT	$3,973,104

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition			Warrant and Market Data for Publicly Traded Companie						
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
4/10/2009	Capital Commerce Bancorp, Inc., Milwaukee, WI[2]	Preferred Stock w/ Exercised Warrants	$5,100,000													$304,973
11/14/2008	Capital One Financial Corporation, McLean, VA[4]	Preferred Stock w/ Warrants	$3,555,199,000	6/17/2009	$3,555,199,000	—	12/3/2009	A	$148,731,030	$42.56	$19,446.77					$105,174,638
12/23/2008	Capital Pacific Bancorp, Portland, OR[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$412,989
10/23/2009	Cardinal Bancorp II, Inc., Washington, MO[8]	Subordinated Debentures w/ Exercised Warrants	$6,251,000													$556,578
1/9/2009	Carolina Bank Holdings, Inc., Greensboro, NC	Preferred Stock w/ Warrants	$16,000,000							$3.15	$10.67	$6.71	357,675	($3.56)	OUT	$1,480,000
2/6/2009	Carolina Trust Bank, Lincolnton, NC	Preferred Stock w/ Warrants	$4,000,000							$3.45	$8.74	$6.90	86,957	($3.45)	OUT	$355,000
2/13/2009	Carrollton Bancorp, Baltimore, MD	Preferred Stock w/ Warrants	$9,201,000							$4.31	$11.09	$6.72	205,379	($2.41)	OUT	$807,643
1/16/2009	Carver Bancorp, Inc, New York, NY[3, 4, 30 - 8/27/2010]	Preferred Stock	$18,980,000	8/27/2010	$18,980,000	—										$1,531,581
11/21/2008	Cascade Financial Corporation, Everett, WA	Preferred Stock w/ Warrants	$38,970,000							$0.46	$5.64	$6.77	863,442	($6.31)	OUT	$1,428,900
12/5/2008	Cathay General Bancorp, Los Angeles, CA	Preferred Stock w/ Warrants	$258,000,000							$16.70	$1,311.38	$20.96	1,846,374	($4.26)	OUT	$25,083,333
2/27/2009	Catskill Hudson Bancorp, Inc, Rock Hill, NY[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$446,814
12/22/2009	Catskill Hudson Bancorp, Inc, Rock Hill, NY[2, 10a]	Preferred Stock w/ Exercised Warrants	$3,500,000													
5/29/2009	CB Holding Corp., Aledo, IL[2]	Preferred Stock w/ Exercised Warrants	$4,114,000													$271,580
2/20/2009	CBB Bancorp, Cartersville, GA[2]	Preferred Stock w/ Exercised Warrants	$2,644,000													$327,076
12/29/2009	CBB Bancorp, Cartersville, GA[2, 10a]	Preferred Stock	$1,753,000													
3/27/2009	CBS Banc-Corp., Russellville, AL[2]	Preferred Stock w/ Exercised Warrants	$24,300,000													$1,500,930
12/23/2008	Cecil Bancorp, Inc., Elkton, MD	Preferred Stock w/ Warrants	$11,560,000							$3.20	$11.83	$6.63	261,538	($3.43)	OUT	$516,989
2/6/2009	CedarStone Bank, Lebanon, TN[2]	Preferred Stock w/ Exercised Warrants	$3,564,000													$344,741
1/9/2009	Center Bancorp, Inc., Union, NJ	Preferred Stock w/ Warrants	$10,000,000							$8.15	$132.76	$8.65	86,705	($0.50)	OUT	$925,000
12/12/2008	Center Financial Corporation, Los Angeles, CA[b]	Preferred Stock w/ Warrants	$55,000,000							$7.58	$302.54	$9.54	432,390	($1.96)	OUT	$5,293,750
5/1/2009	CenterBank, Milford, OH[2, b]	Preferred Stock w/ Exercised Warrants	$2,250,000													$188,776
11/21/2008	Centerstate Banks of Florida Inc., Davenport, FL[5, 9]	Preferred Stock w/ Warrants	$27,875,000	9/30/2009	$27,875,000	—	10/28/2009	R	$212,000	$7.92	$237.64					$1,196,303
1/16/2009	Centra Financial Holdings, Inc., Morgantown, WV[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$15,000,000	3/31/2009	$15,000,000	—	4/15/2009	R	$750,000							$172,938
2/27/2009	Central Bancorp, Inc., Garland, TX[2]	Preferred Stock w/ Exercised Warrants	$22,500,000													$2,105,063
12/5/2008	Central Bancorp, Inc., Somerville, MA	Preferred Stock w/ Warrants	$10,000,000							$13.78	$22.97	$6.39	234,742	$7.39	IN	$972,222
1/30/2009	Central Bancshares, Inc., Houston, TX[2]	Preferred Stock w/ Exercised Warrants	$5,800,000													$566,346
2/20/2009	Central Community Corporation, Temple, TX[2]	Preferred Stock w/ Exercised Warrants	$22,000,000													$2,081,597
12/5/2008	Central Federal Corporation, Fairlawn, OH	Preferred Stock w/ Warrants	$7,225,000							$0.51	$2.11	$3.22	336,568	($2.71)	OUT	$612,118
12/23/2008	Central Jersey Bancorp, Oakhurst, NJ[4]	Preferred Stock w/ Warrants	$11,300,000	11/24/2010	$11,300,000	—	12/1/2010	R	$319,659	$7.49	$70.00	$6.31	268,621	$1.18	IN	$1,084,486
1/9/2009	Central Pacific Financial Corp., Honolulu, HI	Preferred Stock w/ Warrants	$135,000,000							$1.53	$46.46	$12.77	1,585,748	($11.24)	OUT	$2,362,500
1/30/2009	Central Valley Community Bancorp, Fresno, CA[b]	Preferred Stock w/ Warrants	$7,000,000							$5.63	$52.73	$6.64	79,067	($1.01)	OUT	$627,083
1/30/2009	Central Virginia Bankshares, Inc., Powhatan, VA	Preferred Stock w/ Warrants	$11,385,000							$0.83	$2.18	$6.48	263,542	($5.65)	OUT	$450,656

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition			Warrant and Market Data for Publicly Traded Companie						
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
12/18/2009	Centric Financial Corporation, Harrisburg, PA[2, 10]	Preferred Stock w/ Exercised Warrants	$6,056,000													$289,922
2/6/2009	Centrix Bank & Trust, Bedford, NH[2]	Preferred Stock w/ Exercised Warrants	$7,500,000													$725,531
1/9/2009	Centrue Financial Corporation, St. Louis, MO	Preferred Stock w/ Warrants	$32,668,000							$0.98	$5.93	$9.64	508,320	($8.66)	OUT	$571,690
6/19/2009	Century Financial Services Corporation, Santa Fe, NM[8]	Subordinated Debentures w/ Exercised Warrants	$10,000,000													$1,179,261
5/29/2009	Chambers Bancshares, Inc., Danville, AR[8]	Subordinated Debentures w/ Exercised Warrants	$19,817,000													$2,429,341
7/31/2009	Chicago Shore Corporation, Chicago, IL[2]	Preferred Stock w/ Exercised Warrants	$7,000,000													$492,771
12/31/2008	CIT Group Inc., New York, NY[16]	Contingent Value Rights	$2,330,000,000	2/8/2010	$0	—				$47.10	$9,431.78					$43,687,500
10/28/2008	Citigroup Inc., New York, NY[11, 23 - 5/26/2010]	Common Stock w/ Warrants	$25,000,000,000		$25,000,000,000	—				$4.73	$137,404.61	$17.85	210,084,034	($13.12)	OUT	$932,291,667
1/16/2009	Citizens & Northern Corporation, Wellsboro, PA[4]	Preferred Stock w/ Warrants	$26,440,000	8/4/2010	$26,440,000	—	9/1/2010	R	$400,000	$14.86	$180.44					$2,049,100
12/23/2008	Citizens Bancorp, Nevada City, CA[2]	Preferred Stock w/ Exercised Warrants	$10,400,000													$223,571
5/29/2009	Citizens Bancshares Co., Chillicothe, MO[2]	Preferred Stock w/ Exercised Warrants	$24,990,000													$628,033
3/6/2009	Citizens Bancshares Corporation, Atlanta, GA[3, 4, 30 - 8/13/2010]	Preferred Stock	$7,462,000	8/13/2010	$7,462,000	—										$535,813
3/20/2009	Citizens Bank & Trust Company, Covington, LA[2]	Preferred Stock w/ Exercised Warrants	$2,400,000													$52,683
2/6/2009	Citizens Commerce Bancshares, Inc., Versailles, KY[2]	Preferred Stock w/ Exercised Warrants	$6,300,000													$180,259
12/23/2008	Citizens Community Bank, South Hill, VA[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$309,742
12/19/2008	Citizens First Corporation, Bowling Green, KY	Preferred Stock w/ Warrants	$8,779,000							$7.62	$15.00	$5.18	254,218	$2.44	IN	$836,444
12/12/2008	Citizens Republic Bancorp, Inc., Flint, MI	Preferred Stock w/ Warrants	$300,000,000							$0.62	$244.21	$2.56	17,578,125	($1.95)	OUT	$13,875,000
12/12/2008	Citizens South Banking Corporation, Gastonia, NC[8]	Preferred Stock w/ Warrants	$20,500,000							$4.34	$47.58	$7.17	450,314	($2.83)	OUT	$1,973,125
4/10/2009	City National Bancshares Corporation, Newark, NJ[2, 3]	Preferred Stock	$9,439,000													$281,859
11/21/2008	City National Corporation, Beverly Hills, CA[4]	Preferred Stock w/ Warrants	$400,000,000	12/30/2009	$200,000,000	$200,000,000	4/7/2010	R	$18,500,000	$61.36	$3,197.96					$23,916,667
				3/3/2010	$200,000,000	—										
3/27/2009	Clover Community Bankshares, Inc., Clover, SC[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$267,050
12/5/2008	Coastal Banking Company, Inc., Fernandina Beach, FL	Preferred Stock w/ Warrants	$9,950,000							$2.40	$6.21	$7.26	205,579	($4.86)	OUT	$967,361
8/28/2009	CoastalSouth Bancshares, Inc., Hilton Head Island, SC[2, 10]	Preferred Stock w/ Exercised Warrants	$16,015,000													$1,024,461
12/19/2008	CoBiz Financial Inc., Denver, CO	Preferred Stock w/ Warrants	$64,450,000							$6.08	$224.00	$10.79	895,968	($4.71)	OUT	$6,140,653
1/9/2009	Codorus Valley Bancorp, Inc., York, PA	Preferred Stock w/ Warrants	$16,500,000							$9.50	$38.95	$9.38	263,859	$0.12	IN	$1,526,250
2/13/2009	ColoEast Bankshares, Inc., Lamar, CO[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$956,778
3/27/2009	Colonial American Bank, West Conshohocken, PA[2]	Preferred Stock w/ Exercised Warrants	$574,000													$43,313
1/9/2009	Colony Bankcorp, Inc., Fitzgerald, GA	Preferred Stock w/ Warrants	$28,000,000							$4.03	$34.03	$8.40	500,000	($4.37)	OUT	$2,590,000

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				Capital Repayment Details			Final Disposition					Warrant and Market Data for Publicly Traded Companie				
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11/21/2008	Columbia Banking System, Inc., Tacoma, WA[4, 9]	Preferred Stock w/ Warrants	$76,898,000	8/11/2010	$76,898,000	—	9/1/2010	R	$3,301,647	$21.06	$828.40					$6,621,772
2/27/2009	Columbine Capital Corp., Buena Vista, CO[2]	Preferred Stock w/ Exercised Warrants	$2,260,000													$211,442
11/14/2008	Comerica Inc., Dallas, TX[4]	Preferred Stock w/ Warrants	$2,250,000,000	3/17/2010	$2,250,000,000	—	5/6/2010	A	$183,673,472	$42.24	$7,455.02					$150,937,500
1/9/2009	Commerce National Bank, Newport Beach, CA[4]	Preferred Stock w/ Warrants	$5,000,000	10/7/2009	$5,000,000	—				$5.55	$14.54	$8.60	87,209	($3.05)	OUT	$36,111
5/22/2009	Commonwealth Bancshares, Inc., Louisville, KY[8]	Subordinated Debentures w/ Exercised Warrants	$20,400,000													$2,534,065
1/23/2009	Commonwealth Business Bank, Los Angeles, CA[2]	Preferred Stock w/ Exercised Warrants	$7,701,000													$235,498
1/16/2009	Community 1st Bank, Roseville, CA[2]	Preferred Stock w/ Exercised Warrants	$2,550,000													$139,020
3/6/2009	Community Bancshares of Kansas, Inc., Goff, KS[2]	Preferred Stock w/ Exercised Warrants	$500,000													$46,098
9/11/2009	Community Bancshares of Mississippi, Inc., Brandon, MS[2, 4, 7, 30 - 9/29/2010, 30a]	Preferred Stock w/ Exercised Warrants	$52,000,000	9/29/2010	$52,000,000	—	9/29/2010	R	$2,600,000							$2,975,700
7/24/2009	Community Bancshares, Inc., Kingman, AZ[2, 10]	Preferred Stock w/ Exercised Warrants	$3,872,000													$266,952
1/16/2009	Community Bank of the Bay, Oakland, CA[3, 4, 30 - 9/29/2010]	Preferred Stock	$1,747,000	9/29/2010	$1,747,000	—										$76,189
5/29/2009	Community Bank Shares of Indiana, Inc., New Albany, IN	Preferred Stock w/ Warrants	$19,468,000							$9.62	$31.67	$7.56	386,270	$2.06	IN	$1,422,245
12/19/2008	Community Bankers Trust Corporation, Glen Allen, VA	Preferred Stock w/ Warrants	$17,680,000							$1.05	$22.54	$3.40	780,000	($2.35)	OUT	$1,242,511
2/27/2009	Community Business Bank, West Sacramento, CA[2]	Preferred Stock w/ Exercised Warrants	$3,976,000													$372,019
12/19/2008	Community Financial Corporation, Staunton, VA	Preferred Stock w/ Warrants	$12,643,000							$3.48	$15.18	$5.40	351,194	($1.92)	OUT	$1,204,597
5/15/2009	Community Financial Shares, Inc., Glen Ellyn, IL[2]	Preferred Stock w/ Exercised Warrants	$6,970,000													$569,865
3/20/2009	Community First Bancshares Inc., Union City, TN[2]	Preferred Stock w/ Exercised Warrants	$20,000,000													$1,801,528
4/3/2009	Community First Bancshares, Inc., Harrison, AR[2]	Preferred Stock w/ Exercised Warrants	$12,725,000													$1,121,142
2/27/2009	Community First Inc., Columbia, TN[2]	Preferred Stock w/ Exercised Warrants	$17,806,000													$1,665,853
2/6/2009	Community Holding Company of Florida, Inc., Miramar Beach, FL[2]	Preferred Stock w/ Exercised Warrants	$1,050,000													$101,176
12/23/2008	Community Investors Bancorp, Inc., Bucyrus, OH[2]	Preferred Stock w/ Exercised Warrants	$2,600,000													$268,443
1/30/2009	Community Partners Bancorp, Middletown, NJ[8]	Preferred Stock w/ Warrants	$9,000,000							$4.70	$35.80	$4.33	311,972	$0.37	IN	$806,250
11/13/2009	Community Pride Bank Corporation, Ham Lake, MN[8, 10]	Subordinated Debentures w/ Exercised Warrants	$4,400,000													$358,999
1/9/2009	Community Trust Financial Corporation, Ruston, LA[2]	Preferred Stock w/ Exercised Warrants	$24,000,000													$2,419,800
12/19/2008	Community West Bancshares, Goleta, CA	Preferred Stock w/ Warrants	$15,600,000							$3.60	$21.29	$4.49	521,158	($0.89)	OUT	$1,486,333
1/9/2009	Congaree Bancshares, Inc., Cayce, SC[2]	Preferred Stock w/ Exercised Warrants	$3,285,000													$152,159
2/13/2009	Corning Savings and Loan Association, Corning, AR[2]	Preferred Stock w/ Exercised Warrants	$638,000													$61,058
1/30/2009	Country Bank Shares, Inc., Milford, NE[2]	Preferred Stock w/ Exercised Warrants	$7,525,000													$734,745
6/5/2009	Covenant Financial Corporation, Clarksdale, MS[2]	Preferred Stock w/ Exercised Warrants	$5,000,000													$257,361
2/20/2009	Crazy Woman Creek Bancorp, Inc., Buffalo, WY[2]	Preferred Stock w/ Exercised Warrants	$3,100,000													$293,316

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition			Warrant and Market Data for Publicly Traded Companie						
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
1/9/2009	Crescent Financial Corporation, Cary, NC	Preferred Stock w/ Warrants	$24,900,000							$2.24	$21.65	$4.48	833,705	($2.24)	OUT	$2,303,250
1/23/2009	Crosstown Holding Company, Blaine, MN[2]	Preferred Stock w/ Exercised Warrants	$10,650,000													$1,051,296
3/27/2009	CSRA Bank Corp., Wrens, GA[2]	Preferred Stock w/ Exercised Warrants	$2,400,000													$180,940
12/5/2008	CVB Financial Corp, Ontario, CA[4, 9]	Preferred Stock w/ Warrants	$130,000,000	8/26/2009	$97,500,000	$32,500,000	10/28/2009	R	$1,307,000	$8.67	$918.31					$4,739,583
				9/2/2009	$32,500,000	—										
2/27/2009	D.L. Evans Bancorp, Burley, ID[2]	Preferred Stock w/ Exercised Warrants	$19,891,000													$1,861,039
5/15/2009	Deerfield Financial Corporation, Deerfield, WI[8]	Subordinated Debentures w/ Exercised Warrants	$2,639,000													$332,129
12/4/2009	Delmar Bancorp, Delmar, MD[2]	Preferred Stock w/ Exercised Warrants	$9,000,000													$464,613
2/13/2009	DeSoto County Bank, Horn Lake, MS[2]	Preferred Stock w/ Exercised Warrants	$1,173,000													$178,469
12/29/2009	DeSoto County Bank, Horn Lake, MS[2, 10a]	Preferred Stock	$1,508,000													
5/22/2009	Diamond Bancorp, Inc., Washington, MO[8]	Subordinated Debentures w/ Exercised Warrants	$20,445,000													$2,539,603
1/16/2009	Dickinson Financial Corporation II, Kansas City, MO[2]	Preferred Stock w/ Exercised Warrants	$146,053,000													$2,631,197
3/13/2009	Discover Financial Services, Riverwoods, IL[4]	Preferred Stock w/ Warrants	$1,224,558,000	4/21/2010	$1,224,558,000	—	7/7/2010	R	$172,000,000	$18.53	$10,092.96					$67,690,844
1/30/2009	DNB Financial Corporation, Downingtown, PA	Preferred Stock w/ Warrants	$11,750,000							$9.00	$23.84	$9.46	186,311	($0.46)	OUT	$1,052,604
6/19/2009	Duke Financial Group, Inc., Minneapolis, MN[8]	Subordinated Debentures w/ Exercised Warrants	$12,000,000													$408,316
12/5/2008	Eagle Bancorp, Inc., Bethesda, MD[5, b]	Preferred Stock w/ Warrants	$38,235,000	12/23/2009	$15,000,000	$23,235,000				$14.43	$283.95	$7.44	385,434	$6.99	IN	$3,046,459
12/5/2008	East West Bancorp, Pasadena, CA[4]	Preferred Stock w/ Warrants	$306,546,000	12/29/2010	$306,546,000	—				$19.55	$2,893.50	$15.15	1,517,555	$4.40	IN	$31,676,420
1/9/2009	Eastern Virginia Bankshares, Inc., Tappahannock, VA	Preferred Stock w/ Warrants	$24,000,000							$3.83	$22.84	$9.63	373,832	($5.80)	OUT	$2,220,000
1/16/2009	ECB Bancorp, Inc., Engelhard, NC	Preferred Stock w/ Warrants	$17,949,000							$13.47	$38.39	$18.57	144,984	($5.10)	OUT	$1,642,833
12/23/2008	Emclaire Financial Corp., Emlenton, PA	Preferred Stock w/ Warrants	$7,500,000							$16.35	$23.82	$22.45	50,111	($6.10)	OUT	$710,417
12/5/2008	Encore Bancshares Inc., Houston, TX	Preferred Stock w/ Warrants	$34,000,000							$10.26	$116.96	$14.01	364,026	($3.75)	OUT	$3,305,556
12/19/2008	Enterprise Financial Services Corp., St. Louis, MO	Preferred Stock w/ Warrants	$35,000,000							$10.46	$155.37	$16.20	324,074	($5.74)	OUT	$3,334,722
6/12/2009	Enterprise Financial Services Group, Inc., Allison Park, PA[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$310,650
1/30/2009	Equity Bancshares, Inc., Wichita, KS[2]	Preferred Stock w/ Exercised Warrants	$8,750,000													$854,482
12/19/2008	Exchange Bank, Santa Rosa, CA[2]	Preferred Stock w/ Exercised Warrants	$43,000,000													$3,879,794
5/22/2009	F & C Bancorp, Inc., Holden, MO[8]	Subordinated Debentures w/ Exercised Warrants	$2,993,000													$371,859
1/30/2009	F & M Bancshares, Inc., Trezevant, TN[2]	Preferred Stock w/ Exercised Warrants	$4,609,000													$631,146
11/6/2009	F & M Bancshares, Inc., Trezevant, TN[2, 10a]	Preferred Stock	$3,535,000													
2/6/2009	F & M Financial Corporation, Salisbury, NC[2]	Preferred Stock w/ Exercised Warrants	$17,000,000													$1,644,538
2/13/2009	F&M Financial Corporation, Clarksville, TN[2]	Preferred Stock w/ Exercised Warrants	$17,243,000													$1,649,748

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition					Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
1/9/2009	F.N.B. Corporation, Hermitage, PA[4, b]	Preferred Stock w/ Warrants	$100,000,000	9/9/2009	$100,000,000	—				$9.82	$1,125.78	$11.52	651,042	($1.70)	OUT	$3,333,333
3/6/2009	Farmers & Merchants Bancshares, Inc., Houston, TX[2]	Preferred Stock w/ Exercised Warrants	$11,000,000													$1,014,155
3/20/2009	Farmers & Merchants Financial Corporation, Argonia, KS[2]	Preferred Stock w/ Exercised Warrants	$442,000													$39,799
1/23/2009	Farmers Bank, Windsor, VA[2]	Preferred Stock w/ Exercised Warrants	$8,752,000													$863,936
1/9/2009	Farmers Capital Bank Corporation, Frankfort, KY	Preferred Stock w/ Warrants	$30,000,000							$4.88	$36.13	$20.09	223,992	($15.21)	OUT	$2,775,000
6/19/2009	Farmers Enterprises, Inc., Great Bend, KS[8]	Subordinated Debentures w/ Exercised Warrants	$12,000,000													$1,415,116
3/20/2009	Farmers State Bankshares, Inc., Holton, KS[2]	Preferred Stock w/ Exercised Warrants	$700,000													$63,797
12/29/2009	FBHC Holding Company, Boulder, CO[8, 10]	Subordinated Debentures w/ Exercised Warrants	$3,035,000													$154,592
6/26/2009	FC Holdings, Inc., Houston, TX[2]	Preferred Stock w/ Exercised Warrants	$21,042,000													$156,090
12/19/2008	FCB Bancorp, Inc., Louisville, KY[2]	Preferred Stock w/ Exercised Warrants	$9,294,000													$965,260
12/19/2008	FFW Corporation, Wabash, IN[2]	Preferred Stock w/ Exercised Warrants	$7,289,000													$756,906
5/29/2009	Fidelity Bancorp, Inc, Baton Rouge, LA[8]	Subordinated Debentures w/ Exercised Warrants	$3,942,000													$483,220
12/12/2008	Fidelity Bancorp, Inc., Pittsburgh, PA	Preferred Stock w/ Warrants	$7,000,000							$5.67	$17.29	$8.65	121,387	($2.98)	OUT	$673,750
11/13/2009	Fidelity Federal Bancorp, Evansville, IN[2, 10]	Preferred Stock w/ Exercised Warrants	$6,657,000													—
12/19/2008	Fidelity Financial Corporation, Wichita, KS[2]	Preferred Stock w/ Exercised Warrants	$36,282,000													$3,767,969
6/26/2009	Fidelity Resources Company, Plano, TX[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$226,629
12/19/2008	Fidelity Southern Corporation, Atlanta, GA[g]	Preferred Stock w/ Warrants	$48,200,000							$6.98	$74.41	$3.07	2,358,719	$3.92	IN	$4,592,389
12/31/2008	Fifth Third Bancorp, Cincinnati, OH	Preferred Stock w/ Warrants	$3,408,000,000							$14.68	$11,689.44	$11.72	43,617,747	$2.96	IN	$340,800,000
12/23/2008	Financial Institutions, Inc., Warsaw, NY	Preferred Stock w/ Warrants	$37,515,000							$18.97	$207.36	$14.88	378,175	$4.09	IN	$3,553,505
2/13/2009	Financial Security Corporation, Basin, WY[2]	Preferred Stock w/ Exercised Warrants	$5,000,000													$478,389
7/31/2009	Financial Services of Winger, Inc., Winger, MN[8, 10]	Subordinated Debentures w/ Exercised Warrants	$3,742,000													$392,137
5/22/2009	First Advantage Bancshares Inc., Coon Rapids, MN[2]	Preferred Stock w/ Exercised Warrants	$1,177,000													$94,992
6/26/2009	First Alliance Bancshares, Inc., Cordova, TN[2]	Preferred Stock w/ Exercised Warrants	$3,422,000													$258,496
7/24/2009	First American Bank Corporation, Elk Grove Village, IL[8]	Subordinated Debentures w/ Exercised Warrants	$50,000,000													$5,488,475
3/13/2009	First American International Corp., Brooklyn, NY[3, 4, 30 - 8/13/2010]	Preferred Stock	$17,000,000	8/13/2010	$17,000,000	—										$1,204,167
1/9/2009	First Bancorp, Troy, NC	Preferred Stock w/ Warrants	$65,000,000							$15.31	$257.16	$15.82	616,308	($0.51)	OUT	$6,012,500
1/16/2009	First BanCorp, San Juan, PR[28 - 7/20/2010, i]	Mandatorily Convertible Preferred Stock w/ Warrants	$424,174,000							$6.90	$147.00	$0.73	5,842,259	$6.17	IN	$6,611,111
2/20/2009	First BancTrust Corporation, Paris, IL[2]	Preferred Stock w/ Exercised Warrants	$7,350,000													$695,521
2/6/2009	First Bank of Charleston, Inc., Charleston, WV[2]	Preferred Stock w/ Exercised Warrants	$3,345,000													$323,547

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition			Warrant and Market Data for Publicly Traded Companie						
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
1/16/2009	First Bankers Trustshares, Inc., Quincy, IL[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$997,653
12/31/2008	First Banks, Inc., Clayton, MO[2]	Preferred Stock w/ Exercised Warrants	$295,400,000													$6,037,238
3/6/2009	First Busey Corporation, Urbana, IL[b]	Preferred Stock w/ Warrants	$100,000,000							$4.70	$311.99	$13.07	573,833	($8.37)	OUT	$8,458,333
4/10/2009	First Business Bank, N.A., San Diego, CA[2]	Preferred Stock w/ Exercised Warrants	$2,211,000													$286,791
12/11/2009	First Business Bank, N.A., San Diego, CA[2, 10a]	Preferred Stock	$2,032,000													
12/19/2008	First California Financial Group, Inc, Westlake Village, CA	Preferred Stock w/ Warrants	$25,000,000							$2.80	$78.88	$6.26	599,042	($3.46)	OUT	$2,381,944
4/3/2009	First Capital Bancorp, Inc., Glen Ellen, VA	Preferred Stock w/ Warrants	$10,958,000							$3.61	$10.73	$6.55	250,947	($2.94)	OUT	$885,772
2/13/2009	First Choice Bank, Cerritos, CA[2, 4, 7, 30 - 9/24/2010, 30a]	Preferred Stock w/ Exercised Warrants	$2,200,000	9/24/2010	$2,200,000	—	9/24/2010	R	$110,000							$300,643
12/22/2009	First Choice Bank, Cerritos, CA[2, 4, 10a, 30 - 9/24/2010]	Preferred Stock	$2,836,000	9/24/2010	$2,836,000	—										
1/23/2009	First Citizens Banc Corp, Sandusky, OH	Preferred Stock w/ Warrants	$23,184,000							$3.98	$30.68	$7.41	469,312	($3.43)	OUT	$2,099,440
3/20/2009	First Colebrook Bancorp, Inc., Colebrook, NH[2]	Preferred Stock w/ Exercised Warrants	$4,500,000													$405,344
5/15/2009	First Community Bancshares, Inc, Overland Park, KS[2, b]	Preferred Stock w/ Exercised Warrants	$14,800,000													$604,950
12/23/2008	First Community Bank Corporation of America, Pinellas Park, FL	Preferred Stock w/ Warrants	$10,685,000							$1.22	$6.66	$7.02	228,312	($5.80)	OUT	$744,982
11/21/2008	First Community Bankshares Inc., Bluefield, VA[5]	Preferred Stock w/ Warrants	$41,500,000	7/8/2009	$41,500,000	—				$14.94	$266.45	$35.26	88,273	($20.32)	OUT	$1,308,403
11/21/2008	First Community Corporation, Lexington, SC	Preferred Stock w/ Warrants	$11,350,000							$5.78	$18.88	$8.69	195,915	($2.91)	OUT	$1,125,542
12/11/2009	First Community Financial Partners, Inc., Joliet, IL[2]	Preferred Stock w/ Exercised Warrants	$22,000,000													$1,112,406
12/5/2008	First Defiance Financial Corp., Defiance, OH	Preferred Stock w/ Warrants	$37,000,000							$11.90	$96.60	$10.08	550,595	$1.82	IN	$3,597,222
9/11/2009	First Eagle Bancshares, Inc., Hanover Park, IL[4, 8, 30 - 9/17/2010, 30a]	Subordinated Debentures w/ Exercised Warrants	$7,500,000	9/17/2010	$7,500,000	—	9/17/2010	R	$375,000							$639,738
2/6/2009	First Express of Nebraska, Inc., Gering, NE[2]	Preferred Stock w/ Exercised Warrants	$5,000,000													$483,688
3/6/2009	First Federal Bancshares of Arkansas, Inc., Harrison, AR	Preferred Stock w/ Warrants	$16,500,000							$1.50	$7.26	$7.69	321,847	($6.19)	OUT	$570,625
12/23/2008	First Financial Bancorp, Cincinnati, OH[5, 9]	Preferred Stock w/ Warrants	$80,000,000	2/24/2010	$80,000,000	—	6/2/2010	A	$3,116,284	$18.48	$1,072.91					$4,677,778
6/12/2009	First Financial Bancshares, Inc., Lawrence, KS[8, 10]	Subordinated Debentures w/ Exercised Warrants	$3,756,000													$434,349
12/5/2008	First Financial Holdings Inc., Charleston, SC[b]	Preferred Stock w/ Warrants	$65,000,000							$11.51	$190.23	$20.17	241,696	($8.66)	OUT	$6,319,444
1/9/2009	First Financial Service Corporation, Elizabethtown, KY	Preferred Stock w/ Warrants	$20,000,000							$4.07	$19.23	$13.89	215,983	($9.82)	OUT	$1,600,000
12/22/2009	First Freedom Bancshares, Inc., Lebanon, TN[2, 10]	Preferred Stock w/ Exercised Warrants	$8,700,000													$411,367
2/27/2009	First Gothenburg Bancshares, Inc., Gothenburg, NE[2]	Preferred Stock w/ Exercised Warrants	$7,570,000													$708,558
8/28/2009	First Guaranty Bancshares, Inc., Hammond, LA[2]	Preferred Stock w/ Exercised Warrants	$20,699,000													$1,368,842
11/14/2008	First Horizon National Corporation, Memphis, TN[4, g]	Preferred Stock w/ Warrants	$866,540,000	12/22/2010	$866,540,000	—				$11.78	$3,073.05	$8.92	14,578,136	$2.86	IN	$91,227,406
8/28/2009	First Independence Corporation, Detroit, MI[2, 3]	Preferred Stock	$3,223,000													$195,618
3/13/2009	First Intercontinental Bank, Doraville, GA[2]	Preferred Stock w/ Exercised Warrants	$6,398,000													$583,104

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Details: Capital Repayment Date	Capital Repayment Details: Capital Repayment Amount	Capital Repayment Details: Remaining Capital Amount	Final Disposition: Final Disposition Date	Final Disposition: Note[15]	Final Disposition: Final Disposition Proceeds	Warrant and Market Data for Publicly Traded Companie: Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[b]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[c]	In or Out of the Money[c]	Interest/ Dividends Paid to Treasury
12/12/2008	First Litchfield Financial Corporation, Litchfield, CT[4]	Preferred Stock w/ Warrants	$10,000,000	4/7/2010	$10,000,000	—	4/7/2010	R	$1,488,046							$659,722
2/27/2009	First M&F Corporation, Kosciusko, MS[4, 30 - 9/29/2010]	Preferred Stock w/ Warrants	$30,000,000	9/29/2010	$30,000,000	—				$3.74	$34.03	$8.77	513,113	($5.03)	OUT	$2,383,333
1/16/2009	First Manitowoc Bancorp, Inc., Manitowoc, WI[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$12,000,000	5/27/2009	$12,000,000	—	5/27/2009	R	$600,000							$237,983
2/13/2009	First Menasha Bancshares, Inc., Neenah, WI[2]	Preferred Stock w/ Exercised Warrants	$4,797,000													$458,990
2/20/2009	First Merchants Corporation, Muncie, IN[27]	Preferred Stock w/ Warrants	$69,600,000							$8.86	$226.57	$17.55	991,453	($8.69)	OUT	$10,069,444
2/20/2009	First Merchants Corporation, Muncie, IN[27]	Trust Preferred Securities w/ Warrants	$46,400,000													
12/5/2008	First Midwest Bancorp, Inc., Itasca, IL	Preferred Stock w/ Warrants	$193,000,000							$11.52	$853.09	$22.18	1,305,230	($10.66)	OUT	$18,763,889
3/13/2009	First National Corporation, Strasburg, VA[2]	Preferred Stock w/ Exercised Warrants	$13,900,000													$1,266,792
3/20/2009	First NBC Bank Holding Company, New Orleans, LA[2]	Preferred Stock w/ Exercised Warrants	$17,836,000													$1,606,632
11/21/2008	First Niagara Financial Group, Lockport, NY[5, 9]	Preferred Stock w/ Warrants	$184,011,000	5/27/2009	$184,011,000	—	6/24/2009	R	$2,700,000	$13.98	$2,923.20					$4,753,618
3/13/2009	First Northern Community Bancorp, Dixon, CA	Preferred Stock w/ Warrants	$17,390,000							$4.50	$40.79	$7.39	352,977	($2.89)	OUT	$1,453,997
11/21/2008	First PacTrust Bancorp, Inc., Chula Vista, CA[4]	Preferred Stock w/ Warrants	$19,300,000	12/15/2010	$19,300,000	—				$13.27	$128.69	$10.31	280,795	$2.96	IN	$1,994,333
3/13/2009	First Place Financial Corp., Warren, OH	Preferred Stock w/ Warrants	$72,927,000							$2.61	$44.30	$2.98	3,670,822	($0.37)	OUT	$6,097,507
2/20/2009	First Priority Financial Corp., Malvern, PA[2]	Preferred Stock w/ Exercised Warrants	$4,579,000													$641,999
12/18/2009	First Priority Financial Corp., Malvern, PA[2, 10a]	Preferred Stock	$4,596,000													
3/6/2009	First Reliance Bancshares, Inc., Florence, SC[2]	Preferred Stock w/ Exercised Warrants	$15,349,000													$1,415,046
1/30/2009	First Resource Bank, Exton, PA[2]	Preferred Stock w/ Exercised Warrants	$2,600,000													$366,002
12/11/2009	First Resource Bank, Exton, PA[2, 10a]	Preferred Stock	$2,417,000													
1/9/2009	First Security Group, Inc., Chattanooga, TN	Preferred Stock w/ Warrants	$33,000,000							$0.90	$14.78	$6.01	823,627	($5.11)	OUT	$1,402,500
12/23/2008	First Sound Bank, Seattle, WA	Preferred Stock w/ Warrants	$7,400,000							$0.05	$0.11	$9.73	114,080	($9.68)	OUT	$330,944
7/17/2009	First South Bancorp, Inc., Lexington, TN[8]	Subordinated Debentures w/ Exercised Warrants	$50,000,000													$5,570,027
1/30/2009	First Southern Bancorp, Inc., Boca Raton, FL[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$10,900,000	6/16/2010	$10,900,000	—	6/16/2010	R	$545,000							$818,468
3/6/2009	First Southwest Bancorporation, Inc., Alamosa, CO[2]	Preferred Stock w/ Exercised Warrants	$5,500,000													$207,327
2/27/2009	First State Bank of Mobeetie, Mobeetie, TX[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$731,000	4/14/2010	$731,000	—	4/14/2010	R	$37,000							$45,087
3/6/2009	First Texas BHC, Inc., Fort Worth, TX[2]	Preferred Stock w/ Exercised Warrants	$13,533,000													$1,247,739
6/5/2009	First Trust Corporation, New Orleans, LA[8]	Subordinated Debentures w/ Exercised Warrants	$17,969,000													$1,046,896
1/23/2009	First ULB Corp., Oakland, CA[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$4,900,000	4/22/2009	$4,900,000	—	4/22/2009	R	$245,000							$66,021
1/30/2009	First United Corporation, Oakland, MD	Preferred Stock w/ Warrants	$30,000,000							$3.43	$21.13	$13.79	326,323	($10.36)	OUT	$2,312,500
6/12/2009	First Vernon Bancshares, Inc., Vernon, AL[2, 4, 7, 10, 30 - 9/29/2010, 30a]	Preferred Stock w/ Exercised Warrants	$6,000,000	9/29/2010	$6,000,000	—	9/29/2010	R	$245,000							$417,770
2/6/2009	First Western Financial, Inc., Denver, CO[2]	Preferred Stock w/ Exercised Warrants	$8,559,000													$1,379,130
12/11/2009	First Western Financial, Inc., Denver, CO[2, 10a]	Preferred Stock	$11,881,000													

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details					Final Disposition			Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
1/30/2009	Firstbank Corporation, Alma, MI	Preferred Stock w/ Warrants	$33,000,000							$5.86	$45.66	$8.55	578,947	($2.69)	OUT	$2,956,250
1/9/2009	FirstMerit Corporation, Akron, OH[4]	Preferred Stock w/ Warrants	$125,000,000	4/22/2009	$125,000,000	—	5/27/2009	R	$5,025,000	$19.79	$2,153.17					$1,788,194
1/30/2009	Flagstar Bancorp, Inc., Troy, MI	Preferred Stock w/ Warrants	$266,657,000							$1.63	$439.00	$6.20	6,451,379	($4.57)	OUT	$23,888,022
7/24/2009	Florida Bank Group, Inc., Tampa, FL[2]	Preferred Stock w/ Exercised Warrants	$20,471,000													$1,180,793
2/20/2009	Florida Business BancGroup, Inc., Tampa, FL[2]	Preferred Stock w/ Exercised Warrants	$9,495,000													$898,438
12/19/2008	Flushing Financial Corporation, Lake Success, NY[5, 9]	Preferred Stock w/ Warrants	$70,000,000	10/28/2009	$70,000,000	—	12/30/2009	R	$900,000	$14.00	$437.33					$3,004,167
2/27/2009	FNB Bancorp, South San Francisco, CA[2]	Preferred Stock w/ Exercised Warrants	$12,000,000													$1,122,700
2/13/2009	FNB United Corp., Asheboro, NC	Preferred Stock w/ Warrants	$51,500,000							$0.33	$3.71	$3.50	2,207,143	($3.18)	OUT	$2,589,305
5/15/2009	Foresight Financial Group, Inc., Rockford, IL[2]	Preferred Stock w/ Exercised Warrants	$15,000,000													$1,226,250
5/22/2009	Fort Lee Federal Savings Bank, Fort Lee, NJ[2]	Preferred Stock w/ Exercised Warrants	$1,300,000													$87,185
4/3/2009	Fortune Financial Corporation, Arnold, MO[2]	Preferred Stock w/ Exercised Warrants	$3,100,000													$273,136
12/5/2008	FPB Bancorp, Inc., Port St. Lucie, FL	Preferred Stock w/ Warrants	$5,800,000							$1.02	$2.10	$4.75	183,158	($3.73)	OUT	$273,889
1/23/2009	FPB Financial Corp., Hammond, LA[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$3,240,000	12/16/2009	$1,000,000	$2,240,000	6/16/2010	R	$162,000							$221,722
1/23/2009	FPB Financial Corp., Hammond, LA[2, 4]	Preferred Stock w/ Exercised Warrants		6/16/2010	$2,240,000	—										
5/22/2009	Franklin Bancorp, Inc., Washington, MO[2]	Preferred Stock w/ Exercised Warrants	$5,097,000													$411,298
5/8/2009	Freeport Bancshares, Inc., Freeport, IL[8]	Subordinated Debentures w/ Exercised Warrants	$3,000,000													$382,443
6/26/2009	Fremont Bancorporation, Fremont, CA[8]	Subordinated Debentures w/ Exercised Warrants	$35,000,000													$4,070,330
1/23/2009	Fresno First Bank, Fresno, CA[2]	Preferred Stock w/ Exercised Warrants	$1,968,000													$160,830
4/24/2009	Frontier Bancshares, Inc., Austin, TX[4, 8]	Subordinated Debentures w/ Exercised Warrants	$3,000,000	11/24/2009	$1,600,000	$1,400,000										$258,192
				10/6/2010	$1,400,000	—	10/6/2010	R	$150,000							
12/23/2008	Fulton Financial Corporation, Lancaster, PA[4]	Preferred Stock w/ Warrants	$376,500,000	7/14/2010	$376,500,000	—	9/8/2010	R	$10,800,000	$10.34	$2,057.15					$29,335,625
5/8/2009	Gateway Bancshares, Inc., Ringgold, GA[2]	Preferred Stock w/ Exercised Warrants	$6,000,000													$496,858
2/6/2009	Georgia Commerce Bancshares, Inc., Atlanta, GA[2]	Preferred Stock w/ Exercised Warrants	$8,700,000													$841,616
5/1/2009	Georgia Primary Bank, Atlanta, GA[2]	Preferred Stock w/ Exercised Warrants	$4,500,000													—
3/6/2009	Germantown Capital Corporation, Inc., Germantown, TN[2]	Preferred Stock w/ Exercised Warrants	$4,967,000													$457,883
6/26/2009	Gold Canyon Bank, Gold Canyon, AZ[2, 10]	Preferred Stock w/ Exercised Warrants	$1,607,000													$53,860
1/30/2009	Goldwater Bank, N.A., Scottsdale, AZ[2]	Preferred Stock w/ Exercised Warrants	$2,568,000													$145,750
4/24/2009	Grand Capital Corporation, Tulsa, OK[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$339,717

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition			Warrant and Market Data for Publicly Traded Companie						
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
9/25/2009	Grand Financial Corporation, Hattiesburg, MS[8]	Subordinated Debentures w/ Exercised Warrants	$2,443,320													$233,439
5/29/2009	First Defiance Financial Corp., Defiance, OH	Preferred Stock w/ Exercised Warrants	$3,076,000													—
1/9/2009	GrandSouth Bancorporation, Greenville, SC[2]	Preferred Stock w/ Exercised Warrants	$9,000,000													$1,200,556
12/11/2009	GrandSouth Bancorporation, Greenville, SC[2, 10a]	Preferred Stock	$6,319,000													
7/17/2009	Great River Holding Company, Baxter, MN[8]	Subordinated Debentures w/ Exercised Warrants	$8,400,000													$759,575
12/5/2008	Great Southern Bancorp, Springfield, MO	Preferred Stock w/ Warrants	$58,000,000							$23.59	$317.19	$9.57	909,091	$14.02	IN	$5,638,889
12/23/2008	Green Bankshares, Inc., Greeneville, TN	Preferred Stock w/ Warrants	$72,278,000							$3.20	$42.21	$17.06	635,504	($13.86)	OUT	$5,942,858
2/27/2009	Green Circle Investments, Inc., Clive, IA[2]	Preferred Stock w/ Exercised Warrants	$2,400,000													$224,540
2/27/2009	Green City Bancshares, Inc., Green City, MO[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$651,000	7/14/2010	$651,000	—	7/14/2010	R	$33,000							$49,037
1/30/2009	Greer Bancshares Incorporated, Greer, SC[2]	Preferred Stock w/ Exercised Warrants	$9,993,000													$975,831
2/13/2009	Gregg Bancshares, Inc., Ozark, MO[2]	Preferred Stock w/ Exercised Warrants	$825,000													$45,190
2/20/2009	Guaranty Bancorp, Inc., Woodsville, NH[2]	Preferred Stock w/ Exercised Warrants	$6,920,000													$654,757
9/25/2009	Guaranty Capital Corporation, Belzoni, MS[3, 4, 8, 30 - 7/30/2010]	Subordinated Debentures	$14,000,000	7/30/2010	$14,000,000	—										$913,299
1/30/2009	Guaranty Federal Bancshares, Inc., Springfield, MO	Preferred Stock w/ Warrants	$17,000,000							$4.76	$12.62	$5.55	459,459	($0.79)	OUT	$1,522,917
9/25/2009	GulfSouth Private Bank, Destin, FL[10, 21]	Preferred Stock w/ Exercised Warrants	$7,500,000													$757,380
6/26/2009	Gulfstream Bancshares, Inc., Stuart, FL[2]	Preferred Stock w/ Exercised Warrants	$7,500,000													$566,573
2/20/2009	Hamilton State Bancshares, Hoschton, GA[2]	Preferred Stock w/ Exercised Warrants	$7,000,000													$662,327
12/31/2008	Hampton Roads Bankshares, Inc., Norfolk, VA[31-9/30/2010, i]	Common Stock w/ Warrants	$80,347,000							$0.52	$356.03	$0.40	1,325,858	$0.12	IN	$2,510,844
7/17/2009	Harbor Bankshares Corporation, Baltimore, MD[2, 3]	Preferred Stock	$6,800,000													$282,744
6/26/2009	Hartford Financial Services Group, Inc., Hartford, CT[4]	Preferred Stock w/ Warrants	$3,400,000,000	3/31/2010	$3,400,000,000	—	9/21/2010	A	$713,687,430	$26.49	$11,775.89					$129,861,111
3/13/2009	Haviland Bancshares, Inc., Haviland, KS[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$425,000	12/29/2010	$425,000	—	12/29/2010	R	$21,000							$41,524
12/19/2008	Hawthorn Bancshares, Inc., Lee's Summit, MO[g]	Preferred Stock w/ Warrants	$30,255,000							$8.60	$38.48	$17.10	265,471	($8.50)	OUT	$2,882,630
3/6/2009	HCSB Financial Corporation, Loris, SC	Preferred Stock w/ Warrants	$12,895,000							$2.37	$8.98	$21.09	91,714	($18.72)	OUT	$1,090,702
9/11/2009	Heartland Bancshares, Inc., Franklin, IN[2, 10]	Preferred Stock w/ Exercised Warrants	$7,000,000													$66,190
12/19/2008	Heartland Financial USA, Inc., Dubuque, IA	Preferred Stock w/ Warrants	$81,698,000							$17.46	$286.20	$20.10	609,687	($2.64)	OUT	$7,784,004
9/25/2009	Heritage Bankshares, Inc., Norfolk, VA[2, 10]	Preferred Stock w/ Exercised Warrants	$10,103,000													$606,367
11/21/2008	Heritage Commerce Corp., San Jose, CA	Preferred Stock w/ Warrants	$40,000,000							$4.50	$118.05	$12.96	462,963	($8.46)	OUT	$1,466,667
11/21/2008	Heritage Financial Corporation, Olympia, WA[4, b]	Preferred Stock w/ Warrants	$24,000,000	12/22/2010	$24,000,000	—				$13.92	$208.94	$13.04	138,037	$0.88	IN	$2,503,333
3/20/2009	Heritage Oaks Bancorp, Paso Robles, CA	Preferred Stock w/ Warrants	$21,000,000							$3.29	$82.52	$5.15	611,650	($1.86)	OUT	$947,916
11/21/2008	HF Financial Corp., Sioux Falls, SD[4]	Preferred Stock w/ Warrants	$25,000,000	6/3/2009	$25,000,000	—	6/30/2009	R	$650,000	$10.80	$75.20					$666,667

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details					Final Disposition			Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
5/8/2009	Highlands Bancorp, Inc. (Highlands State Bank), Vernon, NJ[2, 13 - 8/31/2010]	Preferred Stock w/ Exercised Warrants	$3,091,000													$302,972
12/22/2009	Highlands Bancorp, Inc. (Highlands State Bank), Vernon, NJ[2, 10a, 13 - 8/31/2010]	Preferred Stock	$2,359,000													
3/6/2009	Highlands Independent Bancshares, Inc., Sebring, FL[2]	Preferred Stock w/ Exercised Warrants	$6,700,000													$617,712
1/30/2009	Hilltop Community Bancorp, Inc., Summit, NJ[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$4,000,000	4/21/2010	$4,000,000	—	4/21/2010	R	$200,000							$267,050
12/23/2008	HMN Financial, Inc., Rochester, MN	Preferred Stock w/ Warrants	$26,000,000							$2.81	$12.11	$4.68	833,333	($1.87)	OUT	$2,462,778
1/16/2009	Home Bancshares, Inc., Conway, AR[f]	Preferred Stock w/ Warrants	$50,000,000							$22.03	$626.58	$23.66	158,472	($1.63)	OUT	$4,576,389
2/20/2009	Hometown Bancorp of Alabama, Inc., Oneonta, AL[2]	Preferred Stock w/ Exercised Warrants	$3,250,000													$307,587
2/13/2009	Hometown Bancshares, Inc., Corbin, KY[2]	Preferred Stock w/ Exercised Warrants	$1,900,000													$181,788
9/18/2009	HomeTown Bankshares Corporation, Roanoke, VA[2, 10]	Preferred Stock w/ Exercised Warrants	$10,000,000													$351,326
12/12/2008	HopFed Bancorp, Hopkinsville, KY[g]	Preferred Stock w/ Warrants	$18,400,000							$9.04	$66.32	$11.10	248,692	($2.06)	OUT	$1,771,000
12/19/2008	Horizon Bancorp, Michigan City, IN[4]	Preferred Stock w/ Warrants	$25,000,000	11/10/2010	$6,250,000	$18,750,000				$26.60	$87.81	$17.68	212,104	$8.92	IN	$2,377,604
2/27/2009	Howard Bancorp, Inc., Ellicott City, MD[2]	Preferred Stock w/ Exercised Warrants	$5,983,000													$559,736
5/1/2009	HPK Financial Corporation, Chicago, IL[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$599,899
11/13/2009	HPK Financial Corporation, Chicago, IL[2, 10a]	Preferred Stock w/ Exercised Warrants	$5,000,000													
11/14/2008	Huntington Bancshares, Columbus, OH[4]	Preferred Stock w/ Warrants	$1,398,071,000	12/22/2010	$1,398,071,000	—				$6.87	$5,930.62	$8.90	23,562,994	($2.03)	OUT	$147,185,809
2/6/2009	Hyperion Bank, Philadelphia, PA[2]	Preferred Stock w/ Exercised Warrants	$1,552,000													$150,201
9/18/2009	IA Bancorp, Inc., Iselin, NJ[2, 10]	Preferred Stock w/ Exercised Warrants	$5,976,000													$364,771
5/15/2009	IBC Bancorp, Inc., Chicago, IL[3, 4, 8, 30 - 9/10/2010]	Subordinated Debentures	$4,205,000	9/10/2010	$4,205,000	—										$427,216
12/5/2008	Iberiabank Corporation, Lafayette, LA[5,9]	Preferred Stock w/ Warrants	$90,000,000	3/31/2009	$90,000,000	—	5/20/2009	R	$1,200,000	$59.13	$1,589.18					$1,450,000
3/27/2009	IBT Bancorp, Inc., Irving, TX[2]	Preferred Stock w/ Exercised Warrants	$2,295,000													$204,330
3/13/2009	IBW Financial Corporation, Washington, DC[2, 3a - 11/13/2009, 4, 30 - 9/3/2010]	Preferred Stock	$6,000,000	9/3/2010	$6,000,000	—										$453,067
3/6/2009	ICB Financial, Ontario, CA[2]	Preferred Stock w/ Exercised Warrants	$6,000,000													$553,175
1/16/2009	Idaho Bancorp, Boise, ID[2]	Preferred Stock w/ Exercised Warrants	$6,900,000													$124,306
5/22/2009	Illinois State Bancorp, Inc., Chicago, IL[2]	Preferred Stock w/ Exercised Warrants	$6,272,000													$688,966
12/29/2009	Illinois State Bancorp, Inc., Chicago, IL[2, 10, a]	Preferred Stock w/ Exercised Warrants	$4,000,000													
1/9/2009	Independence Bank, East Greenwich, RI[2]	Preferred Stock w/ Exercised Warrants	$1,065,000													$107,337
1/9/2009	Independent Bank Corp., Rockland, MA[4]	Preferred Stock w/ Warrants	$78,158,000	4/22/2009	$78,158,000	—	5/27/2009	R	$2,200,000	$27.05	$573.57					$1,118,094
12/12/2008	Independent Bank Corporation, Ionia, MI[22, i, j]	Mandatorily Convertible Preferred Stock w/ Warrants	$74,426,000							$1.30	$9.77	$7.23	346,154	($5.93)	OUT	$2,430,000
4/24/2009	Indiana Bank Corp., Dana, IN[2]	Preferred Stock w/ Exercised Warrants	$1,312,000													$111,484
12/12/2008	Indiana Community Bancorp, Columbus, IN	Preferred Stock w/ Warrants	$21,500,000							$17.25	$58.39	$17.09	188,707	$0.16	IN	$2,069,375

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

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2/27/2009	Integra Bank Corporation, Evansville, IN	Preferred Stock w/ Warrants	$83,586,000							$0.78	$16.43	$1.69	7,418,876	($0.91)	OUT	$1,950,340
12/19/2008	Intermountain Community Bancorp, Sandpoint, ID	Preferred Stock w/ Warrants	$27,000,000							$1.48	$12.42	$6.20	653,226	($4.72)	OUT	$1,222,500
12/23/2008	International Bancshares Corporation, Laredo, TX	Preferred Stock w/ Warrants	$216,000,000							$20.03	$1,356.15	$24.43	1,326,238	($4.40)	OUT	$20,460,000
12/23/2008	Intervest Bancshares Corporation, New York, NY	Preferred Stock w/ Warrants	$25,000,000							$2.93	$60.97	$5.42	691,882	($2.49)	OUT	$1,118,056
5/8/2009	Investors Financial Corporation of Pettis County, Inc., Sedalia, MO[8]	Subordinated Debentures w/ Exercised Warrants	$4,000,000													$174,325
10/28/2008	JPMorgan Chase & Co., New York, NY[4]	Preferred Stock w/ Warrants	$25,000,000,000	6/17/2009	$25,000,000,000	—	12/10/2009	A	$950,318,243	$42.42	$165,827.46					$795,138,889
1/30/2009	Katahdin Bankshares Corp., Houlton, ME[2]	Preferred Stock w/ Exercised Warrants	$10,449,000													$1,020,229
11/14/2008	KeyCorp, Cleveland, OH	Preferred Stock w/ Warrants	$2,500,000,000							$8.85	$7,792.17	$10.64	35,244,361	($1.79)	OUT	$250,347,222
3/20/2009	Kirksville Bancorp, Inc., Kirksville, MO[2]	Preferred Stock w/ Exercised Warrants	$470,000													$42,410
8/21/2009	KS Bancorp, Inc., Smithfield, NC[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$268,867
2/20/2009	Lafayette Bancorp, Inc., Oxford, MS[2, 4, 7, 30 - 9/29/2010, 30a]	Preferred Stock w/ Exercised Warrants	$1,998,000	9/29/2010	$1,998,000	—	9/29/2010	R	$100,000							$267,134
12/29/2009	Lafayette Bancorp, Inc., Oxford, MS[2, 4, 10a, 30 - 9/29/2010]	Preferred Stock	$2,453,000	9/29/2010	$2,453,000	—										
2/6/2009	Lakeland Bancorp, Inc., Oak Ridge, NJ[4]	Preferred Stock w/ Warrants	$59,000,000	8/4/2010	$20,000,000	$39,000,000				$10.97	$263.98	$9.32	949,571	$1.65	IN	$4,955,694
2/27/2009	Lakeland Financial Corporation, Warsaw, IN[5, b]	Preferred Stock w/ Warrants	$56,044,000	6/9/2010	$56,044,000	—				$21.46	$346.21	$21.20	198,269	$0.26	IN	$3,596,156
12/18/2009	Layton Park Financial Group, Milwaukee, WI[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$148,513
1/9/2009	LCNB Corp., Lebanon, OH[4]	Preferred Stock w/ Warrants	$13,400,000	10/21/2009	$13,400,000	—				$11.95	$79.91	$9.26	217,063	$2.69	IN	$524,833
12/23/2008	Leader Bancorp, Inc., Arlington, MA[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$5,830,000	11/24/2010	$5,830,000	—	11/24/2010	R	$292,000							$609,961
1/30/2009	Legacy Bancorp, Inc., Milwaukee, WI[3]	Preferred Stock	$5,498,000													$355,079
1/23/2009	Liberty Bancshares, Inc., Jonesboro, AR[2]	Preferred Stock w/ Exercised Warrants	$57,500,000													$5,675,570
2/13/2009	Liberty Bancshares, Inc., Springfield, MO[2]	Preferred Stock w/ Exercised Warrants	$21,900,000													$2,095,343
12/4/2009	Liberty Bancshares, Inc., Fort Worth, TX[2, 10]	Preferred Stock w/ Exercised Warrants	$6,500,000													$324,556
2/6/2009	Liberty Financial Services, Inc., New Orleans, LA[3, 4, 30 - 9/24/2010]	Preferred Stock	$5,645,000	9/24/2010	$5,645,000	—										$461,009
2/20/2009	Liberty Shares, Inc., Hinesville, GA[2]	Preferred Stock w/ Exercised Warrants	$17,280,000													$1,399,560
7/10/2009	Lincoln National Corporation, Radnor, PA[4]	Preferred Stock w/ Warrants	$950,000,000	6/30/2010	$950,000,000	—	9/16/2010	A	$216,620,887	$27.81	$8,809.12					$46,180,555
12/12/2008	LNB Bancorp Inc., Lorain, OH	Preferred Stock w/ Warrants	$25,223,000							$4.97	$38.89	$6.74	561,343	($1.77)	OUT	$2,427,714
2/6/2009	Lone Star Bank, Houston, TX[2]	Preferred Stock w/ Exercised Warrants	$3,072,000													—
12/12/2008	LSB Corporation, North Andover, MA[4]	Preferred Stock w/ Warrants	$15,000,000	11/18/2009	$15,000,000	—	12/16/2009	R	$560,000	$20.95	$94.40					$700,000
6/26/2009	M&F Bancorp, Inc., Durham, NC[2, 3, 4, 10, 30 - 8/20/2010]	Preferred Stock	$11,735,000	8/20/2010	$11,735,000	—										$674,763
12/23/2008	M&T Bank Corporation, Buffalo, NY[d]	Preferred Stock w/ Warrants	$600,000,000							$87.05	$10,391.85	$73.86	1,218,522	$13.19	IN	$62,514,583

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition				Warrant and Market Data for Publicly Traded Companie						
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
11/14/2008	M&T Bank Corporation (Provident Bancshares Corp.), Baltimore, MD	Preferred Stock w/ Warrants	$151,500,000							$87.05	$10,391.85	$55.76	407,542	$31.29	IN	$9,489,792
4/24/2009	Mackinac Financial Corporation, Manistique, MI	Preferred Stock w/ Warrants	$11,000,000							$4.58	$15.66	$4.35	379,310	$0.23	IN	$857,083
3/13/2009	Madison Financial Corporation, Richmond, KY[2]	Preferred Stock w/ Exercised Warrants	$3,370,000													$169,422
12/23/2008	Magna Bank, Memphis, TN[2, 4]	Preferred Stock w/ Exercised Warrants	$13,795,000	11/24/2009	$3,455,000	$10,340,000										$1,255,907
12/29/2009	Mainline Bancorp, Inc., Ebensburg, PA[2]	Preferred Stock w/ Exercised Warrants	$4,500,000													$215,275
1/16/2009	MainSource Financial Group, Inc., Greensburg, IN	Preferred Stock w/ Warrants	$57,000,000							$10.41	$209.62	$14.95	571,906	($4.54)	OUT	$5,217,083
12/5/2008	Manhattan Bancorp, El Segundo, CA[4]	Preferred Stock w/ Warrants	$1,700,000	9/16/2009	$1,700,000	—	10/14/2009	R	$63,364	$5.25	$20.54					$66,347
6/19/2009	Manhattan Bancshares, Inc., Manhattan, IL[8]	Subordinated Debentures w/ Exercised Warrants	$2,639,000													$311,217
3/6/2009	Marine Bank & Trust Company, Vero Beach, FL[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$235,713
2/20/2009	Market Bancorporation, Inc., New Market, MN[2]	Preferred Stock w/ Exercised Warrants	$2,060,000													$138,778
5/15/2009	Market Street Bancshares, Inc., Mt. Vernon, IL[8]	Subordinated Debentures w/ Exercised Warrants	$20,300,000													$2,554,755
12/19/2008	Marquette National Corporation, Chicago, IL[2]	Preferred Stock w/ Exercised Warrants	$35,500,000													$3,686,774
11/14/2008	Marshall & Ilsley Corporation, Milwaukee, WI	Preferred Stock w/ Warrants	$1,715,000,000							$6.92	$3,656.60	$18.62	13,815,789	($11.70)	OUT	$171,738,194
3/27/2009	Maryland Financial Bank, Towson, MD[2]	Preferred Stock w/ Exercised Warrants	$1,700,000													$58,678
12/5/2008	MB Financial Inc., Chicago, IL[b]	Preferred Stock w/ Warrants	$196,000,000							$17.32	$934.48	$29.05	506,024	($11.73)	OUT	$19,055,556
11/20/2009	McLeod Bancshares, Inc., Shorewood, MN[2]	Preferred Stock w/ Exercised Warrants	$6,000,000													$322,458
2/27/2009	Medallion Bank, Salt Lake City, UT[2]	Preferred Stock w/ Exercised Warrants	$11,800,000													$1,543,492
12/22/2009	Medallion Bank, Salt Lake City, UT[2, 10a]	Preferred Stock w/ Exercised Warrants	$9,698,000													
5/15/2009	Mercantile Bank Corporation, Grand Rapids, MI	Preferred Stock w/ Warrants	$21,000,000							$8.20	$70.50	$5.11	616,438	$3.09	IN	$1,050,000
2/6/2009	Mercantile Capital Corp., Boston, MA[2]	Preferred Stock w/ Exercised Warrants	$3,500,000													$338,581

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details					Final Disposition			Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
6/19/2009	Merchants and Manufacturers Bank Corporation, Joliet, IL[2]	Preferred Stock w/ Exercised Warrants	$3,510,000													$268,939
3/6/2009	Merchants and Planters Bancshares, Inc., Toone, TN[2]	Preferred Stock w/ Exercised Warrants	$1,881,000													$173,413
2/13/2009	Meridian Bank, Devon, PA[2]	Preferred Stock w/ Exercised Warrants	$6,200,000													$887,076
12/11/2009	Meridian Bank, Devon, PA[2, 10, a]	Preferred Stock	$6,335,000													
1/30/2009	Metro City Bank, Doraville, GA[2]	Preferred Stock w/ Exercised Warrants	$7,700,000													$751,873
1/16/2009	MetroCorp Bancshares, Inc., Houston, TX	Preferred Stock w/ Warrants	$45,000,000							$3.63	$48.02	$8.75	771,429	($5.12)	OUT	$3,570,156
6/26/2009	Metropolitan Bank Group, Inc., Chicago, IL[2]	Preferred Stock w/ Exercised Warrants	$71,526,000													$3,454,185
4/10/2009	Metropolitan Capital Bancorp, Inc., Chicago, IL[2]	Preferred Stock w/ Exercised Warrants	$2,040,000													$293,349
11/20/2009	Metropolitan Capital Bancorp, Inc., Chicago, IL[2, 10a]	Preferred Stock	$2,348,000													
12/19/2008	Mid Penn Bancorp, Inc., Millersburg, PA	Preferred Stock w/ Warrants	$10,000,000							$7.50	$26.10	$20.52	73,099	($13.02)	OUT	$952,778
1/30/2009	Middleburg Financial Corporation, Middleburg, VA[5]	Preferred Stock w/ Warrants	$22,000,000	12/23/2009	$22,000,000	—				$14.26	$98.91	$15.85	104,101	($1.59)	OUT	$986,944
1/23/2009	Midland States Bancorp, Inc., Effingham, IL[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$10,189,000	12/23/2009	$10,189,000	—	12/23/2009	R	$509,000							$508,989
1/9/2009	MidSouth Bancorp, Inc., Lafayette, LA[b]	Preferred Stock w/ Warrants	$20,000,000							$15.36	$149.38	$14.37	104,384	$0.99	IN	$1,850,000
2/27/2009	Midtown Bank & Trust Company, Atlanta, GA[2]	Preferred Stock w/ Exercised Warrants	$5,222,000													$275,105
12/5/2008	Midwest Banc Holdings, Inc., Melrose Park, IL[14, 20, i]	Mandatorily Convertible Preferred Stock w/ Warrants	$89,388,000								$0.11	$0.31	4,282,020	($0.31)	OUT	$824,289
2/13/2009	Midwest Regional Bancorp, Inc., Festus, MO[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$700,000	11/10/2009	$700,000	—	11/10/2009	R	$35,000							$28,294
2/6/2009	MidWestOne Financial Group, Inc., Iowa City, IA	Preferred Stock w/ Warrants	$16,000,000							$15.11	$130.16	$12.08	198,675	$3.03	IN	$1,420,000
2/20/2009	Mid-Wisconsin Financial Services, Inc., Medford, WI[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$946,181
4/3/2009	Millennium Bancorp, Inc., Edwards, CO[2]	Preferred Stock w/ Exercised Warrants	$7,260,000													$343,053
1/9/2009	Mission Community Bancorp, San Luis Obispo, CA[3]	Preferred Stock	$5,116,000													$473,230
12/23/2008	Mission Valley Bancorp, Sun Valley, CA[3, 4, 30 - 8/20/2010]	Preferred Stock	$5,500,000	8/20/2010	$5,500,000	—										$456,042
12/19/2008	Monadnock Bancorp, Inc., Peterborough, NH[2]	Preferred Stock w/ Exercised Warrants	$1,834,000													$190,517
2/6/2009	Monarch Community Bancorp, Inc., Coldwater, MI	Preferred Stock w/ Warrants	$6,785,000							$1.21	$2.47	$3.90	260,962	($2.69)	OUT	$262,919
12/19/2008	Monarch Financial Holdings, Inc., Chesapeake, VA[5, 9]	Preferred Stock w/ Warrants	$14,700,000	12/23/2009	$14,700,000	—	2/10/2010	R	$260,000	$7.80	$46.05					$743,167
3/13/2009	Moneytree Corporation, Lenoir City, TN[2]	Preferred Stock w/ Exercised Warrants	$9,516,000													$867,281
1/30/2009	Monument Bank, Bethesda, MD[2]	Preferred Stock w/ Exercised Warrants	$4,734,000													$462,303
10/28/2008	Morgan Stanley, New York, NY[4]	Preferred Stock w/ Warrants	$10,000,000,000	6/17/2009	$10,000,000,000	—	8/12/2009	R	$950,000,000	$27.21	$41,165.38					$318,055,555
1/16/2009	Morrill Bancshares, Inc., Merriam, KS[2]	Preferred Stock w/ Exercised Warrants	$13,000,000													$1,296,949
1/23/2009	Moscow Bancshares, Inc., Moscow, TN[2]	Preferred Stock w/ Exercised Warrants	$6,216,000													$613,587
9/25/2009	Mountain Valley Bancshares, Inc., Cleveland, GA[2]	Preferred Stock w/ Exercised Warrants	$3,300,000													$204,829
3/27/2009	MS Financial, Inc., Kingwood, TX[2]	Preferred Stock w/ Exercised Warrants	$7,723,000													$477,009

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details					Final Disposition			Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
12/23/2008	MutualFirst Financial, Inc., Muncie, IN	Preferred Stock w/ Warrants	$32,382,000							$9.30	$64.96	$7.77	625,135	$1.53	IN	$3,067,295
3/27/2009	Naples Bancorp, Inc., Naples, FL[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$356,067
11/21/2008	Nara Bancorp, Inc., Los Angeles, CA[b]	Preferred Stock w/ Warrants	$67,000,000							$9.86	$374.21	$9.64	521,266	$0.21	IN	$6,644,167
2/27/2009	National Bancshares, Inc., Bettendorf, IA[2]	Preferred Stock w/ Exercised Warrants	$24,664,000													$2,307,492
12/12/2008	National Penn Bancshares, Inc., Boyertown, PA[b]	Preferred Stock w/ Warrants	$150,000,000							$8.03	$1,097.18	$15.30	735,294	($7.27)	OUT	$14,437,500
12/11/2009	Nationwide Bankshares, Inc., West Point, NE[4, 7, 8]	Subordinated Debentures w/ Exercised Warrants	$2,000,000	12/29/2010	$2,000,000	—	12/29/2010	R	$100,000							$176,190
6/26/2009	NC Bancorp, Inc., Chicago, IL[2]	Preferred Stock w/ Exercised Warrants	$6,880,000													$332,256
12/19/2008	NCAL Bancorp, Los Angeles, CA[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$1,038,528
6/19/2009	NEMO Bancshares Inc., Madison, MO[8]	Subordinated Debentures w/ Exercised Warrants	$2,330,000													$274,865
1/16/2009	New Hampshire Thrift Bancshares, Inc., Newport, NH	Preferred Stock w/ Warrants	$10,000,000							$12.55	$72.46	$8.14	184,275	$4.41	IN	$915,278
1/9/2009	New York Private Bank & Trust Corporation, New York, NY[2]	Preferred Stock w/ Exercised Warrants	$267,274,000													$26,947,951
12/12/2008	NewBridge Bancorp, Greensboro, NC	Preferred Stock w/ Warrants	$52,372,000							$4.70	$73.58	$3.06	2,567,255	$1.64	IN	$5,040,805
12/23/2008	Nicolet Bankshares, Inc., Green Bay, WI[2]	Preferred Stock w/ Exercised Warrants	$14,964,000													$1,544,957
1/9/2009	North Central Bancshares, Inc., Fort Dodge, IA	Preferred Stock w/ Warrants	$10,200,000							$16.69	$22.55	$15.43	99,157	$1.26	IN	$943,500
12/12/2008	Northeast Bancorp, Lewiston, ME	Preferred Stock w/ Warrants	$4,227,000							$15.43	$35.97	$9.33	67,958	$6.10	IN	$406,849
5/15/2009	Northern State Bank, Closter, NJ[2]	Preferred Stock w/ Exercised Warrants	$1,341,000													$165,483
12/18/2009	Northern State Bank, Closter, NJ[2, 10a]	Preferred Stock	$1,230,000													
2/20/2009	Northern States Financial Corporation, Waukegan, IL	Preferred Stock w/ Warrants	$17,211,000							$1.65	$6.72	$4.42	584,084	($2.77)	OUT	$418,323
11/14/2008	Northern Trust Corporation, Chicago, IL[4]	Preferred Stock w/ Warrants	$1,576,000,000	6/17/2009	$1,576,000,000	—	8/26/2009	R	$87,000,000	$55.41	$13,419.97					$46,623,333
1/30/2009	Northway Financial, Inc., Berlin, NH[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$976,458
2/13/2009	Northwest Bancorporation, Inc., Spokane, WA[2]	Preferred Stock w/ Exercised Warrants	$10,500,000													$575,430
2/13/2009	Northwest Commercial Bank, Lakewood, WA[2]	Preferred Stock w/ Exercised Warrants	$1,992,000													$190,653
1/30/2009	Oak Ridge Financial Services, Inc., Oak Ridge, NC	Preferred Stock w/ Warrants	$7,700,000							$4.42	$7.92	$7.05	163,830	($2.63)	OUT	$689,792
12/5/2008	Oak Valley Bancorp, Oakdale, CA	Preferred Stock w/ Warrants	$13,500,000							$5.90	$45.44	$5.78	350,346	$0.12	IN	$1,312,500
1/16/2009	OceanFirst Financial Corp., Toms River, NJ[5, 9]	Preferred Stock w/ Warrants	$38,263,000	12/30/2009	$38,263,000	—	2/3/2010	R	$430,797	$12.87	$242.25					$1,828,122
1/30/2009	Ojai Community Bank, Ojai, CA[2]	Preferred Stock w/ Exercised Warrants	$2,080,000													$203,103
12/5/2008	Old Line Bancshares, Inc., Bowie, MD[4]	Preferred Stock w/ Warrants	$7,000,000	7/15/2009	$7,000,000	—	9/2/2009	R	$225,000	$8.06	$31.32					$213,889
12/12/2008	Old National Bancorp, Evansville, IN[4]	Preferred Stock w/ Warrants	$100,000,000	3/31/2009	$100,000,000	—	5/8/2009	R	$1,200,000	$11.89	$1,036.53					$1,513,889
1/16/2009	Old Second Bancorp, Inc., Aurora, IL	Preferred Stock w/ Warrants	$73,000,000							$1.70	$23.65	$13.43	815,339	($11.73)	OUT	$5,769,028
4/17/2009	Omega Capital Corp., Lakewood, CO[2]	Preferred Stock w/ Exercised Warrants	$2,816,000													$50,311
5/8/2009	One Georgia Bank, Atlanta, GA[2]	Preferred Stock w/ Exercised Warrants	$5,500,000													—

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

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6/5/2009	OneFinancial Corporation, Little Rock, AR[8, 10]	Subordinated Debentures w/ Exercised Warrants	$17,300,000													$2,027,993
12/19/2008	OneUnited Bank, Boston, MA[2, 3]	Preferred Stock	$12,063,000													$93,823
4/24/2009	Oregon Bancorp, Inc., Salem, OR[2]	Preferred Stock w/ Exercised Warrants	$3,216,000													$273,160
5/1/2009	OSB Financial Services, Inc., Orange, TX[8]	Subordinated Debentures w/ Exercised Warrants	$6,100,000													$802,390
11/21/2008	Pacific Capital Bancorp, Santa Barbara, CA[29 - 9/24/2010, i]	Common Stock w/ Warrants	$195,045,000							$28.26	$929.87	$20.00	15,120	$8.26	IN	$2,107,397
12/19/2008	Pacific City Financial Corporation, Los Angeles, CA[2]	Preferred Stock w/ Exercised Warrants	$16,200,000													$358,065
12/23/2008	Pacific Coast Bankers' Bancshares, San Francisco, CA[2]	Preferred Stock w/ Exercised Warrants	$11,600,000													$1,197,668
1/16/2009	Pacific Coast National Bancorp, San Clemente, CA[2, 19]	Preferred Stock w/ Exercised Warrants	$4,120,000	2/11/2010	—	—										$18,088
12/23/2008	Pacific Commerce Bank, Los Angeles, CA[2]	Preferred Stock w/ Exercised Warrants	$4,060,000													$387,223
12/12/2008	Pacific International Bancorp, Seattle, WA	Preferred Stock w/ Warrants	$6,500,000							$3.90	$7.80	$7.63	127,785	($3.73)	OUT	$219,375
3/6/2009	Park Bancorporation, Inc., Madison, WI[2]	Preferred Stock w/ Exercised Warrants	$23,200,000													$2,138,943
12/23/2008	Park National Corporation, Newark, OH	Preferred Stock w/ Warrants	$100,000,000							$72.67	$1,113.81	$65.97	227,376	$6.70	IN	$9,472,222
1/30/2009	Parke Bancorp, Inc., Sewell, NJ[g]	Preferred Stock w/ Warrants	$16,288,000							$10.00	$44.40	$7.41	329,757	$2.59	IN	$1,459,133
12/23/2008	Parkvale Financial Corporation, Monroeville, PA	Preferred Stock w/ Warrants	$31,762,000							$9.18	$50.76	$12.66	376,327	($3.48)	OUT	$3,008,567
2/6/2009	Pascack Bancorp, Inc. (Pascack Community Bank), Westwood, NJ[2, 13 - 2/10/2010]	Preferred Stock w/ Exercised Warrants	$3,756,000													$363,378
12/19/2008	Patapsco Bancorp, Inc., Dundalk, MD[2]	Preferred Stock w/ Exercised Warrants	$6,000,000													$377,867
9/11/2009	Pathfinder Bancorp, Inc., Oswego, NY	Preferred Stock w/ Warrants	$6,771,000							$8.50	$21.12	$6.58	154,354	$1.92	IN	$398,737
3/27/2009	Pathway Bancorp, Cairo, NE[2]	Preferred Stock w/ Exercised Warrants	$3,727,000													$77,852
12/19/2008	Patriot Bancshares, Inc., Houston, TX[2]	Preferred Stock w/ Exercised Warrants	$26,038,000													$2,704,136
4/17/2009	Patterson Bancshares, Inc, Patterson, LA[2]	Preferred Stock w/ Exercised Warrants	$3,690,000													$116,220
1/9/2009	Peapack-Gladstone Financial Corporation, Gladstone, NJ[4, g]	Preferred Stock w/ Warrants	$28,685,000	1/6/2010	$7,172,000	$21,513,000				$13.05	$114.68	$28.63	150,296	($15.58)	OUT	$2,345,565
1/30/2009	Peninsula Bank Holding Co., Palo Alto, CA	Preferred Stock w/ Warrants	$6,000,000							$6.10	$11.29	$11.02	81,670	($4.92)	OUT	$300,000
4/17/2009	Penn Liberty Financial Corp., Wayne, PA[2]	Preferred Stock w/ Exercised Warrants	$9,960,000													$856,449
2/13/2009	Peoples Bancorp, Lynden, WA[2]	Preferred Stock w/ Exercised Warrants	$18,000,000													$1,722,200
1/30/2009	Peoples Bancorp Inc., Marietta, OH	Preferred Stock w/ Warrants	$39,000,000							$15.65	$164.33	$18.66	313,505	($3.01)	OUT	$3,493,750
12/23/2008	Peoples Bancorp of North Carolina, Inc., Newton, NC	Preferred Stock w/ Warrants	$25,054,000							$5.25	$29.10	$10.52	357,234	($5.27)	OUT	$2,373,171
4/24/2009	Peoples Bancorporation, Inc., Easley, SC[2]	Preferred Stock w/ Exercised Warrants	$12,660,000													$1,075,203
3/20/2009	Peoples Bancshares of TN, Inc, Madisonville, TN[2]	Preferred Stock w/ Exercised Warrants	$3,900,000													$351,298
3/6/2009	PeoplesSouth Bancshares, Inc., Colquitt, GA[2]	Preferred Stock w/ Exercised Warrants	$12,325,000													$1,136,276
9/11/2009	PFSB Bancorporation, Inc., Pigeon Falls, WI[2, 10]	Preferred Stock w/ Exercised Warrants	$1,500,000													$95,859
2/6/2009	PGB Holdings, Inc., Chicago, IL[3, 4, 30 - 8/13/2010]	Preferred Stock	$3,000,000	8/13/2010	$3,000,000	—										$227,917
1/23/2009	Pierce County Bancorp, Tacoma, WA[2, 25]	Preferred Stock w/ Exercised Warrants	$6,800,000													$207,948

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3/6/2009	Pinnacle Bank Holding Company, Inc., Orange City, FL[2]	Preferred Stock w/ Exercised Warrants	$4,389,000													$284,999
12/12/2008	Pinnacle Financial Partners, Inc., Nashville, TN[b]	Preferred Stock w/ Warrants	$95,000,000							$13.58	$457.10	$26.64	267,455	($13.06)	OUT	$9,143,750
12/19/2008	Plains Capital Corporation, Dallas, TX[2]	Preferred Stock w/ Exercised Warrants	$87,631,000													$9,100,800
7/17/2009	Plato Holdings Inc., Saint Paul, MN[8, 10]	Subordinated Debentures w/ Exercised Warrants	$2,500,000													$275,203
1/30/2009	Plumas Bancorp, Quincy, CA	Preferred Stock w/ Warrants	$11,949,000							$2.34	$11.18	$7.54	237,712	($5.20)	OUT	$622,344
12/5/2008	Popular, Inc., San Juan, PR[12]	Trust Preferred Securities w/ Warrants	$935,000,000							$3.14	$3,211.22	$6.70	20,932,836	($3.56)	OUT	$78,046,528
11/21/2008	Porter Bancorp Inc., Louisville, KY[g]	Preferred Stock w/ Warrants	$35,000,000							$10.31	$137.72	$16.68	314,820	($6.37)	OUT	$3,470,833
4/3/2009	Prairie Star Bancshares, Inc., Olathe, KS[2]	Preferred Stock w/ Exercised Warrants	$2,800,000													$132,253
5/8/2009	Premier Bancorp, Inc., Wilmette, IL[3, 4, 8, 30 - 8/13/2010]	Subordinated Debentures	$6,784,000	8/13/2010	$6,784,000	—										$660,215
3/20/2009	Premier Bank Holding Company, Tallahassee, FL[2]	Preferred Stock w/ Exercised Warrants	$9,500,000													$467,413
10/2/2009	Premier Financial Bancorp, Inc., Huntington, WV	Preferred Stock w/ Warrants	$22,252,000							$6.40	$50.80	$5.31	628,588	$1.09	IN	$967,344
5/22/2009	Premier Financial Corp, Dubuque, IA[8]	Subordinated Debentures w/ Exercised Warrants	$6,349,000													$522,263
2/20/2009	Premier Service Bank, Riverside, CA[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$54,500
2/13/2009	PremierWest Bancorp, Medford, OR[g]	Preferred Stock w/ Warrants	$41,400,000							$0.34	$34.12	$5.70	1,090,385	($5.36)	OUT	$1,046,500
11/20/2009	Presidio Bank, San Francisco, CA[2, 10]	Preferred Stock w/ Exercised Warrants	$10,800,000													—
1/23/2009	Princeton National Bancorp, Inc., Princeton, IL	Preferred Stock w/ Warrants	$25,083,000							$3.64	$12.07	$24.27	155,025	($20.63)	OUT	$2,271,405
2/27/2009	Private Bancorporation, Inc., Minneapolis, MN[2]	Preferred Stock w/ Exercised Warrants	$4,960,000													$607,215
12/29/2009	Private Bancorporation, Inc., Minneapolis, MN[2, 10a]	Preferred Stock	$3,262,000													
1/30/2009	PrivateBancorp, Inc., Chicago, IL[b]	Preferred Stock w/ Warrants	$243,815,000							$14.38	$1,026.48	$28.35	645,013	($13.97)	OUT	$21,841,760
10/2/2009	Providence Bank, Rocky Mount, NC[2, 10]	Preferred Stock w/ Exercised Warrants	$4,000,000													$241,520
3/13/2009	Provident Community Bancshares, Inc., Rock Hill, SC	Preferred Stock w/ Warrants	$9,266,000							$0.66	$1.18	$7.77	178,880	($7.11)	OUT	$543,091
2/27/2009	PSB Financial Corporation, Many, LA[2, 4, 7, 30 - 9/29/2010, 30a]	Preferred Stock w/ Exercised Warrants	$9,270,000	9/29/2010	$9,270,000	—	9/29/2010	R	$464,000							$802,802
1/16/2009	Puget Sound Bank, Bellevue, WA[2]	Preferred Stock w/ Exercised Warrants	$4,500,000													$448,944
1/16/2009	Pulaski Financial Corp, Creve Coeur, MO	Preferred Stock w/ Warrants	$32,538,000							$7.58	$82.38	$6.27	778,421	$1.31	IN	$2,978,131
2/13/2009	QCR Holdings, Inc., Moline, IL	Preferred Stock w/ Warrants	$38,237,000							$7.14	$32.91	$10.99	521,888	($3.85)	OUT	$3,356,359
10/30/2009	Randolph Bank & Trust Company, Asheboro, NC[2]	Preferred Stock w/ Exercised Warrants	$6,229,000													$353,583
6/19/2009	RCB Financial Corporation, Rome, GA[2, 10]	Preferred Stock w/ Exercised Warrants	$8,900,000													$659,374
1/16/2009	Redwood Capital Bancorp, Eureka, CA[2]	Preferred Stock w/ Exercised Warrants	$3,800,000													$379,108
1/9/2009	Redwood Financial Inc., Redwood Falls, MN[2]	Preferred Stock w/ Exercised Warrants	$2,995,000													$302,013
3/6/2009	Regent Bancorp, Inc., Davie, FL[2]	Preferred Stock w/ Exercised Warrants	$9,982,000													$784,282

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition					Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
2/27/2009	Regent Capital Corporation, Nowata, OK[2]	Preferred Stock w/ Exercised Warrants	$2,655,000													$248,436
10/23/2009	Regents Bancshares, Inc., Vancouver, WA[2, 10]	Preferred Stock w/ Exercised Warrants	$12,700,000													$710,191
2/13/2009	Regional Bankshares, Inc., Hartsville, SC[2]	Preferred Stock w/ Exercised Warrants	$1,500,000													$143,517
11/14/2008	Regions Financial Corporation, Birmingham, AL	Preferred Stock w/ Warrants	$3,500,000,000							$7.00	$8,792.59	$10.88	48,253,677	($3.88)	OUT	$350,486,111
2/13/2009	Reliance Bancshares, Inc., Frontenac, MO[2]	Preferred Stock w/ Exercised Warrants	$40,000,000													$3,827,111
2/27/2009	Ridgestone Financial Services, Inc., Brookfield, WI[2]	Preferred Stock w/ Exercised Warrants	$10,900,000													$277,224
1/9/2009	Rising Sun Bancorp, Rising Sun, MD[2]	Preferred Stock w/ Exercised Warrants	$5,983,000													$195,637
6/12/2009	River Valley Bancorporation, Inc., Wausau, WI[8]	Subordinated Debentures w/ Exercised Warrants	$15,000,000													$1,793,363
5/15/2009	Riverside Bancshares, Inc., Little Rock, AR[8]	Subordinated Debentures w/ Exercised Warrants	$1,100,000													$138,435
1/30/2009	Rogers Bancshares, Inc., Little Rock, AR[2]	Preferred Stock w/ Exercised Warrants	$25,000,000													$738,021
2/20/2009	Royal Bancshares of Pennsylvania, Inc., Narberth, PA	Preferred Stock w/ Warrants	$30,407,000							$1.40	$17.50	$4.13	1,104,370	($2.73)	OUT	$358,971
1/16/2009	S&T Bancorp, Indiana, PA	Preferred Stock w/ Warrants	$108,676,000							$22.59	$629.15	$31.53	517,012	($8.94)	OUT	$9,946,873
12/23/2008	Saigon National Bank, Westminster, CA[2]	Preferred Stock w/ Exercised Warrants	$1,549,000													—
3/13/2009	Salisbury Bancorp, Inc., Lakeville, CT	Preferred Stock w/ Warrants	$8,816,000							$25.22	$42.57	$22.93	57,671	$2.29	IN	$737,116
12/5/2008	Sandy Spring Bancorp, Inc., Olney, MD[4]	Preferred Stock w/ Warrants	$83,094,000	7/21/2010	$41,547,000	$41,547,000				$18.43	$442.52	$19.13	651,547	($0.70)	OUT	$7,593,868
				12/15/2010	$41,547,000	—										
2/13/2009	Santa Clara Valley Bank, N.A., Santa Paula, CA[2]	Preferred Stock w/ Exercised Warrants	$2,900,000													$158,928
12/19/2008	Santa Lucia Bancorp, Atascadero, CA[8]	Preferred Stock w/ Warrants	$4,000,000							$2.00	$4.01	$15.75	38,107	($13.75)	OUT	$331,111
3/27/2009	SBT Bancorp, Inc., Simsbury, CT[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$356,067
1/16/2009	SCBT Financial Corporation, Columbia, SC[4]	Preferred Stock w/ Warrants	$64,779,000	5/20/2009	$64,779,000	—	6/24/2009	R	$1,400,000	$32.75	$418.74					$1,115,639
12/19/2008	Seacoast Banking Corporation of Florida, Stuart, FL[b]	Preferred Stock w/ Warrants	$50,000,000							$1.46	$136.44	$6.36	589,623	($4.90)	OUT	$388,889
12/23/2008	Seacoast Commerce Bank, Chula Vista, CA[2]	Preferred Stock w/ Exercised Warrants	$1,800,000													$185,845
2/13/2009	Security Bancshares of Pulaski County, Inc., Waynesville, MO[2]	Preferred Stock w/ Exercised Warrants	$2,152,000													$205,962
1/9/2009	Security Business Bancorp, San Diego, CA[2]	Preferred Stock w/ Exercised Warrants	$5,803,000													$585,063
1/9/2009	Security California Bancorp, Riverside, CA[2]	Preferred Stock w/ Exercised Warrants	$6,815,000													$687,165
6/26/2009	Security Capital Corporation, Batesville, MS[2, 4, 7, 10, 30 - 9/29/2010, 30a]	Preferred Stock w/ Exercised Warrants	$17,388,000	9/29/2010	$17,388,000	—	9/29/2010	R	$522,000							$1,153,111
12/19/2008	Security Federal Corporation, Aiken, SC[4, 30 - 9/29/2010]	Preferred Stock w/ Warrants	$18,000,000	9/29/2010	$18,000,000	—				$12.00	$34.33	$19.57	137,966	($7.57)	OUT	$1,600,000
2/20/2009	Security State Bancshares, Inc., Charleston, MO[2]	Preferred Stock w/ Exercised Warrants	$12,500,000													$1,182,725
5/1/2009	Security State Bank Holding-Company, Jamestown, ND[8]	Subordinated Debentures w/ Exercised Warrants	$10,750,000													$1,414,005
11/21/2008	Severn Bancorp, Inc., Annapolis, MD	Preferred Stock w/ Warrants	$23,393,000							$3.45	$34.73	$6.30	556,976	($2.85)	OUT	$2,319,806
1/9/2009	Shore Bancshares, Inc., Easton, MD[4]	Preferred Stock w/ Warrants	$25,000,000	4/15/2009	$25,000,000	—				$10.54	$88.99	$21.68	172,970	($11.14)	OUT	$333,333

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details					Final Disposition			Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
6/26/2009	Signature Bancshares, Inc., Dallas, TX[4, 7, 8]	Subordinated Debentures w/ Exercised Warrants	$1,700,000	12/15/2010	$1,700,000	—	12/15/2010	R	$85,000							$209,588
12/12/2008	Signature Bank, New York, NY[4]	Preferred Stock w/ Warrants	$120,000,000	3/31/2009	$120,000,000	—	3/10/2010	A	$11,320,751	$50.06	$2,032.09					$1,816,667
1/16/2009	Somerset Hills Bancorp, Bernardsville, NJ[4]	Preferred Stock w/ Warrants	$7,414,000	5/20/2009	$7,414,000	—	6/24/2009	R	$275,000	$9.02	$48.91					$127,686
2/20/2009	Sonoma Valley Bancorp, Sonoma, CA[2, 25]	Preferred Stock w/ Exercised Warrants	$8,653,000													$347,164
1/9/2009	Sound Banking Company, Morehead City, NC[2]	Preferred Stock w/ Exercised Warrants	$3,070,000													$309,616
12/5/2008	South Financial Group, Inc., Greenville, SC[26 - 9/30/2010]	Preferred Stock w/ Warrants	$347,000,000	9/30/2010	$130,179,219	—	9/30/2010	R	$400,000	$0.28	$68.50					$16,386,111
7/17/2009	SouthCrest Financial Group, Inc., Fayetteville, GA[2]	Preferred Stock w/ Exercised Warrants	$12,900,000													$933,494
1/16/2009	Southern Bancorp, Inc., Arkadelphia, AR[3, 4, 30 - 8/6/2010]	Preferred Stock	$11,000,000	8/6/2010	$11,000,000	—										$855,556
12/5/2008	Southern Community Financial Corp., Winston-Salem, NC	Preferred Stock w/ Warrants	$42,750,000							$1.11	$18.66	$3.95	1,623,418	($2.84)	OUT	$4,156,250
2/27/2009	Southern First Bancshares, Inc., Greenville, SC	Preferred Stock w/ Warrants	$17,299,000							$7.46	$23.45	$7.85	330,554	($0.39)	OUT	$1,484,831
5/15/2009	Southern Heritage Bancshares, Inc., Cleveland, TN[2]	Preferred Stock w/ Exercised Warrants	$4,862,000													$397,455
1/23/2009	Southern Illinois Bancorp, Inc., Carmi, IL[2]	Preferred Stock w/ Exercised Warrants	$5,000,000													$493,528
12/5/2008	Southern Missouri Bancorp, Inc., Poplar Bluff, MO	Preferred Stock w/ Warrants	$9,550,000							$17.25	$36.02	$12.53	114,326	$4.72	IN	$928,472
6/12/2009	SouthFirst Bancshares, Inc., Sylacauga, AL[2]	Preferred Stock w/ Exercised Warrants	$2,760,000													$214,349
12/5/2008	Southwest Bancorp, Inc., Stillwater, OK	Preferred Stock w/ Warrants	$70,000,000							$12.40	$240.52	$14.92	703,753	($2.52)	OUT	$6,805,556
3/13/2009	Sovereign Bancshares, Inc., Dallas, TX[2]	Preferred Stock w/ Exercised Warrants	$18,215,000													$1,660,082
3/27/2009	Spirit BankCorp, Inc., Bristow, OK[2]	Preferred Stock w/ Exercised Warrants	$30,000,000													$2,261,750
3/13/2009	St. Johns Bancshares, Inc., St. Louis, MO[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$273,408
4/24/2009	Standard Bancshares, Inc., Hickory Hills, IL[2]	Preferred Stock w/ Exercised Warrants	$60,000,000													$5,095,750
12/5/2008	State Bancorp, Inc., Jericho, NY	Preferred Stock w/ Warrants	$36,842,000							$9.25	$154.13	$11.87	465,569	($2.62)	OUT	$3,581,861
1/16/2009	State Bankshares, Inc., Fargo, ND[2, 4]	Preferred Stock w/ Exercised Warrants	$50,000,000	8/12/2009	$12,500,000	$37,500,000										$4,201,806
2/13/2009	State Capital Corporation, Greenwood, MS[2, 4, 7, 30 - 9/29/2010, 30a]	Preferred Stock w/ Exercised Warrants	$15,000,000	9/29/2010	$15,000,000	—	9/29/2010	R	$750,000							$1,330,709
10/28/2008	State Street Corporation, Boston, MA[5, 9]	Preferred Stock w/ Warrants	$2,000,000,000	6/17/2009	$2,000,000,000	—	7/8/2009	R	$60,000,000	$46.34	$23,263.84					$63,611,111
6/26/2009	Stearns Financial Services, Inc., St. Cloud, MN[8]	Subordinated Debentures w/ Exercised Warrants	$24,900,000													$2,895,738
9/25/2009	Steele Street Bank Corporation, Denver, CO[8, 10]	Subordinated Debentures w/ Exercised Warrants	$11,019,000													$1,018,327
12/19/2008	StellarOne Corporation, Charlottesville, VA	Preferred Stock w/ Warrants	$30,000,000							$14.54	$333.00	$14.87	302,623	($0.33)	OUT	$2,858,333
12/23/2008	Sterling Bancorp, New York, NY	Preferred Stock w/ Warrants	$42,000,000							$10.47	$281.03	$12.19	516,817	($1.72)	OUT	$3,978,333
12/12/2008	Sterling Bancshares, Inc., Houston, TX[4]	Preferred Stock w/ Warrants	$125,198,000	5/5/2009	$125,198,000	—	6/9/2010	A	$3,007,891	$7.02	$715.71					$2,486,571
12/5/2008	Sterling Financial Corporation, Spokane, WA[24, i]	Common Stock w/ Warrants	$303,000,000							$18.97	$1,172.95	$13.20	97,541	$5.77	IN	$6,733,333

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition					Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
1/30/2009	Stewardship Financial Corporation, Midland Park, NJ[8]	Preferred Stock w/ Warrants	$10,000,000							$5.77	$33.74	$11.24	133,475	($5.47)	OUT	$895,833
2/6/2009	Stockmens Financial Corporation, Rapid City, SD[2]	Preferred Stock w/ Exercised Warrants	$15,568,000													$1,505,946
1/23/2009	Stonebridge Financial Corp., West Chester, PA[2]	Preferred Stock w/ Exercised Warrants	$10,973,000													$634,609
6/19/2009	Suburban Illinois Bancorp, Inc., Elmhurst, IL[8]	Subordinated Debentures w/ Exercised Warrants	$15,000,000													$1,768,895
12/19/2008	Summit State Bank, Santa Rosa, CA	Preferred Stock w/ Warrants	$8,500,000							$6.99	$33.17	$5.33	239,212	$1.66	IN	$809,861
1/9/2009	Sun Bancorp, Inc., Vineland, NJ[4]	Preferred Stock w/ Warrants	$89,310,000	4/8/2009	$89,310,000	—	5/27/2009	R	$2,100,000	$4.64	$233.11					$1,103,971
11/14/2008	SunTrust Banks, Inc., Atlanta, GA	Preferred Stock w/ Warrants	$3,500,000,000							$29.51	$14,753.79	$44.15	11,891,280	($14.64)	OUT	$497,256,944
12/31/2008	SunTrust Banks, Inc., Atlanta, GA	Preferred Stock w/ Warrants	$1,350,000,000							$29.51	$14,753.79	$33.70	6,008,902	($4.19)	OUT	
12/5/2008	Superior Bancorp Inc., Birmingham, AL[17]	Trust Preferred Securities w/ Warrants	$69,000,000							$0.57	$7.20	$5.38	1,923,792	($4.81)	OUT	$4,983,333
1/9/2009	Surrey Bancorp, Mount Airy, NC[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$2,000,000	12/29/2010	$2,000,000	—	12/29/2010	R	$100,000							$214,972
12/12/2008	Susquehanna Bancshares, Inc, Lititz, PA[4]	Preferred Stock w/ Warrants	$300,000,000	4/21/2010	$200,000,000	$100,000,000				$9.68	$1,256.42	$14.86	3,028,264	($5.18)	OUT	$23,722,222
				12/22/2010	$100,000,000	—										
4/10/2009	SV Financial, Inc., Sterling, IL[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$348,194
12/12/2008	SVB Financial Group, Santa Clara, CA[5]	Preferred Stock w/ Warrants	$235,000,000	12/23/2009	$235,000,000	—	6/16/2010	R	$6,820,000	$53.05	$2,227.73					$12,109,028
5/8/2009	Sword Financial Corporation, Horicon, WI[8]	Subordinated Debentures w/ Exercised Warrants	$13,644,000													$1,739,314
12/19/2008	Synovus Financial Corp., Columbus, GA	Preferred Stock w/ Warrants	$967,870,000							$2.64	$2,072.70	$9.36	15,510,737	($6.72)	OUT	$92,216,503
1/16/2009	Syringa Bancorp, Boise, ID[2]	Preferred Stock w/ Exercised Warrants	$8,000,000													$253,122
11/21/2008	Taylor Capital Group, Rosemont, IL	Preferred Stock w/ Warrants	$104,823,000							$13.15	$235.08	$10.75	1,462,647	$2.40	IN	$10,394,948
8/28/2009	TCB Corporation, Greenwood, SC[8, 10]	Subordinated Debentures w/ Exercised Warrants	$9,720,000													$957,438
1/16/2009	TCB Holding Company, Texas Community Bank, The Woodlands, TX[2]	Preferred Stock w/ Exercised Warrants	$11,730,000													$690,832
11/14/2008	TCF Financial Corporation, Wayzata, MN[4]	Preferred Stock w/ Warrants	$361,172,000	4/22/2009	$361,172,000	—	12/15/2009	A	$9,599,964	$14.81	$2,112.56					$7,925,719
12/23/2008	TCNB Financial Corp., Dayton, OH[2]	Preferred Stock w/ Exercised Warrants	$2,000,000													$206,494
12/19/2008	Tennessee Commerce Bancorp, Inc., Franklin, TN	Preferred Stock w/ Warrants	$30,000,000							$4.88	$59.51	$9.75	461,538	($4.87)	OUT	$2,858,333
12/23/2008	Tennessee Valley Financial Holdings, Inc., Oak Ridge, TN[2]	Preferred Stock w/ Exercised Warrants	$3,000,000													$146,242
1/16/2009	Texas Capital Bancshares, Inc., Dallas, TX[4]	Preferred Stock w/ Warrants	$75,000,000	5/13/2009	$75,000,000	—	3/11/2010	A	$6,709,061	$21.34	$785.24					$1,218,750
1/9/2009	Texas National Bancorporation, Jacksonville, TX[2, 4, 7]	Preferred Stock w/ Exercised Warrants	$3,981,000	5/19/2010	$3,981,000	—	5/19/2010	R	$199,000							$295,308
8/7/2009	The ANB Corporation, Terrell, TX[2]	Preferred Stock w/ Exercised Warrants	$20,000,000													$1,386,722
12/12/2008	The Bancorp, Inc., Wilmington, DE[5]	Preferred Stock w/ Warrants	$45,220,000	3/10/2010	$45,220,000	—	9/8/2010	R	$4,753,985	$10.17	$266.26					$2,813,689
2/6/2009	The Bank of Currituck, Moyock, NC[2, 34]	Preferred Stock w/ Exercised Warrants	$4,021,000	12/3/2010	$1,742,850	—										$169,834

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Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Details: Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition: Final Disposition Date	Note[15]	Final Disposition Proceeds	Warrant and Market Data for Publicly Traded Companie: Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
2/13/2009	The Bank of Kentucky Financial Corporation, Crestview Hills, KY[4]	Preferred Stock w/ Warrants	$34,000,000	12/22/2010	$17,000,000	$17,000,000				$19.41	$139.79	$18.56	274,784	$0.85	IN	$3,071,805
10/28/2008	The Bank of New York Mellon Corporation, New York, NY[4]	Preferred Stock w/ Warrants	$3,000,000,000	6/17/2009	$3,000,000,000	—	8/5/2009	R	$136,000,000	$30.20	$37,461.71					$95,416,667
1/16/2009	The Baraboo Bancorporation, Baraboo, WI[2]	Preferred Stock w/ Exercised Warrants	$20,749,000													$2,069,957
12/19/2008	The Connecticut Bank and Trust Company, Hartford, CT	Preferred Stock w/ Warrants	$5,448,000							$5.60	$19.98	$4.65	175,742	$0.95	IN	$340,500
12/19/2008	The Elmira Savings Bank, FSB, Elmira, NY	Preferred Stock w/ Warrants	$9,090,000							$18.25	$35.04	$11.70	116,538	$6.55	IN	$866,075
1/9/2009	The First Bancorp, Inc., Damariscotta, ME	Preferred Stock w/ Warrants	$25,000,000							$15.79	$154.28	$16.60	225,904	($0.81)	OUT	$2,312,500
2/6/2009	The First Bancshares, Inc., Hattiesburg, MS[4, 30 - 9/29/2010]	Preferred Stock w/ Warrants	$5,000,000	9/29/2010	$5,000,000	—				$8.50	$25.67	$13.71	54,705	($5.21)	OUT	$411,806
2/6/2009	The Freeport State Bank, Harper, KS[2]	Preferred Stock w/ Exercised Warrants	$301,000													$8,610
10/28/2008	The Goldman Sachs Group, Inc., New York, NY[4]	Preferred Stock w/ Warrants	$10,000,000,000	6/17/2009	$10,000,000,000	—	7/22/2009	R	$1,100,000,000	$168.16	$85,970.68					$318,055,555
5/22/2009	The Landrum Company, Columbia, MO[2]	Preferred Stock w/ Exercised Warrants	$15,000,000													$1,210,354
12/23/2008	The Little Bank, Incorporated, Kinston, NC[2]	Preferred Stock w/ Exercised Warrants	$7,500,000													$774,355
12/31/2008	The PNC Financial Services Group Inc., Pittsburgh, PA[4]	Preferred Stock w/ Warrants	$7,579,200,000	2/10/2010	$7,579,200,000	—	4/29/2010	A	$324,195,686	$60.72	$31,926.33					$421,066,667
2/20/2009	The Private Bank of California, Los Angeles, CA[2]	Preferred Stock w/ Exercised Warrants	$5,450,000													$515,747
1/9/2009	The Queensborough Company, Louisville, GA[2]	Preferred Stock w/ Exercised Warrants	$12,000,000													$882,900
9/4/2009	The State Bank of Bartley, Bartley, NE[8, 10]	Subordinated Debentures w/ Exercised Warrants	$1,697,000													$164,866
12/11/2009	The Victory Bancorp, Inc., Limerick, PA[2, 10a]	Preferred Stock w/ Exercised Warrants	$1,505,000													$123,262
2/27/2009	The Victory Bancorp, Inc. (The Victory Bank), Limerick, PA[2, 13 - 12/4/2009]	Preferred Stock w/ Exercised Warrants	$541,000													
1/23/2009	Three Shores Bancorporation, Inc. (Seaside National Bank & Trust), Orlando, FL[2, 13 - 12/4/2009]	Preferred Stock w/ Exercised Warrants	$5,677,000													$560,376
12/5/2008	TIB Financial Corp, Naples, FL[32 - 9/30/2010]	Preferred Stock w/ Warrants	$37,000,000	9/30/2010	$12,119,637	—	9/30/2010	R	$40,000	$20.74	$245.06					$1,284,722
12/19/2008	Tidelands Bancshares, Inc, Mt. Pleasant, SC	Preferred Stock w/ Warrants	$14,448,000							$1.04	$4.45	$3.79	571,821	($2.75)	OUT	$1,195,973
4/17/2009	Tifton Banking Company, Tifton, GA[2, 25a]	Preferred Stock w/ Exercised Warrants	$3,800,000													$223,208
12/23/2008	Timberland Bancorp, Inc., Hoquiam, WA	Preferred Stock w/ Warrants	$16,641,000							$3.61	$25.43	$6.73	370,899	($3.12)	OUT	$952,236
4/3/2009	Titonka Bancshares, Inc, Titonka, IA[2]	Preferred Stock w/ Exercised Warrants	$2,117,000													$186,547
2/6/2009	Todd Bancshares, Inc., Hopkinsville, KY[2]	Preferred Stock w/ Exercised Warrants	$4,000,000													$386,950
12/12/2008	TowneBank, Portsmouth, VA	Preferred Stock w/ Warrants	$76,458,000							$15.89	$444.33	$21.31	538,184	($5.42)	OUT	$7,359,083
1/16/2009	Treaty Oak Bancorp, Inc., Austin, TX[2]	Preferred Stock w/ Exercised Warrants	$3,268,000													$192,415
3/27/2009	Triad Bancorp, Inc., Frontenac, MO[2]	Preferred Stock w/ Exercised Warrants	$3,700,000													$329,362
12/19/2008	Tri-County Financial Corporation, Waldorf, MD[2]	Preferred Stock w/ Exercised Warrants	$15,540,000													$1,613,873
3/27/2009	Trinity Capital Corporation, Los Alamos, NM[2]	Preferred Stock w/ Exercised Warrants	$35,539,000													$2,195,131

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition					Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
4/3/2009	Tri-State Bank of Memphis, Memphis, TN[2, 3, 4, 30 - 8/13/2010]	Preferred Stock	$2,795,000	8/13/2010	$2,795,000	—										$190,215
2/27/2009	TriState Capital Holdings, Inc., Pittsburgh, PA[2]	Preferred Stock w/ Exercised Warrants	$23,000,000													$2,156,018
4/3/2009	TriSummit Bank, Kingsport, TN[2]	Preferred Stock w/ Exercised Warrants	$2,765,000													$433,660
12/22/2009	TriSummit Bank, Kingsport, TN[2, 10a]	Preferred Stock	$4,237,000													
11/21/2008	Trustmark Corporation, Jackson, MS[4]	Preferred Stock w/ Warrants	$215,000,000	12/9/2009	$215,000,000	—	12/30/2009	R	$10,000,000	$24.84	$1,586.95					$11,287,500
5/29/2009	Two Rivers Financial Group, Burlington, IA[2]	Preferred Stock w/ Exercised Warrants	$12,000,000													$955,567
11/14/2008	U.S. Bancorp, Minneapolis, MN[4]	Preferred Stock w/ Warrants	$6,599,000,000	6/17/2009	$6,599,000,000	—	7/15/2009	R	$139,000,000	$26.97	$51,736.74					$195,220,417
8/7/2009	U.S. Century Bank, Miami, FL[2]	Preferred Stock w/ Exercised Warrants	$50,236,000													$745,312
1/30/2009	UBT Bancshares, Inc., Marysville, KS[2]	Preferred Stock w/ Exercised Warrants	$8,950,000													$874,334
11/14/2008	UCBH Holdings, Inc., San Francisco, CA[14]	Preferred Stock w/ Warrants	$298,737,000							—	$0.46	$5.71	7,847,732	($5.71)	OUT	$7,509,920
11/14/2008	Umpqua Holdings Corp., Portland, OR[5, 9]	Preferred Stock w/ Warrants	$214,181,000	2/17/2010	$214,181,000	—	3/31/2010	R	$4,500,000	$12.18	$1,395.01					$13,475,555
5/1/2009	Union Bank & Trust Company, Oxford, NC[2]	Preferred Stock w/ Exercised Warrants	$3,194,000													$404,034
12/18/2009	Union Bank & Trust Company, Oxford, NC[2, 10a]	Preferred Stock	$2,997,000													
12/29/2009	Union Financial Corporation, Albuquerque, NM[2, 10]	Preferred Stock w/ Exercised Warrants	$2,179,000													$100,769
2/6/2009	Union First Market Bankshares Corporation (First Market Bank, FSB), Bowling Green, VA[5, 9, 18]	Preferred Stock	$33,900,000													$1,821,889
12/19/2008	Union First Market Bankshares Corporation (Union Bankshares Corporation), Bowling Green, VA[5, 9, 18]	Preferred Stock w/ Warrants	$59,000,000	11/18/2009	$59,000,000	—	12/23/2009	R	$450,000	$14.78	$383.61					$4,153,485
2/20/2009	United American Bank, San Mateo, CA[2]	Preferred Stock w/ Exercised Warrants	$8,700,000													—
1/16/2009	United Bancorp, Inc., Tecumseh, MI	Preferred Stock w/ Warrants	$20,600,000							$8.71	$41.59	$9.92	311,492	($1.21)	OUT	$1,885,472
12/23/2008	United Bancorporation of Alabama, Inc., Atmore, AL[4, 30 - 9/3/2010, g]	Preferred Stock w/ Warrants	$10,300,000	9/3/2010	$10,300,000	—					$11.40	$14.41	107,193	($14.41)	OUT	$872,639
5/22/2009	United Bank Corporation, Barnesville, GA[8]	Subordinated Debentures w/ Exercised Warrants	$14,400,000													$1,788,751
12/5/2008	United Community Banks, Inc., Blairsville, GA[f]	Preferred Stock w/ Warrants	$180,000,000							$1.95	$184.27	$12.28	1,099,542	($10.33)	OUT	$17,500,000
1/16/2009	United Financial Banking Companies, Inc., Vienna, VA[2, 4]	Preferred Stock w/ Exercised Warrants	$5,658,000	12/15/2010	$3,000,000	$2,658,000										$576,989
12/5/2008	Unity Bancorp, Inc., Clinton, NJ	Preferred Stock w/ Warrants	$20,649,000							$6.05	$43.60	$4.05	764,778	$2.00	IN	$2,007,542
5/22/2009	Universal Bancorp, Bloomfield, IN[2]	Preferred Stock w/ Exercised Warrants	$9,900,000													$798,834
6/19/2009	University Financial Corp, Inc., St. Paul, MN[3, 4, 8, 30 - 7/30/2010]	Subordinated Debentures	$11,926,000	7/30/2010	$11,926,000	—										$1,022,886
2/6/2009	US Metro Bank, Garden Grove, CA[2]	Preferred Stock w/ Exercised Warrants	$2,861,000													$276,758
12/23/2008	Uwharrie Capital Corp, Albemarle, NC[2]	Preferred Stock w/ Exercised Warrants	$10,000,000													$1,032,472
1/30/2009	Valley Commerce Bancorp, Visalia, CA[2]	Preferred Stock w/ Exercised Warrants	$7,700,000													$751,873
1/9/2009	Valley Community Bank, Pleasanton, CA[2]	Preferred Stock w/ Exercised Warrants	$5,500,000													$554,538

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition					Warrant and Market Data for Publicly Traded Companie				
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
12/12/2008	Valley Financial Corporation, Roanoke, VA	Preferred Stock w/ Warrants	$16,019,000							$3.02	$14.13	$6.97	344,742	($3.95)	OUT	$941,117
12/18/2009	Valley Financial Group, Ltd., 1st State Bank, Saginaw, MI[2]	Preferred Stock w/ Exercised Warrants	$1,300,000													$64,355
				6/3/2009	$75,000,000	$225,000,000										
11/14/2008	Valley National Bancorp, Wayne, NJ[4]	Preferred Stock w/ Warrants	$300,000,000	9/23/2009	$125,000,000	$100,000,000	5/18/2010	A	$5,571,592	$14.30	$2,306.39					$12,979,167
				12/23/2009	$100,000,000	—										
5/1/2009	Village Bank and Trust Financial Corp, Midlothian, VA	Preferred Stock w/ Warrants	$14,738,000							$1.49	$6.31	$4.43	499,029	($2.94)	OUT	$1,134,007
12/12/2008	Virginia Commerce Bancorp, Arlington, VA	Preferred Stock w/ Warrants	$71,000,000							$6.18	$178.56	$3.95	2,696,203	$2.23	IN	$6,833,750
6/12/2009	Virginia Company Bank, Newport News, VA[2, 10]	Preferred Stock w/ Exercised Warrants	$4,700,000													$353,215
4/24/2009	Vision Bank - Texas, Richardson, TX[2]	Preferred Stock w/ Exercised Warrants	$1,500,000													$127,394
12/19/2008	VIST Financial Corp., Wyomissing, PA[h]	Preferred Stock w/ Warrants	$25,000,000							$7.16	$46.68	$10.19	367,984	($3.03)	OUT	$2,381,944
1/30/2009	W.T.B. Financial Corporation, Spokane, WA[2]	Preferred Stock w/ Exercised Warrants	$110,000,000													$10,741,041
12/11/2009	Wachusett Financial Services, Inc., Clinton, MA[2, 10]	Preferred Stock w/ Exercised Warrants	$12,000,000													$596,580
12/19/2008	Wainwright Bank & Trust Company, Boston, MA[4]	Preferred Stock w/ Warrants	$22,000,000	11/24/2009	$22,000,000	—	12/16/2009	R	$568,700	$18.97	$139.50					$1,023,611
1/16/2009	Washington Banking Company, Oak Harbor, WA[b]	Preferred Stock w/ Warrants	$26,380,000							$13.71	$209.98	$8.04	246,082	$5.67	IN	$2,414,503
11/14/2008	Washington Federal, Inc., Seattle, WA[4]	Preferred Stock w/ Warrants	$200,000,000	5/27/2009	$200,000,000	—	3/9/2010	A	$15,623,222	$16.92	$1,903.55					$5,361,111
10/30/2009	WashingtonFirst Bankshares, Inc., Reston, VA[2, 10a]	Preferred Stock	$6,842,000													$1,004,095
1/30/2009	WashingtonFirst Bankshares, Inc.(WashingtonFirst Bank), Reston, VA[2, 13 - 10/30/2009]	Preferred Stock w/ Exercised Warrants	$6,633,000													
6/26/2009	Waukesha Bankshares, Inc., Waukesha, WI[2, 10]	Preferred Stock w/ Exercised Warrants	$5,625,000													$410,926
				3/3/2010	$100,000,000	$300,000,000										
11/21/2008	Webster Financial Corporation, Waterbury, CT[4]	Preferred Stock w/ Warrants	$400,000,000	10/13/2010	$100,000,000	$200,000,000				$19.70	$1,718.37	$18.28	3,282,276	$1.42	IN	$36,944,444
				12/29/2010	$200,000,000	—										
10/28/2008	Wells Fargo & Company, San Francisco, CA[4]	Preferred Stock w/ Warrants	$25,000,000,000	12/23/2009	$25,000,000,000	—	5/20/2010	A	$849,014,998	$30.99	$162,658.95					$1,440,972,222
12/5/2008	WesBanco, Inc., Wheeling, WV[4]	Preferred Stock w/ Warrants	$75,000,000	9/9/2009	$75,000,000	—	12/23/2009	R	$950,000	$18.96	$504.09					$2,854,167
12/31/2008	West Bancorporation, Inc., West Des Moines, IA	Preferred Stock w/ Warrants	$36,000,000							$7.79	$135.58	$11.39	474,100	($3.60)	OUT	$3,375,000
2/13/2009	Westamerica Bancorporation, San Rafael, CA[4]	Preferred Stock w/ Warrants	$83,726,000	9/2/2009	$41,863,000	$41,863,000				$55.47	$1,614.81	$50.92	246,640	$4.55	IN	$2,755,981
2/13/2009	Westamerica Bancorporation, San Rafael, CA[4]	Preferred Stock w/ Warrants		11/18/2009	$41,863,000	—										
11/21/2008	Western Alliance Bancorporation, Las Vegas, NV[b]	Preferred Stock w/ Warrants	$140,000,000							$7.36	$599.95	$13.34	787,107	($5.98)	OUT	$13,883,333
12/23/2008	Western Community Bancshares, Inc., Palm Desert, CA[2]	Preferred Stock w/ Exercised Warrants	$7,290,000													$554,083
12/23/2008	Western Illinois Bancshares Inc., Monmouth, IL[2]	Preferred Stock w/ Exercised Warrants	$6,855,000													$908,244
12/29/2009	Western Illinois Bancshares Inc., Monmouth, IL[2, 10a]	Preferred Stock	$4,567,000													
5/15/2009	Western Reserve Bancorp, Inc, Medina, OH[2]	Preferred Stock w/ Exercised Warrants	$4,700,000													$384,225
2/20/2009	White River Bancshares Company, Fayetteville, AR[2]	Preferred Stock w/ Exercised Warrants	$16,800,000													$1,589,583

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CPP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

				Capital Repayment Details			Final Disposition			Warrant and Market Data for Publicly Traded Companie						
Purchase Date	Institution	Investment Description	Investment Amount	Capital Repayment Date	Capital Repayment Amount	Remaining Capital Amount	Final Disposition Date	Note[15]	Final Disposition Proceeds	Stock Price as of 12/31/2010	Market Capitalization as of 12/31/2010 (in millions)	Strike Price as of 12/31/2010[a]	Current Outstanding Warrants[a]	Amount "In the Money" or "Out of the Money"[e]	In or Out of the Money[e]	Interest/ Dividends Paid to Treasury
12/19/2008	Whitney Holding Corporation, New Orleans, LA	Preferred Stock w/ Warrants	$300,000,000							$14.15	$1,367.48	$17.10	2,631,579	($2.95)	OUT	$28,583,333
12/12/2008	Wilmington Trust Corporation, Wilmington, DE	Preferred Stock w/ Warrants	$330,000,000							$4.34	$397.04	$26.66	1,856,714	($22.32)	OUT	$31,762,500
12/12/2008	Wilshire Bancorp, Inc., Los Angeles, CA	Preferred Stock w/ Warrants	$62,158,000							$7.62	$224.69	$9.82	949,460	($2.20)	OUT	$5,982,708
12/19/2008	Wintrust Financial Corporation, Lake Forest, IL[4]	Preferred Stock w/ Warrants	$250,000,000	12/22/2010	$250,000,000	—				$33.03	$1,135.11	$22.82	1,643,295	$10.21	IN	$25,104,167
5/15/2009	Worthington Financial Holdings, Inc., Huntsville, AL[2]	Preferred Stock w/ Exercised Warrants	$2,720,000													$222,360
1/23/2009	WSFS Financial Corporation, Wilmington, DE	Preferred Stock w/ Warrants	$52,625,000							$47.44	$403.10	$45.08	175,105	$2.36	IN	$4,765,487
1/16/2009	Yadkin Valley Financial Corporation, Elkin, NC	Preferred Stock w/ Warrants	$36,000,000							$1.81	$29.22	$13.99	385,990	($12.18)	OUT	$4,165,827
7/24/2009	Yadkin Valley Financial Corporation, Elkin, NC	Preferred Stock w/ Warrants	$13,312,000							$1.81	$29.22	$7.30	273,534	($5.49)	OUT	
4/24/2009	York Traditions Bank, York, PA[2]	Preferred Stock w/ Exercised Warrants	$4,871,000													$413,753
11/14/2008	Zions Bancorporation, Salt Lake City, UT	Preferred Stock w/ Warrants	$1,400,000,000							$24.23	$4,311.92	$36.27	5,789,909	($12.04)	OUT	$140,194,444

Total Purchase Amount* $204,940,341,320 | **Total Capital Repayment Amount** $167,925,885,706**

Total Losses* ($2,578,099,294)**

TOTAL TREASURY CPP INVESTMENT AMOUNT OUTSTANDING $34,436,356,320 | **Total Warrant Proceeds**** $6,905,541,725**

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numeric notes were taken verbatim from Treasury's 1/4/2011 *Transactions Report*. All amounts and totals reflect cumulative amounts since inception through 12/31/2010.

*Total purchase amount includes the capitalization of accrued dividends referred to in Notes 20, 22, 28 and 29.
**Total repaid includes (i) the amount of $25 billion applied as repayment under the Capital Purchase Program from the total proceeds of $31.85 billion received pursuant to the sales of Citigroup, Inc. common stock as of December 6, 2010 (see Note 23 and "Capital Purchase Program - Citigroup Common Stock Disposition" on following pages) and (ii) the amount of $363,290,000 repaid by institutions that have completed exchanges for investments under the Community Development Capital Initiative (see Note 30 and "Community Development Capital Initiative" on following pages).
***Losses include (i) the investment amount for institutions that have completed bankruptcy proceedings (see Notes 16 and 19) and (ii) the investment amount less the amount of final proceeds for institutions where Treasury has completed a sale (see Notes 26 and 32), but excludes investment amounts for institutions that have pending receivership or bankruptcy proceedings (see Notes 14 and 25).
****Total warrant proceeds includes $7,566,000, which represents the total amount of warrants that were included in nine institutions' exchange into the CDCI program (see Note 30a).

[1a] This transaction was included in previous *Transaction Reports* with Merrill Lynch & Co., Inc. listed as the qualifying institution and a 10/28/2008 transaction date, footnoted to indicate that settlement was deferred pending merger. The purchase of Merrill Lynch by Bank of America was completed on 1/1/2009, and this transaction under the CPP was funded on 1/9/2009.
[1b] The warrant disposition proceeds amount are stated pro rata in respect of the CPP investments in Bank of America Corporation that occurred on 10/28/2008 and 1/9/2009. The total gross disposition proceeds from CPP warrants on 3/3/2010 was $310,571,615, consisting of $186,342,969 and $124,228,646. Proceeds from the disposition of TIP warrants on 3/3/2010 appear on a following page of this report.
[2] Privately-held qualified financial institution; Treasury received a warrant to purchase additional shares of preferred stock (unless the institution is a CDFI), which it exercised immediately.
[3] To promote community development financial institutions (CDFIs), Treasury does not require warrants as part of its investment in certified CDFIs when the size of the investment is $50 million or less.
[3a] Treasury cancelled the warrants received from this institution due to its designation as a CDFI.
[4] Repayment pursuant to Title VII, Section 7001(g) of the American Recovery and Reinvestment Act of 2009.
[5] Redemption pursuant to a qualified equity offering.
[6] This amount does not include accrued and unpaid dividends, which must be paid at the time of capital repayment.
[7] The proceeds associated with the disposition of this investment do not include accrued and unpaid dividends.
[8] Subchapter S corporation; Treasury received a warrant to purchase additional subordinated debentures (unless the institution is a CDFI), which it exercised immediately.
[9] In its qualified equity offering, this institution raised more capital than Treasury's original investment, therefore, the number of Treasury's shares underlying the warrant was reduced by half.
[10] This institution participated in the expansion of CPP for small banks.
[10a] This institution received an additional investment through the expansion of CPP for small banks.
[11] Treasury made three separate investments in Citigroup Inc. (Citigroup) under the CPP, Targeted Investment Program (TIP), and Asset Guarantee Program (AGP) for a total of $49 billion. On 6/9/2009, Treasury entered into an agreement with Citigroup to exchange up to $25 billion of Treasury's investment in Fixed Rate Cumulative Perpetual Preferred Stock, Series H (CPP Shares) "dollar for dollar" in Citigroup's Private and Public Exchange Offerings. On 7/23/2009 and 7/30/2009, Treasury exchanged a total of $25 billion of the CPP shares for Series M Common Stock Equivalent ("Series M") and a warrant to purchase shares of Series M. On 9/11/2009, Series M automatically converted to 7,692,307,692 shares of common stock and the associated warrant terminated on receipt of certain shareholder approvals.
[12] On 8/24/2009, Treasury exchanged its Series C Preferred Stock issued by Popular, Inc. for a like amount of non tax-deductible Trust Preferred Securities issued by Popular Capital Trust III, administrative trustee for Popular, Inc. Popular, Inc. paid a $13 million exchange fee in connection with this transaction.
[13] This institution converted to a bank holding company structure and Treasury exchanged its securities for a like amount of securities that comply with the CPP terms applicable to bank holding companies. The institution in which Treasury's original investment was made is shown in parentheses.
[14] As of the date of this report, this institution is in bankruptcy proceedings.
[15] For final disposition of warrants, "R" represents proceeds from a repurchase of warrants by the financial institution, and "A" represents the proceeds to Treasury, before underwriting fees and selling expenses, from a sale by Treasury in a registered public offering of the warrants issued by the financial institution.
[16] On 12/10/2009, the bankruptcy reorganization plan of CIT Group Inc. became effective and Treasury's preferred stock and warrant investment were extinguished and replaced by Contingent Value Rights (CVRs). On 2/8/2010, the CVRs expired without value as the terms and conditions for distribution of common shares to holders of CVRs were not met.
[17] On 12/11/2009, Treasury exchanged its Series A Preferred Stock issued by Superior Bancorp, Inc. for a like amount of non tax-deductible Trust Preferred Securities issued by Superior Capital Trust II, administrative trustee for Superior Bancorp.
[18] On 2/1/2010, following the acquisition of First Market Bank (First Market) by Union Bankshares Corporation (the acquiror), the preferred stock and exercised warrants issued by First Market on 2/6/2009 were exchanged for a like amount of securities of the acquiror in a single series but with a blended dividend rate equivalent to those of Treasury's original investment.
[19] On 2/11/2010, Pacific Coast National Bancorp dismissed its bankruptcy proceedings with no recovery to any creditors or investors, including Treasury, and the investment was extinguished.
[20] On 3/8/2010, Treasury exchanged its $84,784,000 of Preferred Stock in Midwest Banc Holdings, Inc. (MBHI) for $89,388,000 of Mandatory Convertible Preferred Stock (MCP), which is equivalent to the initial investment amount of $84,784,000, plus $4,604,000 of capitalized previously accrued and unpaid dividends. Subject to the fulfillment by MBHI of the conditions related to its capital plan, the MCP may be converted to common stock.
[21] On 3/30/2010, Treasury exchanged its $7,500,000 of Subordinated Debentures in GulfSouth Private Bank for an equivalent amount of Preferred Stock, in connection with its conversion from a Subchapter S-Corporation, that comply with the CPP terms applicable to privately held qualified financial institutions.
[22] On 4/16/2010, Treasury exchanged its $72,000,000 of Preferred Stock in Independent Bank Corporation (Independent) for $74,426,000 of Mandatory Convertible Preferred Stock (MCP), which is equivalent to the initial investment amount of $72,000,000, plus $2,426,000 of capitalized previously accrued and unpaid dividends. Subject to the fulfillment by Independent of the conditions related to its capital plan, the MCP may be converted to common stock.
[23] Treasury received Citigroup common stock pursuant to the June 2009 Exchange Agreement between Treasury and Citigroup which provided for the exchange into common shares of the preferred stock that Treasury purchased in connection with Citigroup's participation in the Capital Purchase Program (see note 11). On April

26, 2010, Treasury gave Morgan Stanley & Co. Incorporated (Morgan Stanley) discretionary authority as its sales agent to sell subject to certain parameters up to 1,500,000,000 shares of the common stock from time to time during the period ending on June 30, 2010 (or on completion of the sale). Completion of the sale under this authority occurred on May 26, 2010. On May 26, 2010, Treasury again gave Morgan Stanley discretionary authority as its sales agent to sell subject to certain parameters up to 1,500,000,000 shares of the common stock from time to time during the period ending on June 30, 2010 (or on completion of the sale). Completion of the sale under this authority occurred on June 30, 2010. On July 23, 2010, Treasury again gave Morgan Stanley discretionary authority as its sales agent to sell subject to certain parameters up to 1,500,000,000 shares of the common stock from time to time during the period ending on September 30, 2010 (or on completion of the sale). Completion of the sale under this authority occurred on September 30, 2010. On October 19, 2010, Treasury gave Morgan Stanley & Co. Incorporated (Morgan Stanley) discretionary authority, as its sales agent, to sell subject to certain parameters up to 1,500,000,000 shares of common stock from time to time during the period ending on December 31, 2010 (or upon completion of the sale), which plan was terminated on December 6, 2010. All such sales were generally made at the market price. On December 6, 2010, Treasury commenced an underwritten public offering of its remaining 2,417,407,607 shares. See "Capital Purchase Program - Citigroup, Inc., Common Stock Disposition" on following page for the actual number of shares sold by Morgan Stanley, the weighted average price per share and the total proceeds to Treasury from all such sales during those periods.

[24] On 8/26/2010, Treasury completed the exchange of its $303,000,000 of Preferred Stock in Sterling Financial Corporation (Sterling) for a like amount of Mandatorily Convertible Preferred Stock (MCP), pursuant to the terms of the exchange agreement between Treasury and Sterling entered into on 4/29/2010. Since Sterling also fulfilled the conversion conditions set forth in the Certificate of Designations for the MCP, including those related to its capital plan, Treasury's $303,000,000 of MCP was subsequently converted into 378,750,000 shares of common stock.

[25] As of the date of this report, the banking subsidiary of this institution has been placed in receivership and the subsidiary's assets and liabilities were ordered to be sold to another bank.

[25a] As of the date of this report, this institution has been placed in receivership and the assets and liabilities were ordered to be sold to another bank.

[26] On 9/30/2010, Treasury completed the sale of all Preferred Stock and Warrants issued by South Financial Group, Inc. to Toronto-Dominion Bank (TD) at an aggregate purchase price of $130,179,218.75 for the Preferred Stock and $400,000 for the Warrants, pursuant to the terms of the agreement between Treasury and TD entered into on 5/18/2010.

[27] On 6/30/2010, Treasury exchanged $46,400,000 of its Series A Preferred Stock in First Merchants Corporation for a like amount of non tax-deductible Trust Preferred Securities issued by First Merchants Capital Trust III.

[28] On 7/20/2010, Treasury completed the exchange of its $400,000,000 of Preferred Stock in First BanCorp for $424,174,000 of Mandatorily Convertible Preferred Stock (MCP), which is equivalent to the initial investment amount of $400,000,000, plus $24,174,000 of capitalized previously accrued and unpaid dividends. Subject to the fulfillment by First BanCorp of certain conditions, including those related to its capital plan, the MCP may be converted to common stock. First BanCorp has agreed to have Treasury observers attend board of directors meetings.

[29] On 8/31/2010, following the completion of the conditions related to Pacific Capital Bancorp's (Pacific Capital) capital plan, Treasury exchanged its $180,634,000 of Preferred Stock in Pacific Capital for $195,045,000 of Mandatorily Convertible Preferred Stock (MCP), which is equivalent to the initial investment amount of $180,634,000, plus $14,411,000 of capitalized previously accrued and unpaid dividends. On 9/27/2010, following the completion of the conversion conditions set forth in the Certificate of Designations for the MCP, all of Treasury's MCP was converted into 360,833,250 shares of common stock of Pacific Capital. Pacific Capital has agreed to have Treasury observers attend board of directors meetings.

[30] This institution qualified to participate in the Community Development Capital Initiative (CDCI), and has completed an exchange of its Capital Purchase Program investment for an investment under the terms of the CDCI program. See "Community Development Capital Initiative" below.

[30a] At the time of this institution's exchange into the CDCI program, the warrant preferreds were included in the total amount of preferred stock exchanged for Treasury's CDCI investment. Therefore this disposition amount does not represent cash proceeds to Treasury.

[31] On 9/30/2010, Treasury completed the exchange of its $ 80,347,000 of Preferred Stock in Hampton Roads Bankshares, Inc. (Hampton) for a like amount of Mandatorily Convertible Preferred Stock (MCP), pursuant to the terms of the exchange agreement between Treasury and Hampton entered into on 8/12/2010. Since Hampton also fulfilled the conversion conditions set forth in the Certificate of Designations for the MCP, Treasury's $80,347,000 of MCP was subsequently converted into 52,225,550 shares of common stock.

[32] On 9/30/2010, Treasury completed the sale of all Preferred Stock and Warrants issued by TIB Financial Corp. to North American Financial Holdings, Inc. (NAFH) at an aggregate purchase price of $12,119,637.37 for the Preferred Stock and $40,000 for the Warrants, pursuant to the terms of the agreement between Treasury and NAFH entered into on 9/24/2010.

[33] Treasury entered into an agreement as of 10/29/2010 with Community Bancorp LLC for the sale of all Preferred Stock and Warrants issued by Cadence Financial Corporation to Treasury for an aggregate purchase price of (i) $38 million plus (ii) accrued and unpaid dividends through the date of the agreement. Completion of the sale is subject to the fulfillment of certain closing conditions.

[34] On 12/3/2010, Treasury completed the sale of all Preferred Stock (including the Preferred Stock received upon the exercise of warrants) issued by The Bank of Currituck ("Currituck") to Treasury for an aggregate purchase price of $1,742,850, pursuant to the terms of the agreement between Treasury and Currituck entered into on 11/5/2010.

[a] According to Treasury, "if a Share Dividend is declared on a common stock of a bank in which Treasury holds outstanding warrants, Treasury is entitled to additional warrants. The 'Update' netted is the amount of new warrant shares that have been received as a result of the corporate action." Thus, the strike price presented reflects these adjustments provided by Treasury. It appears that Treasury also adjusts the number of shares based on corporate actions as well. Those adjustments are also presented in the current number of outstanding warrants. Amounts are presented as of 10/3/2010.

[b] According to Treasury, these institutions executed Qualified Equity Offerings which "reduce the number of outstanding warrants held by Treasury."

[c] Treasury made more than one investment in these institutions. For purposes of this table, income (dividends and interest), is presented on a combined basis because it could not be split between the two transactions based on the data provided by Treasury.

[d] According to Treasury, M&T acquired Provident, therefore "warrant details changed as per the conversion ratio." The previous investment in Provident now reflects M&T market data above.

[e] When a warrant's underlying current stock price rises above the strike price, it is considered "In the Money," otherwise it is considered "Out of the Money."

[f] According to Treasury, these institutions' warrants were modified via Qualified Equity Offerings and Stock Dividend.

[g] According to Treasury, these institutions' warrants were increased via Stock Dividend.

[h] According to Treasury, these institutions' warrants were increased via Stock Issuance.

[i] According to Treasury, these institutions converted their warrants from Preferred to Mandatorily Convertible Preferred.

[j] According to Treasury, these institutions executed a 1 to 10 reverse stock split.

[k] According to Treasury, these institutions' warrants increased via cash dividend.

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, response to SIGTARP data call, 1/11/2011; Market Data: Capital IQ, Inc. (a division of Standard & Poor's), www.capitaliq.com, accessed 1/6/2011.

TABLE D.2

CPP — CITIGROUP, INC. COMMON STOCK DISPOSITION, AS OF 12/31/2010

Note	Date	Pricing Mechanism[6]	Number of Shares	Proceeds[7]
1	4/26/2010 – 5/26/2010	$4.1217	1,500,000,000	$6,182,493,158
2	5/26/2010 – 6/30/2010	$3.8980	1,108,971,857	$4,322,726,825
3	7/23/2010 – 9/30/2010	$3.9090	1,500,000,000	$5,863,489,587
4	10/19/2010 – 12/6/2010	$4.2609	1,165,928,228	$4,967,921,811
5	12/6/2010	$4.3500	2,417,407,607	$10,515,723,090
			Total Proceeds	**$31,852,354,471**

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 1/4/2011 *Transactions Report*.

[1] On 4/26/2010, Treasury gave Morgan Stanley & Co. Incorporated (Morgan Stanley) discretionary authority, as its sales agent, to sell subject to certain parameters up to 1,500,000,000 shares of common stock from time to time during the period ending on 6/30/2010 (or upon completion of the sale). Completion of the sale under this authority occurred on 5/26/2010.
[2] On 5/26/2010, Treasury gave Morgan Stanley & Co. Incorporated (Morgan Stanley) discretionary authority, as its sales agent, to sell up to 1,500,000,000 shares of common stock from time to time during the period ending on 6/30/2010 (or upon completion of the sale). Completion of the sale under this authority occurred on 6/30/2010.
[3] On 7/23/2010, Treasury gave Morgan Stanley & Co. Incorporated (Morgan Stanley) discretionary authority, as its sales agent, to sell subject to certain parameters up to 1,500,000,000 shares of common stock from time to time during the period ending on 9/30/2010 (or upon completion of the sale). Completion of the sale under this authority occurred on 9/30/2010.
[4] On 10/19/2010, Treasury gave Morgan Stanley & Co. Incorporated (Morgan Stanley) discretionary authority, as its sales agent, to sell subject to certain parameters up to 1,500,000,000 shares of common stock from time to time during the period ending on December 31, 2010 (or upon completion of the sale), which plan was terminated on December 6, 2010.
[5] On 12/6/2010, Treasury commenced an underwritten public offering of its remaining 2,417,407,607 shares. Closing of the offering is subject to the fulfillment of certain closing conditions.
[6] The price set forth is the weighted average price for all sales of Citigroup, Inc. common stock made by Treasury over the course of the corresponding period.
[7] Amount represents the gross proceeds to Treasury.

Source: Treasury, *Transactions Report*, 1/4/2011.

TABLE D.3

CDCI PROGRAM TRANSACTION DETAIL, AS OF 12/31/2010

		Seller		Purchase Details				Disposition Details			
Note	Purchase Date	Name of Institution	Investment Description	Amount from CPP	Additional Investment	Investment Amount	Pricing Mechanism	Date	Amount	Remaining Investment Amount	Dividend/Interest Paid to Treasury
1	7/30/2010	Guaranty Capital Corporation, Belzoni, MS	Subordinated Debentures	$14,000,000	—	$14,000,000	Par				$126,583
1, 2	7/30/2010	University Financial Corp, Inc., St. Paul, MN	Subordinated Debentures	$11,926,000	$10,189,000	$22,115,000	Par				$199,956
1, 2	8/6/2010	Southern Bancorp, Inc., Arkadelphia, AR	Preferred Stock	$11,000,000	$22,800,000	$33,800,000	Par				$185,900
1	8/13/2010	Premier Bancorp, Inc., Wilmette, IL	Subordinated Debentures	$6,784,000	—	$6,784,000	Par				—
1	8/13/2010	Citizens Bancshares Corporation, Atlanta, GA	Preferred Stock	$7,462,000	—		Par				$52,249
2a	9/17/2010		Preferred Stock	—	$4,379,000	$11,841,000	Par				
1	8/13/2010	PGB Holdings, Inc., Chicago, IL	Preferred Stock	$3,000,000	—	$3,000,000	Par				$15,333
1	8/13/2010	First American International Corp., Brooklyn, NY	Preferred Stock	$17,000,000	—	$17,000,000	Par				$86,889
1	8/13/2010	Tri-State Bank of Memphis, Memphis, TN	Preferred Stock	$2,795,000	—	$2,795,000	Par				$14,286
1	8/20/2010	Mission Valley Bancorp, Sun Valley, CA	Preferred Stock	$5,500,000	—		Par				$39,674
2a	9/24/2010		Preferred Stock	—	$4,836,000	$10,336,000	Par				
1	8/20/2010	M&F Bancorp, Inc., Durham, NC	Preferred Stock	$11,735,000	—	$11,735,000	Par				$55,415
1	8/27/2010	Carver Bancorp, Inc, New York, NY	Preferred Stock	$18,980,000	—	$18,980,000	Par				$82,247
	9/3/2010	Kilmichael Bancorp, Inc., Kilmichael, MS	Subordinated Debentures	—	—	$3,154,000	Par				$19,555
1	9/3/2010	United Bancorporation of Alabama, Inc., Atmore, AL	Preferred Stock	$10,300,000	—	$10,300,000	Par				$41,200
1	9/3/2010	IBW Financial Corporation, Washington, DC	Preferred Stock	$6,000,000	—	$6,000,000	Par				$24,000
1, 2	9/10/2010	IBC Bancorp, Inc., Chicago, IL	Subordinated Debentures	$4,205,000	$3,881,000	$8,086,000	Par				$45,259
	9/17/2010	CFBanc Corporation, Washington, DC	Preferred Stock	—	—	$5,781,000	Par				$18,628
	9/17/2010	American Bancorp of Illinois, Inc., Oak Brook, IL	Subordinated Debentures	—	—	$5,457,000	Par				$27,255
	9/17/2010	Hope Federal Credit Union, Jackson, MS	Subordinated Debentures	—	—	$4,520,000	Par				$14,564
	9/17/2010	Genesee Co-op Federal Credit Union, Rochester, NY	Subordinated Debentures	—	—	$300,000	Par				$967
1	9/17/2010	First Eagle Bancshares, Inc., Hanover Park, IL	Subordinated Debentures	$7,875,000	—	$7,875,000	Par				$39,331
1, 2	9/24/2010	Liberty Financial Services, Inc., New Orleans, LA	Preferred Stock	$5,645,000	$5,689,000	$11,334,000	Par				$32,113
1	9/24/2010	First Choice Bank, Cerritos, CA	Preferred Stock	$5,146,000	—	$5,146,000	Par				$14,580
	9/24/2010	Bainbridge Bancshares, Inc., Bainbridge, GA	Preferred Stock	—	—	$3,372,000	Par				$9,554
	9/24/2010	Virginia Community Capital, Inc., Christiansburg, VA	Subordinated Debentures	—	—	$1,915,000	Par				$5,426
	9/24/2010	Lower East Side People's Federal Credit Union, New York, NY	Subordinated Debentures	—	—	$898,000	Par				$2,544

Continued on next page.

CDCI PROGRAM TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

		Seller		Purchase Details				Disposition Details			
Note	Purchase Date	Name of Institution	Investment Description	Amount from CPP	Additional Investment	Investment Amount	Pricing Mechanism	Date	Amount	Remaining Investment Amount	Dividend/Interest Paid to Treasury
	9/24/2010	Atlantic City Federal Credit Union, Lander, WY	Subordinated Debentures	—	—	$2,500,000	Par				$7,083
	9/24/2010	Neighborhood Trust Federal Credit Union, New York, NY	Subordinated Debentures	—	—	$283,000	Par				$802
	9/24/2010	Gateway Community Federal Credit Union, Missoula, MT	Subordinated Debentures	—	—	$1,657,000	Par				$4,695
	9/24/2010	Union Baptist Church Federal Credit Union, Fort Wayne, IN	Subordinated Debentures	—	—	$10,000	Par				$28
	9/24/2010	Buffalo Cooperative Federal Credit Union, Buffalo, NY	Subordinated Debentures	—	—	$145,000	Par				$411
	9/24/2010	Tulane-Loyola Federal Credit Union, New Orleans, LA	Subordinated Debentures	—	—	$424,000	Par				$1,201
	9/24/2010	Alternatives Federal Credit Union, Ithaca, NY	Subordinated Debentures	—	—	$2,234,000	Par				$6,330
	9/24/2010	Liberty County Teachers Federal Credit Union, Liberty, TX	Subordinated Debentures	—	—	$435,000	Par				$1,233
	9/24/2010	UNO Federal Credit Union, New Orleans, LA	Subordinated Debentures	—	—	$743,000	Par				$2,105
	9/24/2010	Butte Federal Credit Union, Biggs, CA	Subordinated Debentures	—	—	$1,000,000	Par				$2,833
	9/24/2010	Thurston Union of Low-Income People (TULIP) Cooperative Credit Union, Olympia, WA	Subordinated Debentures	—	—	$75,000	Par				$213
	9/24/2010	Phenix Pride Federal Credit Union, Phenix City, AL	Subordinated Debentures	—	—	$153,000	Par				$434
	9/24/2010	Pyramid Federal Credit Union, Tucson, AZ	Subordinated Debentures	—	—	$2,500,000	Par				$7,083
	9/24/2010	Cooperative Center Federal Credit Union, Berkeley, CA	Subordinated Debentures	—	—	$2,799,000	Par				$7,931
	9/24/2010	Prince Kuhio Federal Credit Union, Honolulu, HI	Subordinated Debentures	—	—	$273,000	Par				$774
	9/24/2010	Community First Guam Federal Credit Union, Hagatna, GU	Subordinated Debentures	—	—	$2,650,000	Par				$7,508
	9/24/2010	Brewery Credit Union, Milwaukee, WI	Subordinated Debentures	—	—	$1,096,000	Par				$3,105
	9/24/2010	Tongass Federal Credit Union, Ketchikan, AK	Subordinated Debentures	—	—	$1,600,000	Par				$4,533
	9/24/2010	Santa Cruz Community Credit Union, Santa Cruz, CA	Subordinated Debentures	—	—	$2,828,000	Par				$8,013
	9/24/2010	Northeast Community Federal Credit Union, San Francisco, CA	Subordinated Debentures	—	—	$350,000	Par				$992
	9/24/2010	Fairfax County Federal Credit Union, Fairfax, VA	Subordinated Debentures	—	—	$8,044,000	Par				$22,791
1, 2	9/29/2010	Security Federal Corporation, Aiken, SC	Preferred Stock	$18,000,000	$4,000,000	$22,000,000	Par				$56,222
1, 2	9/29/2010	Community Bank of the Bay, Oakland, CA	Preferred Stock	$1,747,000	$2,313,000	$4,060,000	Par				$10,376
1, 2	9/29/2010	The First Bancshares, Inc., Hattiesburg, MS	Preferred Stock	$5,000,000	$12,123,000	$17,123,000	Par				$43,759
1, 2	9/29/2010	BancPlus Corporation, Ridgeland, MS	Preferred Stock	$50,400,000	$30,514,000	$80,914,000	Par				$206,780
1	9/29/2010	First M&F Corporation, Kosciusko, MS	Preferred Stock	$30,000,000	—	$30,000,000	Par				$76,667
1	9/29/2010	State Capital Corporation, Greenwood, MS	Preferred Stock	$15,750,000	—	$15,750,000	Par				$40,250
1	9/29/2010	Lafayette Bancorp, Inc., Oxford, MS	Preferred Stock	$4,551,000	—	$4,551,000	Par				$11,630
1	9/29/2010	PSB Financial Corporation, Many, LA	Preferred Stock	$9,734,000	—	$9,734,000	Par				$24,876
1	9/29/2010	Community Bancshares of Mississippi, Inc., Brandon, MS	Preferred Stock	$54,600,000	—	$54,600,000	Par				$139,533
1	9/29/2010	First Vernon Bancshares, Inc., Vernon, AL	Preferred Stock	$6,245,000	—	$6,245,000	Par				$15,959
1	9/29/2010	Security Capital Corporation, Batesville, MS	Preferred Stock	$17,910,000	—	$17,910,000	Par				$45,770
	9/29/2010	BankAsiana, Palisades Park, NJ	Preferred Stock	—	—	$5,250,000	Par				$13,417
	9/29/2010	The Magnolia State Corporation, Bay Springs, MS	Subordinated Debentures	—	—	$7,922,000	Par				$31,380
	9/29/2010	Bancorp of Okolona, Inc., Okolona, MS	Subordinated Debentures	—	—	$3,297,000	Par				$13,060
	9/29/2010	Southern Chautauqua Federal Credit Union, Lakewood, NY	Subordinated Debentures	—	—	$1,709,000	Par				$4,367
	9/29/2010	Fidelis Federal Credit Union, New York, NY	Subordinated Debentures	—	—	$14,000	Par				$36
	9/29/2010	Bethex Federal Credit Union, Bronx, NY	Subordinated Debentures	—	—	$502,000	Par				$1,283
	9/29/2010	Shreveport Federal Credit Union , Shreveport, LA	Subordinated Debentures	—	—	$2,646,000	Par				$6,762
	9/29/2010	Carter Federal Credit Union, Springhill, LA	Subordinated Debentures	—	—	$6,300,000	Par				$16,100
	9/29/2010	UNITEHERE Federal Credit Union (Workers United Federal Credit Union), New York, NY	Subordinated Debentures	—	—	$57,000	Par				$146
	9/29/2010	North Side Community Federal Credit Union, Chicago, IL	Subordinated Debentures	—	—	$325,000	Par				$831
	9/29/2010	East End Baptist Tabernacle Federal Credit Union, Bridgeport, CT	Subordinated Debentures	—	—	$7,000	Par				$18
	9/29/2010	Community Plus Federal Credit Union, Rantoul, IL	Subordinated Debentures	—	—	$450,000	Par				$1,150
	9/29/2010	Border Federal Credit Union, Del Rio, TX	Subordinated Debentures	—	—	$3,260,000	Par				$8,331

Continued on next page.

CDCI PROGRAM TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Seller			Purchase Details				Disposition Details			
Note	Purchase Date	Name of Institution	Investment Description	Amount from CPP	Additional Investment	Investment Amount	Pricing Mechanism	Date	Amount	Remaining Investment Amount	Dividend/Interest Paid to Treasury
	9/29/2010	Opportunities Credit Union, Burlington, VT	Subordinated Debentures	—	—	$1,091,000	Par				$2,788
	9/29/2010	First Legacy Community Credit Union, Charlotte, NC	Subordinated Debentures	—	—	$1,000,000	Par				$2,556
	9/29/2010	Union Settlement Federal Credit Union, New York, NY	Subordinated Debentures	—	—	$295,000	Par				$754
	9/29/2010	Southside Credit Union, San Antonio, TX	Subordinated Debentures	—	—	$1,100,000	Par				$2,811
	9/29/2010	D.C. Federal Credit Union, Washington, DC	Subordinated Debentures	—	—	$1,522,000	Par				$3,890
	9/29/2010	Faith Based Federal Credit Union, Oceanside, CA	Subordinated Debentures	—	—	$30,000	Par				$77
	9/29/2010	Greater Kinston Credit Union, Kinston, NC	Subordinated Debentures	—	—	$350,000	Par				$894
	9/29/2010	Hill District Federal Credit Union, Pittsburgh, PA	Subordinated Debentures	—	—	$100,000	Par				$256
	9/29/2010	Freedom First Federal Credit Union, Roanoke, VA	Subordinated Debentures	—	—	$9,278,000	Par				$23,710
	9/29/2010	Episcopal Community Federal Credit Union, Los Angeles, CA	Subordinated Debentures	—	—	$100,000	Par				$256
	9/29/2010	Vigo County Federal Credit Union, Terre Haute, IN	Subordinated Debentures	—	—	$1,229,000	Par				$3,141
	9/29/2010	Renaissance Community Development Credit Union, Somerset, NJ	Subordinated Debentures	—	—	$31,000	Par				$79
	9/29/2010	Independent Employers Group Federal Credit Union, Hilo, HI	Subordinated Debentures	—	—	$698,000	Par				$1,784
	9/30/2010	Brooklyn Cooperative Federal Credit Union, Brooklyn, NY	Subordinated Debentures	—	—	$300,000	Par				$750
					Total Purchase Amount	$570,073,000			Total Capital Repayment Amount	—	
									Total Treasury CDCI Investment Amount	$570,073,000	

Notes: Numbers affected by rounding. Data as of 12/31/2010. Numbered notes are taken verbatim from Treasury's 1/4/2011 *Transactions Report.*

[1] This institution qualified to participate in the Community Development Capital Initiative (CDCI), and has exchanged its Capital Purchase Program investment for an equivalent amount of investment with Treasury under the CDCI program terms.
[2] Treasury made an additional investment in this institution at the time it entered the CDCI program.
[2a] Treasury made an additional investment in this institution after the time it entered the CDCI program.

Source: Treasury, *Transactions Report*, 1/4/2011.

TABLE D.4

AIFP TRANSACTION DETAIL, AS OF 12/31/2010

							Exchange/Transfer/Other Details				Treasury Investment After Exchange/Transfer/Other				Payment or Disposition[1]					
	Date	Transaction Type	Seller	Description	Amount	Note	Date	Type	Amount	Note	Obligor	Note	Description	Amount/ Equity %	Date	Type	Amount/ Proceeds	Remaining Investment Description	Remaining Investment Amount/ Equity %	Dividend/ Interest Paid to Treasury[a]
GMAC (Ally), Detroit, MI	12/29/2008	Purchase	GMAC	Preferred Stock w/ Exercised Warrants	$5,000,000,000		12/30/2009	Exchange for convertible preferred stock	$5,000,000,000		GMAC	21, 22	Convertible Preferred Stock	$5,937,500,000						$2,004,097,986
	5/21/2009	Purchase	GMAC	Convertible Preferred Stock w/ Exercised Warrants	$7,500,000,000	22	12/30/2009	Partial exchange for common stock	$3,000,000,000											
	12/30/2009	Purchase	GMAC	Convertible Preferred Stock w/ Exercised Warrants	$1,250,000,000	22, 26	12/30/2010	Partial conversion of preferred stock for common stock	$5,500,000,000	26	GMAC	3,26	Common Stock	73.8%						
	12/30/2009	Purchase	GMAC	Trust Preferred Securities w/ Exercised Warrants	$2,540,000,000															

Continued on next page.

AIFP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

							Exchange/Transfer/Other Details				Treasury Investment After Exchange/Transfer/Other				Payment or Disposition[1]					
	Date	Transaction Type	Seller	Description	Amount	Note	Date	Type	Amount	Note	Obligor	Note	Description	Amount/ Equity %	Date	Type	Amount/ Proceeds	Remaining Investment Description	Remaining Investment Amount/ Equity %	Dividend/ Interest Paid to Treasury[a]
General Motors,[b] Detroit, MI	12/29/2008	Purchase	General Motors Corporation	Debt Obligation	$884,024,131	2	5/29/2009	Exchange for equity interest in GMAC	$884,024,131	3										$756,714,508
	12/31/2008	Purchase	General Motors Corporation	Debt Obligation w/ Additional Note	$13,400,000,000		7/10/2009	Exchange for preferred and common stock in New GM	$13,400,000,000	7										
	4/22/2009	Purchase	General Motors Corporation	Debt Obligation w/ Additional Note	$2,000,000,000	4	7/10/2009	Exchange for preferred and common stock in New GM	$2,000,000,000	7	General Motors Company	10, 11, 24	Preferred Stock	$2,100,000,000	12/15/2010	Repayment	$2,139,406,778	None	—	
	5/20/2009	Purchase	General Motors Corporation	Debt Obligation w/ Additional Note	$4,000,000,000	5	7/10/2009	Exchange for preferred and common stock in New GM	$4,000,000,000	7	General Motors Company	10, 11, 25	Common Stock	60.8%	11/18/2010	Partial disposition 25	$11,743,303,903	Common Stock	36.9%	
															11/26/2010	Partial disposition 25	$1,761,495,577	Common Stock	33.3%	
	5/27/2009	Purchase	General Motors Corporation	Debt Obligation w/ Additional Note	$360,624,198	6	7/10/2009	Exchange for preferred and common stock in New GM	$360,624,198	7	General Motors Holdings LLC	11, 12	Debt Obligation	$7,072,488,605	7/10/2009	Partial repayment	$360,624,198	Debt Obligation	$6,711,864,407	
															12/18/2009	Partial repayment	$1,000,000,000	Debt Obligation	$5,711,864,407	
															1/21/2010	Partial repayment	$35,084,421	Debt Obligation	$5,676,779,986	
															3/31/2010	Partial repayment	$1,000,000,000	Debt Obligation	$4,676,779,986	
															4/20/2010	Repayment	$4,676,779,986	None	—	
	6/3/2009	Purchase	General Motors Corporation	Debt Obligation w/ Additional Note	$30,100,000,000	8	7/10/2009	Exchange for preferred and common stock in New GM	$22,041,706,310	9										
							7/10/2009	Transfer of debt to New GM	$7,072,488,605	9										
							7/10/2009	Debt left at Old GM	$985,805,085	9	Motors Liquidation Company		Debt Obligation	$985,805,085						

Continued on next page.

AIFP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

							Exchange/Transfer/Other Details				Treasury Investment After Exchange/Transfer/Other				Payment or Disposition[1]					
	Date	Transaction Type	Seller	Description	Amount	Note	Date	Type	Amount	Note	Obligor	Note	Description	Amount/ Equity %	Date	Type	Amount/ Proceeds	Remaining Investment Description	Remaining Investment Amount/ Equity %	Dividend/ Interest Paid to Treasury[a]
Chrysler FinCo, Farmington Hills, MI	1/16/2009	Purchase	Chrysler FinCo	Debt Obligation w/ Additional Note	$1,500,000,000	13									3/17/2009	Partial repayment	$3,499,055	Debt Obligation w/ Additional Note	$1,496,500,945	$7,405,894
															4/17/2009	Partial repayment	$31,810,122	Debt Obligation w/ Additional Note	$1,464,690,823	
															5/18/2009	Partial repayment	$51,136,084	Debt Obligation w/ Additional Note	$1,413,554,739	
															6/17/2009	Partial repayment	$44,357,710	Debt Obligation w/ Additional Note	$1,369,197,029	
															7/14/2009	Repayment	$1,369,197,029	Additional Note	—	
															7/14/2009	Repayment	$15,000,000	None	—	
Chrysler,[c] Auburn Hills, MI	1/2/2009	Purchase	Chrysler Holding	Debt Obligation w/ Additional Note	$4,000,000,000		6/10/2009	Transfer of debt to New Chrysler	$500,000,000	19	Chrysler Holding	20	Debt Obligation w/ Additional Note	$3,500,000,000	5/14/2010	Termination and settlement payment [20]	$1,900,000,000	None	—	$566,577,061
	4/29/2009	Purchase	Chrysler Holding	Debt Obligation w/ Additional Note	—	14														
	4/29/2009	Purchase	Chrysler Holding	Debt Obligation w/ Additional Note	$280,130,642	15									7/10/2009	Repayment	$280,130,642	None	—	
	5/1/2009	Purchase	Old Chrysler	Debt Obligation w/ Additional Note	$1,888,153,580	16	4/30/2010	Completion of bankruptcy proceeding; transfer of collateral security to liquidation trust	$(1,888,153,580)	23	Old Carco Liquidation Trust	23	Rights to Recover Proceeds	N/A	5/10/2010	Proceeds from sale of collateral	$30,544,528	Right to recover proceeds	N/A	
	5/20/2009	Purchase	Old Chrysler	Debt Obligation w/ Additional Note	—	17									9/9/2010	Proceeds from sale of collateral	$9,666,784	Right to recover proceeds	N/A	
															12/29/2010	Proceeds from sale of collateral	$7,844,409.00	Right to recover proceeds	N/A	
	5/27/2009	Purchase	New Chrysler	Debt Obligation w/ Additional Note, Equity	$6,642,000,000	18	6/10/2009	Issuance of equity in New Chrysler	—		Chrysler Group LLC	19	Debt Obligation w/ additional note	$7,142,000,000						
											Chrysler Group LLC		Common equity	9.9%						

Continued on next page.

AIFP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

						Exchange/Transfer/Other Details				Treasury Investment After Exchange/Transfer/Other				Payment or Disposition[1]					
Date	Transaction Type	Seller	Description	Amount	Note	Date	Type	Amount	Note	Obligor	Note	Description	Amount/ Equity %	Date	Type	Amount/ Proceeds	Remaining Investment Description	Remaining Investment Amount/ Equity %	Dividend/ Interest Paid to Treasury[a]
															Additional Note Proceeds	$15,000,000			
		Total Initial Investment Amount		$81,344,932,551											Total Payments	$26,444,881,226			
															Total Treasury Investment Amount	$51,411,897,745			

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 1/4/2011 *Transactions Report*.
GMAC refers to GMAC Inc., formerly known as GMAC LLC., and now known as Ally Financial, Inc. ("Ally").
"Old GM" refers to General Motors Corporation, which is now known as Motors Liquidation Company.
"New GM" refers to General Motors Company, the company that purchased Old GM's assets on 7/10/2009 in a sale pursuant to Section 363 of the Bankruptcy Code. See also footnote 11.
"Chrysler FinCo" refers to Chrysler Financial Services Americas LLC.
"Chrysler Holding" refers to CGI Holding LLC, the company formerly known as "Chrysler Holding LLC."
"Old Chrysler" refers to Old Carco LLC (fka Chrysler LLC).
"New Chrysler" refers to Chrysler Group LLC, the company that purchased Old Chrysler's assets on 6/10/2009 in a sale pursuant to Section 363 of the Bankruptcy Code.

[1] Payment amount does not include accrued and unpaid interest on a debt obligation, which must be paid at the time of principal repayment.
[2] Treasury committed to lend General Motors Corporation up to $1,000,000,000. The ultimate funding was dependent upon the level of investor participation in GMAC LLC's rights offering. The amount has been updated to reflect the final level of funding.
[3] Pursuant to its rights under the loan agreement with Old GM reported on 12/29/2008, Treasury exchanged its $884 million loan to Old GM for a portion of Old GM's common equity interest in GMAC. Treasury held a 35.4% common equity interest in GMAC until the transactions reported on 12/30/2009. (See transactions marked by orange line in the table above and footnote 22.)
[4] This transaction is an amendment to Treasury's 12/31/2008 agreement with Old GM (the "Old GM Loan"), which brought the total loan amount to $15,400,000,000.
[5] This transaction was a further amendment to the Old GM Loan, which brought the total loan amount to $19,400,000,000.
[6] This transaction was a further amendment to the Old GM Loan, which brought the total loan amount to $19,760,624,198. The $360,624,198 loan was used to capitalize GM Warranty LLC, a special purpose vehicle created by old GM. On 7/10/2009, the principal amount was included in the $7.07 billion of debt assumed by the new GM, as explained in footnote 10.
[7] On 7/10/2009, the principal amount outstanding under the Old GM Loan and interest accrued thereunder were extinguished and exchanged for privately placed preferred and common equity in New GM. (See green lines in the table above.)
[8] Under the terms of the $33.3 billion debtor-in-possession credit agreement dated 6/3/2009 with Old GM (the "GM DIP Loan"), Treasury's commitment amount was $30.1 billion. The remaining $2.2 billion of the financing was provided by Canadian government entities. As of 7/09/2009, $30.1 billion of funds had been disbursed by Treasury.
[9] On 7/10/2009, Treasury and Old GM amended the GM DIP Loan, and the principal amount and interest accrued thereunder were extinguished and exchanged for privately placed preferred and common equity in New GM, except for (i) $7.07 billion, which was assumed by New GM as a new obligation under the terms of a separate credit agreement between Treasury and New GM (see transactions marked by green lines in table above) and (ii) $986 million, which remained a debt obligation of Old GM.
[10] In total, for the exchange of the Old GM Loan and the GM DIP Loan (other than as explained in footnote 9), Treasury received $2.1 billion in preferred shares and 60.8% of the common shares of New GM. (See transactions marked by green lines in the table above.)
[11] Pursuant to a corporate reorganization completed on or about 10/19/2009, the shareholders of New GM, including with respect to Treasury's preferred and common stock, became shareholders of General Motors Holding Company (the ultimate parent company of New GM), which was renamed "General Motors Company" on an equal basis to their shareholdings in New GM, and New GM was converted to "General Motors LLC". General Motors LLC is a wholly owned subsidiary of General Motors Holdings LLC, and General Motors Holdings LLC is a wholly owned subsidiary of General Motors Company.
[12] Pursuant to a corporate reorganization completed on 10/19/2009, Treasury's loan with New GM was assigned and assumed by General Motors Holdings LLC.
[13] The loan was funded through Chrysler LB Receivables Trust, a special purpose vehicle created by Chrysler FinCo. The amount of $1,500,000,000 represents the maximum loan amount. The loan was incrementally funded until it reached the maximum amount of $1.5 billion on 4/9/2009.
[14] This transaction was an amendment to Treasury's 1/2/2009 agreement with Chrysler Holding. As of 4/30/2009, Treasury's obligation to lend any funds committed under this amendment had terminated. No funds were disbursed.
[15] The loan was used to capitalize Chrysler Warranty SPV LLC, a special purpose vehicle created by Old Chrysler.
[16] This transaction was set forth in a credit agreement with Old Chrysler fully executed on 5/5/2009 following a term sheet executed on 5/1/2009 and made effective on 4/30/2009. Treasury's commitment was $3.04 billion of the total $4.1 billion debtor-in-possession credit facility (the "Chrysler DIP Loan"). As of 6/30/2009, Treasury's commitment to lend under the Chrysler DIP Loan had terminated. The remaining principal amount reflects the final amount of funds disbursed under the Chrylser DIP Loan.
[17] This transaction was an amendment to Treasury's commitment under the Chrysler DIP Loan, which increased Treasury's commitment by an amount $756,857,000 to a total of $3.8 billion under the Chrysler DIP Loan. As of 6/30/2009, Treasury's obligation to lend funds committed under the Chrysler DIP Loan had terminated.
[18] This transaction, first reported based on a term sheet fully executed on 5/27/2009 for an amount up to $6.943 billion, was set forth in a credit agreement with New Chrysler fully executed on 6/10/2009. Under the terms of the credit agreement, Treasury made a new commitment to New Chrysler of up to $6.642 billion. The total loan amount is up to $7.142 billion including $500 million of debt assumed on 6/10/2009 from Chrysler Holding originally incurred under Treasury's 1/2/2009 credit agreement with Chrysler Holding. The debt obligations are secured by a first priority lien on the assets of New Chrysler. When the sale to new Chrysler was completed, Treasury acquired the rights to 9.85% of the common equity in new Chrysler.
[19] Pursuant to the agreement explained in footnote 18, $500 million of this debt obligation was assumed by New Chrysler.
[20] Under loan agreement, as amended on 7/23/2009, Treasury was entitled to proceeds Chrysler Holdco received from Chrysler FinCo equal to the greater of $1.375 billion or 40% of the equity value of Chrysler FinCo. Pursuant to a termination agreement dated 5/14/2010, Treasury agreed to accept a settlement payment of $1.9 billion as satisfaction in full of all existing debt obligations (including additional notes and accrued and unpaid interest) of Chrysler Holdco, and upon receipt of such payment to terminate all such obligations.
[21] Amount of the Treasury investment after exchange includes the exercised warrants from Treasury's initial investment.
[22] Under the terms of an agreement dated 12/30/2009, the convertible preferred shares will mandatorily convert to common stock under the conditions and the conversion price as set forth in the terms of the agreement.
[23] On April 30, 2010, the Plan of Liquidation for the debtors of Old Chrysler approved by the respective bankruptcy court became effective (the "Liquidation Plan"). Under the Liquidation Plan, the loan Treasury had provided to Old Chrysler was extinguished without repayment, and all assets of Old Chrysler were transferred to a liquidation trust. Treasury retained the right to recover the proceeds from the liquidation from time to time of the specified collateral security attached to such loan.
[24] On October 27, 2010, Treasury accepted an offer by General Motors Company (GM) to repurchase all of the approximately $2.1 billion preferred stock at a price per share of $25.50, which is equal to 102% of the liquidation preference, subject to the closing of the proposed initial public offering of GM's common stock. The repurchase was completed on 12/15/2010.
[25] On 11/17/2010, Treasury agreed to sell 358,546,795 shares of common stock at $32.7525 per share (which represents the $33 public sale price less underwriting discounts and fees) pursuant to an underwriting agreement. Following settlement, the net proceeds to Treasury were 11,743,303,903. On 11/26/2010, the underwriters exercised their option to purchase an additional 53,782,019 shares of common stock from Treasury at the same purchase price resulting in additional proceeds of $1,761,495,577. Treasury's aggregate net proceeds from the sale of common stock pursuant to the underwriting agreement total $13,504,799,480.
[26] On 12/30/2010, Treasury converted $5,500,000,000 of the total convertible preferred stock then outstanding and held by Treasury (including exercised warrants) into 531,850 shares of common stock of Ally. Following this conversion, Treasury holds $5,937,500 of convertible preferred stock.
[a] For the purpose of this table, income (dividends and interest) are presented in aggregate for each AIFP participant.
[b] According to Treasury, the GM warrant was "Exchanged out of bankruptcy exit."
[c] This table includes AWCP transactions.

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, response to SIGTARP data call, 1/11/2011.

TABLE D.5

ASSP TRANSACTION DETAIL, AS OF 12/31/2010

	Seller						Adjustment Details			Repayment[4]				
Note	Date	Institution Name	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism	Adjustment Date[3]	Adjustment Amount	Adjusted Investment Amount	Date	Type	Remaining Investment Description	Amount	Dividends/ Interest Paid to Treasury
1,3	4/9/2009	GM Supplier Receivables LLC, Wilmington, DE	Purchase	Debt Obligation w/ Additional Note	$3,500,000,000	N/A	7/8/2009	($1,000,000,000)	$2,500,000,000	11/20/2009	Partial repayment	Debt Obligation w/ Additional Note	$140,000,000	$21,629,701
										2/11/2010	Partial repayment	Debt Obligation w/ Additional Note	$100,000,000	
										3/4/2010	Repayment[5]	Additional Note	$50,000,000	
1,6									$290,000,000	4/5/2010	Payment[6]	None	$56,541,893	
2,3	4/9/2009	Chrysler Receivables SPV LLC, Wilmington, DE	Purchase	Debt Obligation w/ Additional Note	$1,500,000,000	N/A	7/8/2009	($500,000,000)	$1,000,000,000	3/9/2010	Repayment[5]	Additional Note	$123,076,735	$10,320,229
2,7									$123,076,735	4/7/2010	Payment[7]	None	$44,533,054	
				Initial Total	**$5,000,000,000**			**Adjusted Total**	**$413,076,735**			**Total Repayments**	**$413,076,735**	
								Total Proceeds from Additional Notes	**$101,074,947**					

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 1/4/2011 *Transactions Report*.
[1] The loan was funded through GM Supplier Receivables, LLC, a special purpose vehicle created by General Motors Corporation. The amount of $3,500,000,000 represents the maximum loan amount. The loan will be incrementally funded. The credit agreement was fully executed on 4/9/2009, but was made effective as of 4/3/2009. General Motors Company assumed GM Supplier Receivables LLC on 7/10/2009.
[2] The loan was funded through Chrysler Receivables SPV LLC, a special purpose vehicle created by Chrysler LLC. The amount of $1,500,000,000 represents the maximum loan amount. The loan will be incrementally funded. The credit agreement was fully executed on 4/9/2009, but was made effective as of 4/7/2009. Chrysler Group LLC assumed Chrysler Receivables SPV LLC on 6/10/2009.
[3] Treasury issued notice to the institution of the permanent reduced commitment on 7/8/2009; the reduction was effective on 7/1/2009.
[4] Does not include accrued and unpaid interest due on the amount of principal repayment, which interest must be paid at the time of principal repayment.
[5] All outstanding principal drawn under the credit agreement was repaid.
[6] Treasury's commitment was $2.5 billion (see note 3). As of 4/5/2009, Treasury's commitment to lend under the credit agreement had terminated and the borrower has paid its obligations with respect to the Additional Note. The final investment amount reflects the total funds disbursed under the loan, all of which have been repaid.
[7] Treasury's commitment was $1 billion (see note 3). As of 4/7/2009, Treasury's commitment to lend under the credit agreement had terminated and the borrower has paid its obligations with respect to the Additional Note. The final investment amount reflects the total funds disbursed under the loan, all of which have been repaid.

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, response to SIGTARP data call, 1/11/2010.

TABLE D.6

TIP TRANSACTION DETAIL, AS OF 12/31/2010

		Seller					Capital Repayment Details		Treasury Investment Remaining After Capital Repayment		Final Disposition			Market and Warrants Data						
Note	Date	Institution Name	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism	Capital Repayment Amount	Capital Repayment Date[2]	Remaining Capital Amount	Remaining Capital Description	Final Disposition Date[3]	Final Disposition Description	Final Disposition Proceeds	Stock Price	Market Capitalization (in millions)	Strike Price	Outstanding Warrant Shares	Amount "In the Money" or "Out of the Money"	In or Out of the Money [a]	Dividends/ Interest Paid to Treasury
1	12/31/2008	Citigroup Inc., New York, NY	Purchase	Trust Preferred Securities w/ Warrants	$20,000,000,000	Par	$20,000,000,000	12/23/2009	—	Warrants				$4.73	$137,405	$10.61	188,501,414	($5.88)	OUT	$1,568,888,889
	1/16/2009	Bank of America Corporation, Charlotte, NC	Purchase	Preferred Stock w/ Warrants	$20,000,000,000	Par	$20,000,000,000	12/9/2009	—	Warrants	3/3/2010 A	Warrants	$1,255,639,099.00	$13.34	$134,536					$1,435,555,556
				Total Investment	**$40,000,000,000**	**Total Capital Repayment**	**$40,000,000,000**					**Total Warrant Proceeds**	**$1,255,639,099.00**							
						Total Treasury TIP Investment Amount	**—**													

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 10/4/2010 *Transactions Report*.
[1] Treasury made three separate investments in Citigroup Inc. ("Citigroup") under CPP, TIP, and AGP for a total of $49 billion. On 6/9/2009, Treasury entered into an agreement with Citigroup to exchange all of Treasury's investments. On 7/30/2009, Treasury exchanged all of its Fixed Rate Cumulative Perpetual Preferred Stock, Series I (TIP Shares) "dollar for dollar" for Trust Preferred Securities.
[2] Repayment pursuant to Title VII, Section 7001 of the American Recovery and Reinvestment Act of 2009.
[3] For final disposition of warrants, "R" represents proceeds from a repurchase of warrants by the financial institution, and "A" represents the proceeds to Treasury, before underwriting fees and selling expenses, from a sale by Treasury in a registered public offering of the warrants issued by the financial institution.
[a] When a warrant's underlying current stock price rises above the strike price, it is considered "In the Money," otherwise it is considered "Out of the Money."

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, response to SIGTARP data call, 1/11/2011; Market Data: Capital IQ, Inc. (a division of Standard & Poor's), www.capitaliq.com, accessed 1/6/2011.

TABLE D.7

AGP TRANSACTION DETAIL, AS OF 12/31/2010

		Initial Investment[b]				Premium		Exchange/Transfer/Other Details				Payment or Disposition					Market and Warrants Data						
Note	Date	Institution Name	Transaction Type	Description	Guarantee Limit	Description	Amount	Date	Type	Description	Amount	Date	Payment Type	Payment Amount	Remaining Premium Description	Remaining Premium Amount	Stock Price	Market Capitalization (in millions)	Strike Price	Outstanding Warrant Shares	Amount "In the Money" or "Out of the Money"	In or Out of the Money[a]	Dividends/ Interest Paid to Treasury
1-2-3	1/16/2009	Citigroup Inc., New York, NY	Guarantee	Master Agreement	$5,000,000,000	Preferred Stock w/ Warrants	$4,034,000,000	6/9/2009	Exchange preferred stock for trust preferred securities	Trust Preferred Securities w/ Warrants	$4,034,000,000	12/23/2009	Partial cancellation for early termination of guarantee	($1,800,000,000)	Trust Preferred Securities w/ Warrants	$2,234,000,000	$4.73	$137,405	$10.61	66,531,728	($5.88)	OUT	$442,964,764
4-5								9/29/2010	Exchange trust preferred securities for trust preferred securities	Trust Preferred Securities w/ Warrants	$2,246,000,000	9/30/2010	Disposition	$2,246,000,000	Warrants	—							
3	12/23/2009	Citigroup Inc., New York, NY	Termination	Termination Agreement	($5,000,000,000)																		
				Total	**$—**																		

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes taken verbatim from 1/4/2011 *Transactions Report*.
[1] In consideration for the guarantee, Treasury received $4.03 billion of preferred stock, which pays 8% interest.
[2] Treasury made three separate investments in Citigroup Inc. ("Citigroup") under CPP, TIP, and AGP for a total of $49 billion. On 6/9/2009, Treasury entered into an agreement with Citigroup to exchange all of Treasury's investments. On 7/30/2009, Treasury exchanged all of its Fixed Rate Cumulative Perpetual Preferred Stock Series G (AGP Shares), received as premium with the AGP agreement, "dollar for dollar" for Trust Preferred Securities.
[3] On 12/23/2009, Treasury entered into a Termination Agreement with the other parties to the Master Agreement which served to terminate Treasury's guarantee and obligations under the Master Agreement. In connection with the early termination of the guarantee, Treasury agreed to cancel $1.8 billion of the AGP Trust Preferred Securities, and the Federal Deposit Insurance Corporation (FDIC) and Treasury agreed that, subject to the conditions set out in the Termination Agreement, the FDIC may transfer $800 million of Trust Preferred Securities to Treasury at the close of Citigroup's participation in the FDIC's Temporary Liquidity Guarantee Program.
[4] On 9/29/2010, Treasury entered into an agreement with Citigroup Inc. to exchange $2,234,000,000 in aggregate liquidation preference of its trust preferred securities for $2,246,000,000 in aggregate liquidation preference of trust preferred securities with certain modified terms. At the time of exchange, Citigroup Inc. paid the outstanding accrued and unpaid dividends.
[5] On 9/30/2010, Treasury entered into underwritten offering of the trust preferred securities, the gross proceeds of which do not include accumulated and unpaid distributions from the date of the exchange through the closing date.
[a] When a warrant's underlying current stock price rises above the strike price, it is considered "In the Money," otherwise it is considered "Out of the Money."
[b] AGP transaction is a guarantee, not a purchase. Treasury received a premium including preferred stock and warrants as part of this transaction.

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, response to SIGTARP data call, 1/11/2011; Market Data: Capital IQ, Inc. (a division of Standard & Poor's), www.capitaliq.com, accessed 1/6/2011.

TABLE D.8

TALF TRANSACTION DETAIL, AS OF 12/31/2010

		Seller						
Note	Date	Institution	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism	Adjusted Investment Date	Adjusted Investment Amount
1-2	3/3/2009	TALF LLC, Wilmington, DE	Purchase	Debt Obligation w/ Additional Note	$20,000,000,000	N/A	7/19/2010	$4,300,000,000
				TOTAL	**$—**			

Note: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 1/4/2011 *Transactions Report*.
[1] The loan was funded through TALF LLC, a special purpose vehicle created by The Federal Reserve Bank of New York. The amount of $20,000,000,000 represents the maximum loan amount. The loan will be incrementally funded.
[2] On 7/19/2010, Treasury, the FRBNY and TALF LLC entered into an amendment of the credit agreement previously entered into on 3/3/2009, which amendment reduced Treasury's maximum loan amount to $4,300,000,000.

Source: Treasury, *Transactions Report*, 1/4/2011.

TABLE D.9

SSFI (AIG) TRANSACTION DETAIL, AS OF 12/31/2010

	Seller		Purchase Detail				Exchange Details					Warrants and Market Data						
Note	Date	Institution	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism	Date	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism	Stock Price	Market Capitalization (in millions)	Strike Price	Outstanding Warrant Shares	Amount "In the Money"or "Out of the Money" [a]	In or Out of the Money [a]	Dividends/ Interest Paid to Treasury
1	11/25/2008	AIG, New York, NY	Purchase	Preferred Stock w/ Warrants	$40,000,000,000	Par	4/17/2009	Exchange	Preferred Stock w/ Warrants	$40,000,000,000	Par	$57.62	$39,943	$50.00	2,689,938	$7.62	IN	—
2,3	4/17/2009	AIG, New York, NY	Purchase	Preferred Stock w/ Warrants	$29,835,000,000	Par						$57.62	$39,943	$0.00002	150	$57.62	IN	—
				Total	**$69,835,000,000**													

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 1/4/2011 *Transactions Report*.
[1] On 4/17/2009, Treasury exchanged its Series D Fixed Rate Cumulative Preferred Shares for Series E Fixed Rate Non-Cumulative Preferred Shares with no change to Treasury's initial investment amount. In addition, in order for AIG to fully redeem the Series E Preferred Shares, it has an additional obligation to Treasury of $1,604,576,000 to reflect the cumulative unpaid dividends for the Series D Preferred Shares due to Treasury through and including the exchange date.
[2] The investment price reflects Treasury's commitment to invest up to $30 billion less a reduction of $165 million representing retention payments AIG Financial Products made to its employees in March 2009.
[3] This transaction does not include AIG's commitment fee of an additional $165 million scheduled to be paid from its operating income in three equal installments over the five-year life of the facility.
[a] When a warrant's underlying current stock price rises above the strike price, it is considered "In the Money," otherwise it is considered "Out of the Money."

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, response to SIGTARP data call, 1/11/2011; Market Data: Capital IQ, Inc. (a division of Standard & Poor's), www.capitaliq.com, accessed 1/10/2011.

TABLE D.10

UCSB TRANSACTION DETAIL, AS OF 12/31/2010

	Purchase Details [1]								Settlement Details			Final Disposition			
Trade Date	Investment Description	Institution Name	CUSIP	Purchase Face Amount [3]	Pricing Mechanism	TBA or PMF [3]	Settlement Date	Investment Amount [2, 3]	TBA or PMF [3]	Senior Security Proceeds [4]	Trade Date	Life-to-date Principal Received [1]	Current Face Amount	Disposition Amount [5]	Dividend/Interest Paid to Treasury
3/19/2010	Floating Rate SBA 7a security due 2025	Coastal Securities	83164KYN7	$4,070,000.00	107.75	-	3/24/2010	$4,377,249	-	$2,184					$92,292
3/19/2010	Floating Rate SBA 7a security due 2022	Coastal Securities	83165ADC5	$7,617,617.00	109	-	3/24/2010	$8,279,156	-	$4,130					$196,090
3/19/2010	Floating Rate SBA 7a security due 2022	Coastal Securities	83165ADE1	$8,030,000.00	108.875	-	3/24/2010	$8,716,265	-	$4,348					$204,604
4/8/2010	Floating Rate SBA 7a security due 2034	Coastal Securities	83165AD84	$23,500,000.00	110.502	-	5/28/2010	$26,041,643	-	$12,983					$488,650
4/8/2010	Floating Rate SBA 7a security due 2016	Coastal Securities	83164KZH9	$8,900,014.00	107.5	-	4/30/2010	$9,598,523	-	$4,783					$214,011
5/11/2010	Floating Rate SBA 7a security due 2020	Coastal Securities	83165AEE0	$10,751,382.00	106.806	-	6/30/2010	$11,511,052	-	$5,741					$142,448
5/11/2010	Floating Rate SBA 7a security due 2035	Coastal Securities	83164K2Q5	$12,898,996.00	109.42	-	6/30/2010	$14,151,229	-	$7,057					$191,337
5/11/2010	Floating Rate SBA 7a security due 2033	Coastal Securities	83165AED2	$8,744,333.00	110.798	-	6/30/2010	$9,717,173	-	$4,844					$147,203
5/25/2010	Floating Rate SBA 7a security due 2029	Coastal Securities	83164K3B7	$8,417,817.00	110.125	-	7/30/2010	$9,294,363	-	$4,635					$263,320
5/25/2010	Floating Rate SBA 7a security due 2033	Coastal Securities	83165AEK6	$17,119,972.00	109.553	-	7/30/2010	$18,801,712	-	$9,377					$220,214
6/17/2010	Floating Rate SBA 7a security due 2020	Coastal Securities	83165AEQ3	$34,441,059.00	110.785	-	8/30/2010	$38,273,995	-	$19,077					$443,307
6/17/2010	Floating Rate SBA 7a security due 2034	Coastal Securities	83165AEP5	$28,209,085.00	112.028	-	8/30/2010	$31,693,810	-	$15,801					$472,621
7/14/2010	Floating Rate SBA 7a security due 2020	Coastal Securities	83164K3Y7	$6,004,156.00	106.625	-	9/30/2010	$6,416,804	-	$3,200					$30,673
7/14/2010	Floating Rate SBA 7a security due 2025	Coastal Securities	83164K4J9	$6,860,835.00	108.505	-	9/30/2010	$7,462,726	-	$3,722					$37,949
7/14/2010	Floating Rate SBA 7a security due 2034	Coastal Securities	83165AE42	$13,183,361.00	111.86	-	9/30/2010	$14,789,302	-	$7,373					$87,364
7/29/2010	Floating Rate SBA 7a security due 2017	Coastal Securities	83164K4E0	$2,598,386.00	108.438	-	9/30/2010	$2,826,678	-	$1,408					$18,643
7/29/2010	Floating Rate SBA 7a security due 2034	Coastal Securities	83164K4M2	$9,719,455.00	106.75	-	10/29/2010	$10,394,984	-	$5,187					$20,856
8/17/2010	Floating Rate SBA 7a security due 2020	Coastal Securities	83165AEZ3	$8,279,048.00	110.198	-	9/30/2010	$9,150,989	-	$4,561					$57,042
8/17/2010	Floating Rate SBA 7a security due 2019	Coastal Securities	83165AFB5	$5,000,000.00	110.088	-	10/29/2010	$5,520,652	-	$2,752					$17,413

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UCSB TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Purchase Details [1]								Settlement Details				Final Disposition				
Trade Date	Investment Description	Institution Name	CUSIP	Purchase Face Amount[3]	Pricing Mechanism	TBA or PMF[3]	Settlement Date	Investment Amount[2, 3]	TBA or PMF[3]	Senior Security Proceeds[4]	Trade Date	Life-to-date Principal Received[1]	Current Face Amount	Disposition Amount[5]	Dividend/Interest Paid to Treasury
8/17/2010	Floating Rate SBA 7a security due 2020	Coastal Securities	83165AE91	$10,000,000.00	110.821	-	10/29/2010	$11,115,031	-	$5,541					$35,283
8/31/2010	Floating Rate SBA 7a security due 2020	Shay Financial	83165AEW0	$9,272,482.00	110.515	-	9/29/2010	$10,277,319	-	$5,123					$63,690
8/31/2010	Floating Rate SBA 7a security due 2024	Shay Financial	83165AFA7	$10,350,000.00	112.476	-	10/29/2010	$11,672,766	-	$5,820					$33,750
8/31/2010	Floating Rate SBA 7a security due 2020	Coastal Securities	83164K5H2	$6,900,000.00	105.875	-	11/30/2010	$7,319,688	-	$3,652					
9/14/2010	Floating Rate SBA 7a security due 2020	Shay Financial	83165AFC3	$8,902,230.00	111.584	-	10/29/2010	$9,962,039	-	$4,966					$30,616
9/14/2010	Floating Rate SBA 7a security due 2021	Shay Financial	83165AFK5	$8,050,000.00	110.759	-	11/30/2010	$8,940,780	-	$4,458					
9/14/2010	Floating Rate SBA 7a security due 2029	Coastal Securities	83164K5F6	$5,750,000.00	106.5	-	11/30/2010	$6,134,172	-	$3,061					
9/14/2010	Floating Rate SBA 7a security due 2026	Coastal Securities	83164K5L3	$5,741,753.00	110.5	-	11/30/2010	$6,361,173	-	$3,172					
9/28/2010	Floating Rate SBA 7a security due 2035	Coastal Securities	83164K5M1	$3,450,000.00	110.875	-	11/30/2010	$3,834,428	-	$1,912					
9/28/2010	Floating Rate SBA 7a security due 2034	Coastal Securities	83165AFQ2	$11,482,421.00	113.838	-	12/30/2010	$13,109,070	-	$6,535					
9/28/2010	Floating Rate SBA 7a security due 2034	Shay Financial	83165AFM1	$13,402,491.00	113.9	-	11/30/2010	$15,308,612	-	$7,632					
9/28/2010	Floating Rate SBA 7a security due 2035	Shay Financial	83165AFT6	$14,950,000.00	114.006	-	12/30/2010	$17,092,069	-	$8,521					
			Total Purchase Face Amount*	$332,596,893			Total Investment Amount*	$368,145,452	Total Senior Security Proceeds	$183,555			Total Disposition Proceeds	$ —	

Notes: Numbers affected by rounding. Date as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 1/4/2011 *Transactions Report*.

* Subject to adjustment
[1] The amortizing principal and interest payments are reported on the monthly Dividends and Interest Report available at www.FinancialStability.gov.
[2] Investment Amount is stated after giving effect to factor and, if applicable, the purchase of accrued principal and interest.
[3] If a purchase is listed as TBA, or To-Be-Announced, the underlying loans in the SBA Pool have yet to come to market, and the TBA pricing mechanism, purchase face amount, investment amount and senior security proceeds will be adjusted within the variance permitted under the program terms. If a purchase is listed as PMF, or Prior-Month-Factor, the trade was made prior to the applicable month's factor being published and the SBA 7a security and senior security are priced according to the prior-month's factor. The PMF investment amount and senior security proceeds will be adjusted after publication of the applicable month's factor (on or about the 11th business day of each month).
[4] In order to satisfy the requirements under Section 113 of the Emergency Economic Stabilization Act of 2008, Treasury will acquire a senior indebtedness instrument (a Senior Security) from the seller of each respective SBA 7a Security. Each Senior Security will (i) have an aggregate principal amount equal to the product of (A) 0.05% and (B) the Investment Amount (excluding accrued interest) paid by Treasury for the respective SBA 7a Security, and (ii) at the option of the respective seller, may be redeemed at par value immediately upon issuance, or remain outstanding with the terms and conditions as set forth in the Master Purchase Agreement.
[5] Disposition Amount is stated after giving effect, if applicable, to sale of accrued principal and interest.

Sources: Treasury, *Transactions Report*, 1/4/2011, Treasury, response to SIGTARP data call, 1/14/2011.

TABLE D.11

PPIP TRANSACTION DETAIL, AS OF 12/31/2010

	Seller								Adjusted Investment[3]		Final Investment Amount[7]		Capital Repayment Details		Investment after Capital Repayment		Distribution or Disposition			
Note	Date	Institution	City	State	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism	Date	Amount	Date	Amount	Repayment Date	Repayment Amount	Amount	Description	Date	Description	Proceeds	Interest/ Distributions Paid to Treasury
2,6	10/30/2009	AG GECC PPIF Master Fund, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,542,675,000	07/16/2010	$2,486,550,000								$58,542,989
1,6	10/30/2009	AG GECC PPIF Master Fund, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,271,337,500	07/16/2010	$1,243,275,000								
2,6	10/02/2009	AllianceBernstein Legacy Securities Master Fund, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,488,875,000	07/16/2010	$2,300,847,000								$82,506,820
1,6	10/02/2009	AllianceBernstein Legacy Securities Master Fund, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,244,437,500	07/16/2010	$1,150,423,500								
2,6	10/02/2009	Blackrock PPIF, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,488,875,000	07/16/2010	$1,389,960,000								$11,432,065
1,6	10/02/2009	Blackrock PPIF, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,244,437,500	07/16/2010	$694,980,000								
1,6	09/30/2009	Invesco Legacy Securities Master Fund, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,244,437,500	07/16/2010	$856,000,000								
2,6	09/30/2009	Invesco Legacy Securities Master Fund, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,488,875,000	07/16/2010	$1,712,000,000	02/18/2010	$4,888,718	$1,707,111,282	Debt Obligation w/ Contingent Proceeds				$171,025,151
													04/15/2010	$7,066,434	$1,700,044,848	Debt Obligation w/ Contingent Proceeds				
													09/15/2010	$60,022,674	$1,640,022,174	Debt Obligation w/ Contingent Proceeds				
													11/15/2010	$132,928,628	$1,507,093,546	Debt Obligation w/ Contingent Proceeds				
													12/14/2010	$31,689,230	$1,475,404,316	Debt Obligation w/ Contingent Proceeds				
2,6	11/25/2009	Marathon Legacy Securities Public-Private Investment Partnership, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,488,875,000	07/16/2010	$949,100,000								$9,745,192
1,6	11/25/2009	Marathon Legacy Securities Public-Private Investment Partnership, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,244,437,500	07/16/2010	$474,550,000								
2,6	12/18/2009	Oaktree PPIP Fund, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,488,875,000	07/16/2010	$2,321,568,200								$1,116,792
1,6	12/18/2009	Oaktree PPIP Fund, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,244,437,500	07/16/2010	$1,160,784,100								
2,6	11/04/2009	RLJ Western Asset Public/Private Master Fund, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,488,875,000	07/16/2010	$1,241,156,516								$52,010,734
1,6	11/04/2009	RLJ Western Asset Public/Private Master Fund, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,244,437,500	07/16/2010	$620,578,258								

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PPIP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

		Seller							Adjusted Investment[3]		Final Investment Amount[7]		Capital Repayment Details		Investment after Capital Repayment		Distribution or Disposition			
Note	Date	Institution	City	State	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism	Date	Amount	Date	Amount	Repayment Date	Repayment Amount	Amount	Description	Date	Description	Proceeds	Interest/ Distributions Paid to Treasury
2,4,5	09/30/2009	UST/TCW Senior Mortgage Securities Fund, L.P.	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	01/04/2010	$200,000,000		$200,000,000	01/11/2010	$34,000,000	$166,000,000	Debt Obligation w/ Contingent Proceeds		N/A		$342,176
													01/12/2010	$166,000,000	$0	Contingent Proceeds	01/29/2010	Distribution	$502,302	
																	02/24/2010	Final Distribution	$1,223	
1,4,5	09/30/2009	UST/TCW Senior Mortgage Securities Fund, L.P.	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	01/04/2010	$156,250,000		$156,250,000	01/15/2010	$156,250,000	$0	Membership Interest	01/29/2010	Distribution	$20,091,872	
																	02/24/2010	Final Distribution	$48,922	
2,6	10/01/2009	Wellington Management Legacy Securities PPIF Master Fund, LP	Wilmington	DE	Purchase	Debt Obligation w/ Contingent Proceeds	$2,222,222,222	Par	03/22/2010	$2,524,075,000	07/16/2010	$2,298,974,000								$22,504,685
1,6	10/01/2009	Wellington Management Legacy Securities PPIF Master Fund, LP	Wilmington	DE	Purchase	Membership Interest	$1,111,111,111	Par	03/22/2010	$1,262,037,500	07/16/2010	$1,149,487,000								
						Initial Investment Amount	**$30,000,000,000**		**Total Investment Amount**	**$30,356,250,000**	**Total Final Investment Amount**	**$22,406,483,574**	**Total Capital Repayment**	**$592,845,684**				**Total Proceeds**	**$20,644,319**	

Notes: Numbers may not total due to rounding. Data as of 12/31/2010. Numbered notes were taken verbatim from Treasury's 1/4/2011 Transactions Report.
[1] The equity amount may be incrementally funded. Investment amount represents Treasury's maximum obligation if the limited partners other than Treasury fund their maximum equity capital obligations.
[2] The loan may be incrementally funded. Investment amount represents Treasury's maximum obligation if Treasury and the limited partners other than Treasury fund 100% of their maximum equity obligations.
[3] Adjusted to show Treasury's maximum obligations to a fund.
[4] On 1/4/2010, Treasury and the fund manager entered into a Winding-Up and Liquidation Agreement.
[5] Profit after capital repayments will be paid pro rata (subject to prior distribution of Contingent Proceeds to Treasury) to the fund's partners, including Treasury, in respect of their membership interests.
[6] Following termination of the TCW fund, the $3.33 billion of obligations have been reallocated to the remaining eight funds pursuant to consent letters from Treasury dated as of 3/22/2010. $133 million of maximum equity capital obligation and $267 million of maximum debt obligation were reallocated per fund, after adjustment for the $17.6 million and $26.9 million equity capital reallocations from private investors in the TCW fund to the Wellington fund and the AG GECC fund, respectively. The $356 million of final investment in the TCW fund will remain a part of Treasury's total maximum S-PPIP investment amount.
[7] Amount adjusted to show Treasury's final capital commitment (membership interest) and the maximum amount of Treasury's debt obligation that may be drawn down in accordance with the Loan Agreement.

Sources: Treasury, *Transactions Report*, 1/4/2011; Treasury, response to SIGTARP data call, 1/11/2011.

TABLE D.12

HAMP TRANSACTION DETAIL, AS OF 12/31/2010

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Non-GSE Incentive Payments: Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
4/13/2009	Select Portfolio Servicing, Salt Lake City, UT	Purchase	Financial Instrument for Home Loan Modifications	$376,000,000	N/A		6/12/2009	$284,590,000	$660,590,000	Updated portfolio data from servicer		$9,753,985	$24,945,066	$28,271,406	$62,970,456
							9/30/2009	$121,910,000	$782,500,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$131,340,000	$913,840,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($355,530,000)	$558,310,000	Updated portfolio data from servicer					
							7/14/2010	$128,690,000	$687,000,000	Updated portfolio data from servicer					
							9/30/2010	$4,000,000	$691,000,000	Initial FHA-HAMP cap and initial FHA-2LP cap					
							9/30/2010	$59,807,784	$750,807,784	Updated portfolio data from servicer					
							11/16/2010	($700,000)	$750,107,784	Transfer of cap due to servicing transfer					
							12/15/2010	$64,400,000	$814,507,784	Updated portfolio data from servicer					
4/13/2009	CitiMortgage, Inc., O'Fallon, MO	Purchase	Financial Instrument for Home Loan Modifications	$2,071,000,000	N/A		6/12/2009	($991,580,000)	$1,079,420,000	Updated portfolio data from servicer		$11,160,233	$27,869,950	$31,504,057	$70,534,240
							9/30/2009	$1,010,180,000	$2,089,600,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	($105,410,000)	$1,984,190,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($199,300,000)	$1,784,890,000	Updated portfolio data from servicer & 2MP initial cap					
							4/19/2010	($230,000)	$1,784,660,000	Transfer of cap to Service One, Inc. due to servicing transfer					
							5/14/2010	($3,000,000)	$1,781,660,000	Transfer of cap to Specialized Loan Servicing, LLC due to servicing transfer					
							6/16/2010	($12,280,000)	$1,769,380,000	Transfer of cap to multiple servicers due to servicing transfer					
							7/14/2010	($757,680,000)	$1,011,700,000	Updated portfolio data from servicer					
							7/16/2010	($7,110,000)	$1,004,590,000	Transfer of cap to multiple servicers due to servicing transfer					
							8/13/2010	($6,300,000)	$998,290,000	Transfer of cap to multiple servicers due to servicing transfer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
4/13/2009	CitiMortgage, Inc., O'Fallon, MO	Purchase	Financial Instrument for Home Loan Modifications	$2,071,000,000	N/A		9/15/2010	($8,300,000)	$989,990,000	Transfer of cap to multiple servicers due to servicing transfer		$11,160,233	$27,869,950	$31,504,057	$70,534,240
							9/30/2010	$32,400,000	$1,022,390,000	Initial FHA-HAMP cap and initial FHA-2LP cap					
							9/30/2010	$101,287,484	$1,123,677,484	Updated portfolio data from servicer					
							10/15/2010	-$1,400,000	$1,122,277,484	Transfer of cap due to servicing transfer					
							11/16/2010	-$3,200,000	$1,119,077,484	Transfer of cap due to servicing transfer					
4/13/2009	Wells Fargo Bank, NA, Des Moines, IA	Purchase	Financial Instrument for Home Loan Modifications	$2,873,000,000	N/A		6/17/2009	-$462,990,000	$2,410,010,000	Updated portfolio data from servicer	$162,660	$7,046,868	$34,916,749	$37,174,149	$79,137,766
							9/30/2009	$65,070,000	$2,475,080,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$1,213,310,000	$3,688,390,000	Updated portfolio data from servicer & HAFA initial cap					
							2/17/2010	$2,050,236,344	$5,738,626,344	Transfer of cap (from Wachovia) due to merger					
							3/12/2010	$54,767	$5,738,681,110	Transfer of cap (from Wachovia) due to merger					
							3/19/2010	$668,108,890	$6,406,790,000	Initial 2MP cap					
							3/26/2010	$683,130,000	$7,089,920,000	Updated portfolio data from servicer					
							7/14/2010	($2,038,220,000)	$5,051,700,000	Updated portfolio data from servicer					
							9/30/2010	($287,348,828)	$4,764,351,172	Updated portfolio data from servicer					
							9/30/2010	$344,000,000	$5,108,351,172	Initial FHA-HAMP cap, initial FHA-2LP cap, and initial RD-HAMP					
							12/3/2010	$8,413,225	$5,116,764,397	Transfer of cap (from Wachovia) due to merger					
							12/15/2010	$22,200,000	$5,138,964,397	Updated portfolio data from servicer					
4/13/2009	GMAC Mortgage, Inc., Ft. Washington, PA	Purchase	Financial Instrument for Home Loan Modifications	$633,000,000	N/A		6/12/2009	$384,650,000	$1,017,650,000	Updated portfolio data from servicer		$5,900,472	$24,689,646	$22,407,309	$52,997,426
							9/30/2009	$2,537,240,000	$3,554,890,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	($1,679,520,000)	$1,875,370,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$190,180,000	$2,065,550,000	Updated portfolio data from servicer					
							5/14/2010	$1,880,000	$2,067,430,000	Transfer of cap from Wilshire Credit Corporation due to servicing transfer					
							7/14/2010	($881,530,000)	$1,185,900,000	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
4/13/2009	GMAC Mortgage, Inc., Ft. Washington, PA	Purchase	Financial Instrument for Home Loan Modifications	$633,000,000	N/A		8/13/2010	($3,700,000)	$1,182,200,000	Transfer of cap due to servicing transfer		$5,900,472	$24,689,646	$22,407,309	$52,997,426
							9/30/2010	$119,200,000	$1,301,400,000	Initial FHA-HAMP cap, initial FHA-2LP cap, and initial 2MP cap					
							9/30/2010	$216,998,139	$1,518,398,139	Updated portfolio data from servicer					
							12/15/2010	($500,000)	$1,517,898,139	Updated portfolio data from servicer					
4/13/2009	Saxon Mortgage Services, Inc., Irving, TX	Purchase	Financial Instrument for Home Loan Modifications	$407,000,000	N/A		6/17/2009	$225,040,000	$632,040,000	Updated portfolio data from servicer		$8,690,167	$14,851,009	$23,835,057	$47,376,233
							9/30/2009	$254,380,000	$886,420,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$355,710,000	$1,242,130,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($57,720,000)	$1,184,410,000	Updated portfolio data from servicer					
							6/16/2010	($156,050,000)	$1,028,360,000	Transfer of cap to Ocwen Financial Corporation, Inc. due to servicing transfer					
							7/14/2010	($513,660,000)	$514,700,000	Updated portfolio data from servicer					
							7/16/2010	($22,980,000)	$491,720,000	Transfer of cap due to multiple servicing transfers					
							9/15/2010	$1,800,000	$493,520,000	Transfer of cap due to servicing transfer					
							9/30/2010	$9,800,000	$503,320,000	Initial FHA-HAMP cap and initial FHA-2LP cap					
							9/30/2010	$116,222,668	$619,542,668	Updated portfolio data from servicer					
							10/15/2010	$100,000	$619,642,668	Transfer of cap due to servicing transfer					
							12/15/2010	$8,900,000	$628,542,668	Updated portfolio data from servicer					
4/13/2009	Chase Home Finance, LLC, Iselin, NJ	Purchase	Financial Instrument for Home Loan Modifications	$3,552,000,000	N/A	2	7/31/2009	($3,552,000,000)	—	Termination of SPA					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
4/16/2009	Ocwen Financial Corporation, Inc., West Palm Beach, FL	Purchase	Financial Instrument for Home Loan Modifications	$659,000,000	N/A		6/12/2009	($105,620,000)	$553,380,000	Updated portfolio data from servicer	$959	$9,173,329	$25,462,557	$25,566,629	$60,202,515
							9/30/2009	$102,580,000	$655,960,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$277,640,000	$933,600,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$46,860,000	$980,460,000	Updated portfolio data from servicer					
							6/16/2010	$156,050,000	$1,136,510,000	Transfer of cap from Saxon Mortgage Services, Inc. due to servicing transfer					
							7/14/2010	($191,610,000)	$944,900,000	Updated portfolio data from servicer					
							7/16/2010	$23,710,000	$968,610,000	Transfer of cap from Saxon Mortgage Services, Inc. due to servicing transfer					
							9/15/2010	$100,000	$968,710,000	Initial FHA-HAMP cap					
							9/30/2010	$3,742,740	$972,452,740	Updated portfolio data from servicer					
							10/15/2010	$170,800,000	$1,143,252,740	Transfer of cap due to servicing transfer					
4/17/2009 as amended on 1/26/2010	Bank of America, N.A., Simi Valley, CA	Purchase	Financial Instrument for Home Loan Modifications	$798,900,000	N/A		6/12/2009	$5,540,000	$804,440,000	Updated portfolio data from servicer	$134,536	$803,086	$3,812,809	$4,290,272	$8,906,167
							9/30/2009	$162,680,000	$967,120,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$665,510,000	$1,632,630,000	Updated portfolio data from servicer & HAFA initial cap					
							1/26/2010	$800,390,000	$2,433,020,000	Initial 2MP cap					
							3/26/2010	($829,370,000)	$1,603,650,000	Updated portfolio data from servicer					
							7/14/2010	($366,750,000)	$1,236,900,000	Updated portfolio data from servicer					
							9/30/2010	$95,300,000	$1,332,200,000	Initial FHA-HAMP cap, initial FHA-2LP cap, and initial RD-HAMP					
							9/30/2010	$222,941,084	$1,555,141,084	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
4/17/2009 as amended on 1/26/2010	Countrywide Home Loans Servicing LP, Simi Valley, CA	Purchase	Financial Instrument for Home Loan Modifications	$1,864,000,000	N/A		6/12/2009	$3,318,840,000	$5,182,840,000	Updated portfolio data from servicer		$13,307,093	$34,737,482	$38,240,562	$86,285,137
							9/30/2009	($717,420,000)	$4,465,420,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$2,290,780,000	$6,756,200,000	Updated portfolio data from servicer & HAFA initial cap					
							1/26/2010	$450,100,000	$7,206,300,000	Initial 2MP cap					
							3/26/2010	$905,010,000	$8,111,310,000	Updated portfolio data from servicer					
							4/19/2010	$10,280,000	$8,121,590,000	Transfer of cap from Wilshire Credit Corporation due to servicing transfer					
							6/16/2010	$286,510,000	$8,408,100,000	Transfer of cap from Wilshire Credit Corporation due to servicing transfer					
							7/14/2010	($1,787,300,000)	$6,620,800,000	Updated portfolio data from servicer					
							9/30/2010	$105,500,000	$6,726,300,000	Initial FHA-HAMP cap, initial FHA-2LP cap, and initial RD-HAMP					
							9/30/2010	($614,527,362)	$6,111,772,638	Updated portfolio data from servicer					
							12/15/2010	$236,000,000	$6,347,772,638	Updated portfolio data from servicer					
4/20/2009	Home Loan Services, Inc., Pittsburgh, PA	Purchase	Financial Instrument for Home Loan Modifications	$319,000,000	N/A		6/12/2009	$128,300,000	$447,300,000	Updated portfolio data from servicer		$169,858	$2,440,987	$3,698,607	$6,309,452
							9/30/2009	$46,730,000	$494,030,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$145,820,000	$639,850,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($17,440,000)	$622,410,000	Updated portfolio data from servicer					
							7/14/2010	($73,010,000)	$549,400,000	Updated portfolio data from servicer					
							9/30/2010	$6,700,000	$556,100,000	Initial FHA-2LP cap					
							9/30/2010	($77,126,410)	$478,973,590	Updated portfolio data from servicer					
							12/15/2010	($314,900,000)	$164,073,590	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Non-GSE Incentive Payments: Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
4/20/2009	Wilshire Credit Corporation, Beaverton, OR	Purchase	Financial Instrument for Home Loan Modifications	$366,000,000	N/A		6/12/2009	$87,130,000	$453,130,000	Updated portfolio data from servicer		—	$490,394	$1,167,000	$1,657,394
							9/30/2009	($249,670,000)	$203,460,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$119,700,000	$323,160,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$52,270,000	$375,430,000	Updated portfolio data from servicer					
							4/19/2010	($10,280,000)	$365,150,000	Transfer of cap to Countrywide Home Loans due to servicing transfer					
							5/14/2010	($1,880,000)	$363,270,000	Transfer of cap to GMAC Mortgage, Inc. due to servicing transfer					
							6/16/2010	($286,510,000)	$76,760,000	Transfer of cap to Countrywide Home Loans due to servicing transfer					
							7/14/2010	$19,540,000	$96,300,000	Updated portfolio data from servicer					
							7/16/2010	($210,000)	$96,090,000	Transfer of cap to Green Tree Servicing LLC due to servicing transfer					
							8/13/2010	($100,000)	$95,990,000	Transfer of cap due to servicing transfer					
							9/30/2010	$68,565,782	$164,555,782	Updated portfolio data from servicer					
4/24/2009	Green Tree Servicing LLC, Saint Paul, MN	Purchase	Financial Instrument for Home Loan Modifications	$156,000,000	N/A		6/17/2009	($64,990,000)	$91,010,000	Updated portfolio data from servicer		$61,520	$104,817	$223,144	$389,480
							9/30/2009	$130,780,000	$221,790,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	($116,750,000)	$105,040,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$13,080,000	$118,120,000	Updated portfolio data from servicer					
							7/14/2010	($24,220,000)	$93,900,000	Updated portfolio data from servicer					
							7/16/2010	$210,000	$94,110,000	Transfer of cap from Wilshire Credit Corporation due to servicing transfer					
							8/13/2010	$2,200,000	$96,310,000	Transfer of cap due to servicing transfer					
							9/10/2010	$34,600,000	$130,910,000	Initial 2MP cap					
							9/30/2010	$5,600,000	$136,510,000	Initial FHA-2LP cap and FHA-HAMP					
							9/30/2010	$10,185,090	$146,695,090	Updated portfolio data from servicer					
							10/15/2010	$400,000	$147,095,090	Transfer of cap due to servicing transfer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
4/27/2009	Carrington Mortgage Services, LLC, Santa Ana, CA	Purchase	Financial Instrument for Home Loan Modifications	$195,000,000	N/A		6/17/2009	($63,980,000)	$131,020,000	Updated portfolio data from servicer		$1,225,079	$4,859,114	$4,405,103	$10,489,296
							9/30/2009	$90,990,000	$222,010,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$57,980,000	$279,990,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$74,520,000	$354,510,000	Updated portfolio data from servicer					
							7/14/2010	($75,610,000)	$278,900,000	Updated portfolio data from servicer					
							8/13/2010	$1,100,000	$280,000,000	Transfer of cap due to servicing transfer					
							9/30/2010	$3,763,685	$283,763,685	Updated portfolio data from servicer					
							12/15/2010	$300,000	$284,063,685	Updated portfolio data from servicer					
5/1/2009	Aurora Loan Services, LLC, Littleton, CO	Purchase	Financial Instrument for Home Loan Modifications	$798,000,000	N/A		6/17/2009	($338,450,000)	$459,550,000	Updated portfolio data from servicer		$3,279,274	$10,085,459	$10,156,226	$23,520,959
							9/30/2009	($11,860,000)	$447,690,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$21,330,000	$469,020,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$9,150,000	$478,170,000	Updated portfolio data from servicer					
							7/14/2010	($76,870,000)	$401,300,000	Updated portfolio data from servicer					
							9/1/2010	$400,000	$401,700,000	Initial FHA-HAMP cap					
							9/30/2010	($8,454,269)	$393,245,731	Updated portfolio data from servicer					
5/28/2009	Nationstar Mortgage LLC, Lewisville, TX	Purchase	Financial Instrument for Home Loan Modifications	$101,000,000	N/A		6/12/2009	$16,140,000	$117,140,000	Updated portfolio data from servicer		$2,099,086	$5,650,177	$6,930,651	$14,679,914
							9/30/2009	$134,560,000	$251,700,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$80,250,000	$331,950,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$67,250,000	$399,200,000	Updated portfolio data from servicer					
							7/14/2010	($85,900,000)	$313,300,000	Updated portfolio data from servicer					
							8/13/2010	$100,000	$313,400,000	Transfer of cap due to servicing transfer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
5/28/2009	Nationstar Mortgage LLC, Lewisville	Purchase	Financial Instrument for Home Loan Modifications	$101,000,000	N/A		9/30/2010	$2,900,000	$316,300,000	Initial FHA-HAMP cap, initial FHA-2LP cap, initial RD-HAMP, and initial 2MP cap		$2,099,086	$5,650,177	$6,930,651	$14,679,914
							9/30/2010	$33,801,486	$350,101,486	Updated portfolio data from servicer					
							11/16/2010	$700,000	$350,801,486	Transfer of cap due to servicing transfer					
							12/15/2010	$1,700,000	$352,501,486	Updated portfolio data from servicer					
6/12/2009	Residential Credit Solutions, Fort Worth, TX	Purchase	Financial Instrument for Home Loan Modifications	$19,400,000	N/A		9/30/2009	($1,860,000)	$17,540,000	Updated portfolio data from servicer & HPDP initial cap		$91,549	$364,574	$444,961	$901,084
							12/30/2009	$27,920,000	$45,460,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($1,390,000)	$44,070,000	Updated portfolio data from servicer					
							7/14/2010	($13,870,000)	$30,200,000	Updated portfolio data from servicer					
							9/30/2010	$400,000	$30,600,000	Initial FHA-HAMP cap, initial FHA-2LP cap, and initial 2MP cap					
							9/30/2010	$586,954	$31,186,954	Updated portfolio data from servicer					
6/17/2009	CCO Mortgage, Glen Allen, VA	Purchase	Financial Instrument for Home Loan Modifications	$16,520,000	N/A		9/30/2009	$13,070,000	$29,590,000	Updated portfolio data from servicer & HPDP initial cap		$212,654	$626,974	$553,581	$1,393,209
							12/30/2009	$145,510,000	$175,100,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($116,950,000)	$58,150,000	Updated portfolio data from servicer					
							7/14/2010	($23,350,000)	$34,800,000	Updated portfolio data from servicer					
							9/30/2010	$7,846,346	$42,646,346	Updated portfolio data from servicer					
6/17/2009	RG Mortgage Corporation, San Juan, PR	Purchase	Financial Instrument for Home Loan Modifications	$57,000,000	N/A		9/30/2009	($11,300,000)	$45,700,000	Updated portfolio data from servicer & HPDP initial cap		$164,853	$227,582	$401,334	$793,769
							12/30/2009	($42,210,000)	$3,490,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$65,640,000	$69,130,000	Updated portfolio data from servicer					
							4/9/2010	($14,470,000)	$54,660,000	Updated portfolio data from servicer					
							7/14/2010	($8,860,000)	$45,800,000	Updated portfolio data from servicer					
							9/30/2010	($4,459,154)	$41,340,846	Updated portfolio data from servicer					
							12/15/2010	($4,300,000)	$37,040,846	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
6/19/2009	First Federal Savings and Loan, Port Angeles, WA	Purchase	Financial Instrument for Home Loan Modifications	$770,000	N/A		12/30/2009	$2,020,000	$2,790,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$11,370,000	$14,160,000	Updated portfolio data from servicer					
							5/26/2010	($14,160,000)	—	Termination of SPA					
6/19/2009	Wescom Central Credit Union, Anaheim, CA	Purchase	Financial Instrument for Home Loan Modifications	$540,000	N/A		9/30/2009	$330,000	$870,000	Updated portfolio data from servicer & HPDP initial cap		$81,962	$283,353	$198,613	$563,928
							12/30/2009	$16,490,000	$17,360,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($14,260,000)	$3,100,000	Updated portfolio data from servicer					
							7/14/2010	($1,800,000)	$1,300,000	Updated portfolio data from servicer					
							7/30/2010	$1,500,000	$2,800,000	Updated portfolio data from servicer					
							9/30/2010	$1,551,668	$4,351,668	Updated portfolio data from servicer					
6/26/2009	Citizens First Wholesale Mortgage Company, The Villages, FL	Purchase	Financial Instrument for Home Loan Modifications	$30,000	N/A		9/30/2009	($10,000)	$20,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$590,000	$610,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($580,000)	$30,000	Updated portfolio data from servicer					
							7/14/2010	$70,000	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
6/26/2009	Technology Credit Union, San Jose, CA	Purchase	Financial Instrument for Home Loan Modifications	$70,000	N/A		12/30/2009	$2,180,000	$2,250,000	Updated portfolio data from servicer & HAFA initial cap		$1,833	$18,309	$15,000	$35,143
							3/26/2010	($720,000)	$1,530,000	Updated portfolio data from servicer					
							7/14/2010	($430,000)	$1,100,000	Updated portfolio data from servicer					
							9/30/2010	$60,445	$1,160,445	Updated portfolio data from servicer					
6/26/2009	National City Bank, Miamisburg, OH	Purchase	Financial Instrument for Home Loan Modifications	$294,980,000	N/A		9/30/2009	$315,170,000	$610,150,000	Updated portfolio data from servicer & HPDP initial cap		$292,252	$1,041,294	$908,776	$2,242,322
							12/30/2009	$90,280,000	$700,430,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($18,690,000)	$681,740,000	Updated portfolio data from servicer					
							7/14/2010	($272,640,000)	$409,100,000	Updated portfolio data from servicer					
							9/30/2010	$80,600,000	$489,700,000	Initial FHA-HAMP cap, Initial FHA-2LP cap, and initial 2MP cap					
							9/30/2010	$71,230,004	$560,930,004	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Non-GSE Incentive Payments: Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
7/1/2009	Wachovia Mortgage, FSB, Des Moines, IA	Purchase	Financial Instrument for Home Loan Modifications	$634,010,000	N/A	3	9/30/2009	$723,880,000	$1,357,890,000	Updated portfolio data from servicer & HPDP initial cap		—	$76,890	$162,000	$238,890
							12/30/2009	$692,640,000	$2,050,530,000	Updated portfolio data from servicer & HAFA initial cap					
							2/17/2010	($2,050,236,344)	$293,656	Transfer of cap (to Wells Fargo Bank) due to merger					
							3/12/2010	($54,767)	$238,890	Transfer of cap (to Wells Fargo Bank) due to merger					
7/1/2009	Bayview Loan Servicing, LLC, Coral Gables, FL	Purchase	Financial Instrument for Home Loan Modifications	$44,260,000	N/A		9/30/2009	$23,850,000	$68,110,000	Updated portfolio data from servicer & HPDP initial cap		$1,063,068	$2,961,766	$3,390,312	$7,415,146
							12/30/2009	$43,590,000	$111,700,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$34,540,000	$146,240,000	Updated portfolio data from servicer					
							5/7/2010	$1,010,000	$147,250,000	Initial 2MP cap					
							7/14/2010	($34,250,000)	$113,000,000	Updated portfolio data from servicer					
							9/30/2010	$600,000	$113,600,000	Initial FHA-2LP cap					
							9/30/2010	($15,252,303)	$98,347,697	Updated portfolio data from servicer					
7/10/2009	Lake National Bank, Mentor, OH	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A		9/30/2009	$150,000	$250,000	Updated portfolio data from servicer & HPDP initial cap		$1,000	$1,660	$2,000	$4,660
							12/30/2009	$130,000	$380,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$50,000	$430,000	Updated portfolio data from servicer					
							7/14/2010	($30,000)	$400,000	Updated portfolio data from servicer					
							9/30/2010	$35,167	$435,167	Updated portfolio data from servicer					
7/10/2009	IBM Southeast Employees' Federal Credit Union, Delray Beach, FL	Purchase	Financial Instrument for Home Loan Modifications	$870,000	N/A		9/30/2009	($10,000)	$860,000	Updated portfolio data from servicer & HPDP initial cap		$1,000	$4,480	$6,000	$11,480
							12/30/2009	$250,000	$1,110,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($10,000)	$1,100,000	Updated portfolio data from servicer					
							7/14/2010	($400,000)	$700,000	Updated portfolio data from servicer					
							9/30/2010	$170,334	$870,334	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
7/17/2009	MorEquity, Inc., Evansville, IN	Purchase	Financial Instrument for Home Loan Modifications	$23,480,000	N/A		9/30/2009	$18,530,000	$42,010,000	Updated portfolio data from servicer & HPDP initial cap		$188,006	$1,712,237	$1,581,563	$3,481,806
							12/30/2009	$24,510,000	$66,520,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$18,360,000	$84,880,000	Updated portfolio data from servicer					
							7/14/2010	($22,580,000)	$62,300,000	Updated portfolio data from servicer					
							9/30/2010	($8,194,261)	$54,105,739	Updated portfolio data from servicer					
7/17/2009	PNC Bank, National Association, Pittsburgh, PA	Purchase	Financial Instrument for Home Loan Modifications	$54,470,000	N/A		9/30/2009	($36,240,000)	$18,230,000	Updated portfolio data from servicer & HPDP initial cap	$31,926	$917	$3,616	$7,917	$12,449
							12/30/2009	$19,280,000	$37,510,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$2,470,000	$39,980,000	Updated portfolio data from servicer					
							7/14/2010	($17,180,000)	$22,800,000	Updated portfolio data from servicer					
							9/30/2010	$35,500,000	$58,300,000	Initial FHA-2LP cap and initial 2MP cap					
							9/30/2010	$23,076,191	$81,376,191	Updated portfolio data from servicer					
7/17/2009	Farmers State Bank, West Salem, OH	Purchase	Financial Instrument for Home Loan Modifications	$170,000	N/A		9/30/2009	-$90,000	$80,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$50,000	$130,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$100,000	$230,000	Updated portfolio data from servicer					
							7/14/2010	($130,000)	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
7/17/2009	ShoreBank, Chicago, IL	Purchase	Financial Instrument for Home Loan Modifications	$1,410,000	N/A		9/30/2009	$890,000	$2,300,000	Updated portfolio data from servicer & HPDP initial cap		$24,302	$94,230	$113,052	$231,585
							12/30/2009	$1,260,000	$3,560,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($20,000)	$3,540,000	Updated portfolio data from servicer					
							7/14/2010	($240,000)	$3,300,000	Updated portfolio data from servicer					
							9/30/2010	$471,446	$3,771,446	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Non-GSE Incentive Payments: Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
7/22/2009	American Home Mortgage Servicing, Inc, Coppell, TX	Purchase	Financial Instrument for Home Loan Modifications	$1,272,490,000	N/A		9/30/2009	($53,670,000)	$1,218,820,000	Updated portfolio data from servicer & HPDP initial cap		$5,688,105	$28,307,838	$23,932,851	$57,928,795
							12/30/2009	$250,450,000	$1,469,270,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$124,820,000	$1,594,090,000	Updated portfolio data from servicer					
							7/14/2010	($289,990,000)	$1,304,100,000	Updated portfolio data from servicer					
							9/30/2010	$1,690,508	$1,305,790,508	Updated portfolio data from servicer					
							10/15/2010	$300,000	$1,306,090,508	Transfer of cap due to servicing transfer					
							11/16/2010	($100,000)	$1,305,990,508	Transfer of cap due to servicing transfer					
7/22/2009	Mortgage Center, LLC, Southfield, MI	Purchase	Financial Instrument for Home Loan Modifications	$4,210,000	N/A		9/30/2009	$1,780,000	$5,990,000	Updated portfolio data from servicer & HPDP initial cap		$6,418	$34,592	$53,168	$94,178
							12/30/2009	$2,840,000	$8,830,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$2,800,000	$11,630,000	Updated portfolio data from servicer					
							7/14/2010	($5,730,000)	$5,900,000	Updated portfolio data from servicer					
							9/30/2010	$2,658,280	$8,558,280	Updated portfolio data from servicer					
7/22/2009	Mission Federal Credit Union, San Diego, CA	Purchase	Financial Instrument for Home Loan Modifications	$860,000	N/A		9/30/2009	($490,000)	$370,000	Updated portfolio data from servicer & HPDP initial cap		$3,250	$17,758	$21,000	$42,008
							12/30/2009	$6,750,000	$7,120,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($6,340,000)	$780,000	Updated portfolio data from servicer					
							7/14/2010	($180,000)	$600,000	Updated portfolio data from servicer					
							9/30/2010	$125,278	$725,278	Updated portfolio data from servicer					
7/29/2009	First Bank, St. Louis, MO	Purchase	Financial Instrument for Home Loan Modifications	$6,460,000	N/A		9/30/2009	($1,530,000)	$4,930,000	Updated portfolio data from servicer & HPDP initial cap		$22,000	$243,297	$329,000	$594,297
							12/30/2009	$680,000	$5,610,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$2,460,000	$8,070,000	Updated portfolio data from servicer					
							7/14/2010	($2,470,000)	$5,600,000	Updated portfolio data from servicer					
							9/30/2010	$2,523,114	$8,123,114	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Non-GSE Incentive Payments: Market Capitalization (in Millions)	Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
7/29/2009	Purdue Employees Federal Credit Union, West Lafayette, IN	Purchase	Financial Instrument for Home Loan Modifications	$1,090,000	N/A		9/30/2009	($60,000)	$1,030,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$1,260,000	$2,290,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$2,070,000	$4,360,000	Updated portfolio data from servicer					
							7/14/2010	($3,960,000)	$400,000	Updated portfolio data from servicer					
							9/30/2010	$180,222	$580,222	Updated portfolio data from servicer					
7/29/2009	Wachovia Bank, N.A., Charlotte, NC	Purchase	Financial Instrument for Home Loan Modifications	$85,020,000	N/A		9/30/2009	($37,700,000)	$47,320,000	Updated portfolio data from servicer & HPDP initial cap					
							12/30/2009	$26,160,000	$73,480,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$9,820,000	$83,300,000	Updated portfolio data from servicer					
							7/14/2010	($46,200,000)	$37,100,000	Updated portfolio data from servicer					
							9/30/2010	($28,686,775)	$8,413,225	Updated portfolio data from servicer					
							12/3/2010	($8,413,225)	—	Termination of SPA					
7/31/2009	J.P.Morgan Chase Bank, NA, Lewisville, TX	Purchase	Financial Instrument for Home Loan Modifications	$2,699,720,000	N/A		9/30/2009	($14,850,000)	$2,684,870,000	Updated portfolio data from servicer & HPDP initial cap	$165,827	$21,245,934	$32,589,506	$56,907,032	$110,742,472
							12/30/2009	$1,178,180,000	$3,863,050,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$1,006,580,000	$4,869,630,000	Updated portfolio data from servicer & 2MP initial cap					
							7/14/2010	($1,934,230,000)	$2,935,400,000	Updated portfolio data from servicer					
							9/30/2010	$72,400,000	$3,007,800,000	Initial FHA-HAMP cap, Initial FHA-2LP cap, and initial RD-HAMP					
							9/30/2010	$215,625,536	$3,223,425,536	Updated portfolio data from servicer					
7/31/2009	EMC Mortgage Corporation, Lewisville, TX	Purchase	Financial Instrument for Home Loan Modifications	$707,380,000	N/A		9/30/2009	($10,000)	$707,370,000	Updated portfolio data from servicer & HPDP initial cap		$5,634,997	$8,107,380	$14,244,807	$27,987,184
							12/30/2009	$502,430,000	$1,209,800,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($134,560,000)	$1,075,240,000	Updated portfolio data from servicer & 2MP initial cap					
							7/14/2010	($392,140,000)	$683,100,000	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details				Non-GSE Incentive Payments				
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
7/31/2009	EMC Mortgage Corporation, Lewisville, TX	Purchase	Financial Instrument for Home Loan Modifications	$707,380,000	N/A		7/16/2010	($630,000)	$682,470,000	Transfer of cap to Saxon Mortgage Services, Inc.		$5,634,997	$8,107,380	$14,244,807	$27,987,184
							9/30/2010	$13,100,000	$695,570,000	Initial FHA-HAMP cap and initial FHA-2LP cap					
							9/30/2010	($8,006,457)	$687,563,543	Updated portfolio data from servicer					
							10/15/2010	($100,000)	$687,463,543	Transfer of cap due to servicing transfer					
							12/15/2010	($4,400,000)	$683,063,543	Updated portfolio data from servicer					
8/5/2009	Lake City Bank, Warsaw, IN	Purchase	Financial Instrument for Home Loan Modifications	$420,000	N/A		9/30/2009	$180,000	$600,000	Updated portfolio data from servicer & HPDP initial cap		—	$174	$2,000	$2,174
							12/30/2009	($350,000)	$250,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$20,000	$270,000	Updated portfolio data from servicer					
							7/14/2010	($70,000)	$200,000	Updated portfolio data from servicer					
							9/30/2010	$90,111	$290,111	Updated portfolio data from servicer					
8/5/2009	Oakland Municipal Credit Union, Oakland, CA	Purchase	Financial Instrument for Home Loan Modifications	$140,000	N/A		9/30/2009	$290,000	$430,000	Updated portfolio data from servicer & HPDP initial cap		—	$393	$3,000	$3,393
							12/30/2009	$210,000	$640,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$170,000	$810,000	Updated portfolio data from servicer					
							7/14/2010	($10,000)	$800,000	Updated portfolio data from servicer					
							9/30/2010	($74,722)	$725,278	Updated portfolio data from servicer					
8/5/2009	HomEq Servicing, North Highlands, CA	Purchase	Financial Instrument for Home Loan Modifications	$674,000,000	N/A		9/30/2009	($121,190,000)	$552,810,000	Updated portfolio data from servicer & HPDP initial cap		—	$3,036,319	$5,272,500	$8,308,819
							12/30/2009	($36,290,000)	$516,520,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$199,320,000	$715,840,000	Updated portfolio data from servicer					
							7/14/2010	($189,040,000)	$526,800,000	Updated portfolio data from servicer					
							9/30/2010	$38,626,728	$565,426,728	Updated portfolio data from servicer					
							10/15/2010	($170,800,000)	$394,626,728	Transfer of cap due to servicing transfer					
							12/15/2010	($22,200,000)	$372,426,728	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Non-GSE Incentive Payments: Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
8/12/2009	Litton Loan Servicing LP, Houston, TX	Purchase	Financial Instrument for Home Loan Modifications	$774,900,000	N/A		9/30/2009	$313,050,000	$1,087,950,000	Updated portfolio data from servicer & HPDP initial cap		$4,692,217	$14,857,599	$14,239,785	$33,789,601
							12/30/2009	$275,370,000	$1,363,320,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$278,910,000	$1,642,230,000	Updated portfolio data from servicer					
							7/14/2010	($474,730,000)	$1,167,500,000	Updated portfolio data from servicer					
							8/13/2010	($700,000)	$1,166,800,000	Transfer of cap to due to servicing transfer					
							9/15/2010	($1,000,000)	$1,165,800,000	Transfer of cap to due to servicing transfer					
							9/30/2010	($115,017,236)	$1,050,782,764	Updated portfolio data from servicer					
							10/15/2010	($800,000)	$1,049,982,764	Transfer of cap due to servicing transfer					
							12/15/2010	$800,000	$1,050,782,764	Updated portfolio data from servicer					
8/12/2009	PennyMac Loan Services, LLC, Calasbasa, CA	Purchase	Financial Instrument for Home Loan Modifications	$6,210,000	N/A		9/30/2009	($1,200,000)	$5,010,000	Updated portfolio data from servicer & HPDP initial cap		$71,908	$361,214	$354,241	$787,362
							12/30/2009	$30,800,000	$35,810,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$23,200,000	$59,010,000	Updated portfolio data from servicer					
							6/16/2010	$2,710,000	$61,720,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer					
							7/14/2010	($18,020,000)	$43,700,000	Updated portfolio data from servicer					
							7/16/2010	$6,680,000	$50,380,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer					
							8/13/2010	$2,600,000	$52,980,000	Transfer of cap to due to servicing transfer					
							9/15/2010	($100,000)	$52,880,000	Transfer of cap to due to servicing transfer					
							9/30/2010	$200,000	$53,080,000	Initial FHA-HAMP cap and 2MP initial cap					
							9/30/2010	($1,423,197)	$51,656,803	Updated portfolio data from servicer					
							11/16/2010	$1,400,000	$53,056,803	Transfer of cap due to servicing transfer					
							12/15/2010	($100,000)	$52,956,803	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
8/12/2009	Servis One, Inc., Titusville, PA	Purchase	Financial Instrument for Home Loan Modifications	$29,730,000	N/A		9/30/2009	($25,510,000)	$4,220,000	Updated portfolio data from servicer & HPDP initial cap		$917	$1,247	$1,000	$3,164
							12/30/2009	$520,000	$4,740,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$4,330,000	$9,070,000	Updated portfolio data from servicer					
							4/19/2010	$230,000	$9,300,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer					
							5/19/2010	$850,000	$10,150,000	Initial 2MP cap					
							7/14/2010	($850,000)	$9,300,000	Updated portfolio data from servicer					
							9/15/2010	$100,000	$9,400,000	Transfer of cap to due to servicing transfer					
							9/30/2010	$100,000	$9,500,000	Initial FHA-HAMP cap					
							9/30/2010	$16,755,064	$26,255,064	Updated portfolio data from servicer					
							10/15/2010	$100,000	$26,355,064	Transfer of cap due to servicing transfer					
							12/15/2010	$100,000	$26,455,064	Updated portfolio data from servicer					
8/28/2009	OneWest Bank, Pasadena, CA	Purchase	Financial Instrument for Home Loan Modifications	$668,440,000	N/A		10/2/2009	$145,800,000	$814,240,000	HPDP initial cap		$3,957,269	$18,878,211	$15,119,280	$37,954,760
							12/30/2009	$1,355,930,000	$2,170,170,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$121,180,000	$2,291,350,000	Updated portfolio data from servicer					
							7/14/2010	($408,850,000)	$1,882,500,000	Updated portfolio data from servicer					
							9/30/2010	$5,500,000	$1,888,000,000	2MP initial cap					
							9/30/2010	($51,741,163)	$1,836,258,837	Updated portfolio data from servicer					
8/28/2009	Stanford Federal Credit Union, Palo Alto, CA	Purchase	Financial Instrument for Home Loan Modifications	$300,000	N/A		10/2/2009	$70,000	$370,000	HPDP initial cap					
							12/30/2009	$2,680,000	$3,050,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$350,000	$3,400,000	Updated portfolio data from servicer					
							7/14/2010	($1,900,000)	$1,500,000	Updated portfolio data from servicer					
							9/30/2010	($1,209,889)	$290,111	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Non-GSE Incentive Payments: Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
8/28/2009	RoundPoint Mortgage Servicing Corporation, Charlotte, NC	Purchase	Financial Instrument for Home Loan Modifications	$570,000	N/A		10/2/2009	$130,000	$700,000	HPDP initial cap		—	$15,253	$38,000	$53,253
							12/30/2009	($310,000)	$390,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$2,110,000	$2,500,000	Updated portfolio data from servicer					
							7/14/2010	$8,300,000	$10,800,000	Updated portfolio data from servicer					
							9/30/2010	$5,301,172	$16,101,172	Updated portfolio data from servicer					
9/2/2009	Horicon Bank, Horicon, WI	Purchase	Financial Instrument for Home Loan Modifications	$560,000	N/A		10/2/2009	$130,000	$690,000	HPDP initial cap		—	$1,209	$2,000	$3,209
							12/30/2009	$1,040,000	$1,730,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($1,680,000)	$50,000	Updated portfolio data from servicer					
							5/12/2010	$1,260,000	$1,310,000	Updated portfolio data from servicer					
							7/14/2010	($1,110,000)	$200,000	Updated portfolio data from servicer					
							9/30/2010	$100,000	$300,000	Initial RD-HAMP					
							9/30/2010	-$9,889	$290,111	Updated portfolio data from servicer					
9/2/2009 as amended on 8/27/2010	Vantium Capital, Inc.dba Acqura Loan Services, Plano, TX	Purchase	Financial Instrument for Home Loan Modifications	$6,000,000	N/A	10	10/2/2009	$1,310,000	$7,310,000	HPDP initial cap					
							12/30/2009	($3,390,000)	$3,920,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$410,000	$4,330,000	Updated portfolio data from servicer					
							7/14/2010	($730,000)	$3,600,000	Updated portfolio data from servicer					
							9/15/2010	$4,700,000	$8,300,000	Transfer of cap due to servicing transfer					
							9/30/2010	$117,764	$8,417,764	Updated portfolio data from servicer					
							11/16/2010	$800,000	$9,217,764	Transfer of cap due to servicing transfer					
							12/15/2010	$2,700,000	$11,917,764	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
9/9/2009	Central Florida Educators Federal Credit Union, Lake Mary, FL	Purchase	Financial Instrument for Home Loan Modifications	$1,250,000	N/A		10/2/2009	$280,000	$1,530,000	HPDP initial cap		—	$11,020	$22,500	$33,520
							12/30/2009	($750,000)	$780,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$120,000	$900,000	Updated portfolio data from servicer					
							7/14/2010	($300,000)	$600,000	Updated portfolio data from servicer					
							9/30/2010	$270,334	$870,334	Updated portfolio data from servicer					
9/9/2009	U.S. Bank National Association, Owensboro, KY	Purchase	Financial Instrument for Home Loan Modifications	$114,220,000	N/A		10/2/2009	$24,920,000	$139,140,000	HPDP initial cap		$841,944	$5,262,729	$4,623,346	$10,728,020
							12/30/2009	$49,410,000	$188,550,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$41,830,000	$230,380,000	Updated portfolio data from servicer					
							7/14/2010	($85,780,000)	$144,600,000	Updated portfolio data from servicer					
							9/30/2010	$36,574,444	$181,174,444	Updated portfolio data from servicer					
9/9/2009	CUC Mortgage Corporation, Albany, NY	Purchase	Financial Instrument for Home Loan Modifications	$4,350,000	N/A		10/2/2009	$950,000	$5,300,000	HPDP initial cap		$2,500	$17,362	$20,417	$40,278
							12/30/2009	$5,700,000	$11,000,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$740,000	$11,740,000	Updated portfolio data from servicer					
							7/14/2010	($1,440,000)	$10,300,000	Updated portfolio data from servicer					
							9/30/2010	($6,673,610)	$3,626,390	Updated portfolio data from servicer					
9/11/2009	ORNL Federal Credit Union, Oak Ridge, TN	Purchase	Financial Instrument for Home Loan Modifications	$2,070,000	N/A		10/2/2009	$460,000	$2,530,000	HPDP initial cap		—	—	$2,000	$2,000
							12/30/2009	$2,730,000	$5,260,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$13,280,000	$18,540,000	Updated portfolio data from servicer					
							7/14/2010	($13,540,000)	$5,000,000	Updated portfolio data from servicer					
							9/30/2010	$1,817,613	$6,817,613	Updated portfolio data from servicer					
9/11/2009	Allstate Mortgage Loans & Investments, Inc., Ocala, FL	Purchase	Financial Instrument for Home Loan Modifications	$250,000	N/A		10/2/2009	$60,000	$310,000	HPDP initial cap		$1,623	$4,458	$4,623	$10,704
							12/30/2009	($80,000)	$230,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$280,000	$510,000	Updated portfolio data from servicer					
							7/14/2010	($410,000)	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
9/11/2009	Metropolitan National Bank, Little Rock, AR	Purchase	Financial Instrument for Home Loan Modifications	$280,000	N/A		10/2/2009	$70,000	$350,000	HPDP initial cap					
							12/30/2009	$620,000	$970,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$100,000	$1,070,000	Updated portfolio data from servicer					
							7/14/2010	($670,000)	$400,000	Updated portfolio data from servicer					
							9/30/2010	$35,167	$435,167	Updated portfolio data from servicer					
9/11/2009	Franklin Credit Management Corporation, Jersey City, NJ	Purchase	Financial Instrument for Home Loan Modifications	$27,510,000	N/A		10/2/2009	$6,010,000	$33,520,000	HPDP initial cap		—	$104,730	$224,000	$328,730
							12/30/2009	($19,750,000)	$13,770,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($4,780,000)	$8,990,000	Updated portfolio data from servicer					
							7/14/2010	($2,390,000)	$6,600,000	Updated portfolio data from servicer					
							9/30/2010	$2,973,670	$9,573,670	Updated portfolio data from servicer					
9/16/2009	Bay Federal Credit Union, Capitola, CA	Purchase	Financial Instrument for Home Loan Modifications	$410,000	N/A		10/2/2009	$90,000	$500,000	HPDP initial cap					
							12/30/2009	$1,460,000	$1,960,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$160,000	$2,120,000	Updated portfolio data from servicer					
							7/14/2010	($120,000)	$2,000,000	Updated portfolio data from servicer					
							9/30/2010	($1,419,778)	$580,222	Updated portfolio data from servicer					
9/23/2009	AMS Servicing, LLC, Buffalo, NY	Purchase	Financial Instrument for Home Loan Modifications	$4,390,000	N/A		10/2/2009	$960,000	$5,350,000	HPDP initial cap					
							12/30/2009	($3,090,000)	$2,260,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$230,000	$2,490,000	Updated portfolio data from servicer					
							7/14/2010	$5,310,000	$7,800,000	Updated portfolio data from servicer					
							9/30/2010	$323,114	$8,123,114	Updated portfolio data from servicer					
9/23/2009	Schools Financial Credit Union, Sacramento, CA	Purchase	Financial Instrument for Home Loan Modifications	$390,000	N/A		10/2/2009	$90,000	$480,000	HPDP initial cap		$1,000	$10,306	$5,500	$16,806
							12/30/2009	$940,000	$1,420,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($980,000)	$440,000	Updated portfolio data from servicer					
							7/14/2010	($140,000)	$300,000	Updated portfolio data from servicer					
							9/30/2010	$1,150,556	$1,450,556	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Date	Servicer Modifying Borrowers' Loans: Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Details: Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Non-GSE Incentive Payments: Market Capitalization (in Millions)	Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
9/23/2009	Glass City Federal Credit Union, Maumee, OH	Purchase	Financial Instrument for Home Loan Modifications	$230,000	N/A		10/2/2009	$60,000	$290,000	HPDP initial cap		$1,000	$695	$3,000	$4,695
							12/30/2009	($10,000)	$280,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$130,000	$410,000	Updated portfolio data from servicer					
							7/14/2010	($110,000)	$300,000	Updated portfolio data from servicer					
							9/30/2010	($9,889)	$290,111	Updated portfolio data from servicer					
9/23/2009	Central Jersey Federal Credit Union, Woodbridge, NJ	Purchase	Financial Instrument for Home Loan Modifications	$30,000	N/A		10/2/2009	$10,000	$40,000	HPDP initial cap					
							12/30/2009	$120,000	$160,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$10,000	$170,000	Updated portfolio data from servicer					
							7/14/2010	($70,000)	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
							10/29/2010	($145,056)	$0	Termination of SPA					
9/23/2009	Yadkin Valley Bank, Elkin, NC	Purchase	Financial Instrument for Home Loan Modifications	$240,000	N/A		10/2/2009	$60,000	$300,000	HPDP initial cap	$29	$1,000	$495	$5,000	$6,495
							12/30/2009	$350,000	$650,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	$1,360,000	$2,010,000	Updated portfolio data from servicer					
							7/14/2010	($1,810,000)	$200,000	Updated portfolio data from servicer					
							9/30/2010	$235,167	$435,167	Updated portfolio data from servicer					
9/25/2009	SEFCU, Albany, NY	Purchase	Financial Instrument for Home Loan Modifications	$440,000	N/A		10/2/2009	$100,000	$540,000	HPDP initial cap					
							12/30/2009	$20,000	$560,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($290,000)	$270,000	Updated portfolio data from servicer					
							7/14/2010	($70,000)	$200,000	Updated portfolio data from servicer					
							9/30/2010	($54,944)	$145,056	Updated portfolio data from servicer					
10/14/2009	Great Lakes Credit Union, North Chicago, IL	Purchase	Financial Instrument for Home Loan Modifications	$570,000	N/A		12/30/2009	$1,030,000	$1,600,000	Updated portfolio data from servicer & HAFA initial cap		—	$686	$1,000	$1,686
							3/26/2010	($880,000)	$720,000	Updated portfolio data from servicer					
							7/14/2010	($320,000)	$400,000	Updated portfolio data from servicer					
							9/30/2010	$180,222	$580,222	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
10/14/2009	Mortgage Clearing Corporation, Tulsa, OK	Purchase	Financial Instrument for Home Loan Modifications	$4,860,000	N/A		12/30/2009	($2,900,000)	$1,960,000	Updated portfolio data from servicer & HAFA initial cap					
							3/26/2010	($1,600,000)	$360,000	Updated portfolio data from servicer					
							7/14/2010	($260,000)	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
10/21/2009	United Bank Mortgage Corporation, Grand Rapids, MI	Purchase	Financial Instrument for Home Loan Modifications	$410,000	N/A		1/22/2010	$20,000	$430,000	Updated HPDP cap & HAFA initial cap		$8,248	$17,839	$26,727	$52,814
							3/26/2010	$400,000	$830,000	Updated portfolio data from servicer					
							7/14/2010	($430,000)	$400,000	Updated portfolio data from servicer					
							9/30/2010	$180,222	$580,222	Updated portfolio data from servicer					
10/23/2009	Bank United, Miami Lakes, FL	Purchase	Financial Instrument for Home Loan Modifications	$93,660,000	N/A		1/22/2010	$4,370,000	$98,030,000	Updated HPDP cap & HAFA initial cap		$503,468	$3,230,996	$2,847,063	$6,581,528
							3/26/2010	$23,880,000	$121,910,000	Updated portfolio data from servicer					
							7/14/2010	($16,610,000)	$105,300,000	Updated portfolio data from servicer					
							9/30/2010	$1,751,033	$107,051,033	Updated portfolio data from servicer					
10/23/2009	IC Federal Credit Union, Fitchburg, MA	Purchase	Financial Instrument for Home Loan Modifications	$760,000	N/A		1/22/2010	$40,000	$800,000	Updated HPDP cap & HAFA initial cap		$1,000	$3,625	$6,000	$10,625
							3/26/2010	($760,000)	$40,000	Updated portfolio data from servicer					
							5/12/2010	$2,630,000	$2,670,000	Updated portfolio data from servicer					
							7/14/2010	($770,000)	$1,900,000	Updated portfolio data from servicer					
							9/30/2010	$565,945	$2,465,945	Updated portfolio data from servicer					
10/28/2009	Harleysville National Bank & Trust Company, Harleysville, PA	Purchase	Financial Instrument for Home Loan Modifications	$1,070,000	N/A		4/21/2010	($1,070,000)	—	Termination of SPA					
10/28/2009	Members Mortgage Company, Inc, Woburn, MA	Purchase	Financial Instrument for Home Loan Modifications	$510,000	N/A		4/21/2010	($510,000)	—	Termination of SPA					
10/30/2009	DuPage Credit Union, Naperville, IL	Purchase	Financial Instrument for Home Loan Modifications	$70,000	N/A		1/22/2010	$10,000	$80,000	Updated HPDP cap & HAFA initial cap		$1,000	$6,520	$2,500	$10,020
							3/26/2010	$10,000	$90,000	Updated portfolio data from servicer					
							7/14/2010	$10,000	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
11/6/2009	Los Alamos National Bank, Los Alamos, NM	Purchase	Financial Instrument for Home Loan Modifications	$700,000	N/A		1/22/2010	$40,000	$740,000	Updated HPDP cap & HAFA initial cap		$277	$1,075	$6,474	$7,826
							3/26/2010	$50,000	$790,000	Updated portfolio data from servicer					
							7/14/2010	$1,310,000	$2,100,000	Updated portfolio data from servicer					
							9/30/2010	$75,834	$2,175,834	Updated portfolio data from servicer					
11/18/2009	Quantum Servicing Corporation, Tampa, FL	Purchase	Financial Instrument for Home Loan Modifications	$18,960,000	N/A		1/22/2010	$890,000	$19,850,000	Updated HPDP cap & HAFA initial cap		—	$1,046	$1,000	$2,046
							3/26/2010	$3,840,000	$23,690,000	Updated portfolio data from servicer					
							7/14/2010	($2,890,000)	$20,800,000	Updated portfolio data from servicer					
							9/30/2010	$9,661,676	$30,461,676	Updated portfolio data from servicer					
11/18/2009	Hillsdale County National Bank, Hillsdale, MI	Purchase	Financial Instrument for Home Loan Modifications	$1,670,000	N/A		1/22/2010	$80,000	$1,750,000	Updated HPDP cap & HAFA initial cap		—	$3,755	$12,000	$15,755
							3/26/2010	$330,000	$2,080,000	Updated portfolio data from servicer					
							7/14/2010	($1,080,000)	$1,000,000	Updated portfolio data from servicer					
							9/30/2010	$160,445	$1,160,445	Updated portfolio data from servicer					
11/18/2009	QLending, Inc., Coral Gables, FL	Purchase	Financial Instrument for Home Loan Modifications	$20,000	N/A		1/22/2010		$20,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	($10,000)	$10,000	Updated portfolio data from servicer					
							7/14/2010	$90,000	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
11/25/2009	Marix Servicing, LLC, Phoenix, AZ	Purchase	Financial Instrument for Home Loan Modifications	$20,360,000	N/A		1/22/2010	$950,000	$21,310,000	Updated HPDP cap & HAFA initial cap		$1,632	$43,402	$103,632	$148,666
							3/26/2010	($17,880,000)	$3,430,000	Updated portfolio data from servicer					
							6/16/2010	$1,030,000	$4,460,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer					
							7/14/2010	($1,160,000)	$3,300,000	Updated portfolio data from servicer					
							8/13/2010	$800,000	$4,100,000	Transfer of cap due to servicing transfer					
							9/30/2010	$200,000	$4,300,000	Initial FHA-HAMP cap and initial RD-HAMP					
							9/30/2010	$1,357,168	$5,657,168	Updated portfolio data from servicer					
11/25/2009	Home Financing Center, Inc, Coral Gables, FL	Purchase	Financial Instrument for Home Loan Modifications	$230,000	N/A		4/21/2010	($230,000)	—	Termination of SPA					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
11/25/2009	First Keystone Bank, Media, PA	Purchase	Financial Instrument for Home Loan Modifications	$1,280,000	N/A		1/22/2010	$50,000	$1,330,000	Updated HPDP cap & HAFA initial cap		$2,776	$3,423	$8,718	$14,917
							3/26/2010	$1,020,000	$2,350,000	Updated portfolio data from servicer					
							7/14/2010	($950,000)	$1,400,000	Updated portfolio data from servicer					
							9/30/2010	$50,556	$1,450,556	Updated portfolio data from servicer					
12/4/2009	Community Bank & Trust Company, Clarks Summit, PA	Purchase	Financial Instrument for Home Loan Modifications	$380,000	N/A		1/22/2010	$10,000	$390,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$520,000	$910,000	Updated portfolio data from servicer					
							7/14/2010	($810,000)	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
12/4/2009	Idaho Housing and Finance Association, Boise, ID	Purchase	Financial Instrument for Home Loan Modifications	$9,430,000	N/A		1/22/2010	$440,000	$9,870,000	Updated HPDP cap & HAFA initial cap		$2,922	$2,659	$5,922	$11,503
							3/26/2010	$14,480,000	$24,350,000	Updated portfolio data from servicer					
							5/26/2010	($24,200,000)	$150,000	Updated portfolio data from servicer					
							7/14/2010	$150,000	$300,000	Updated portfolio data from servicer					
							9/30/2010	($9,889)	$290,111	Updated portfolio data from servicer					
12/9/2009	Spirit of Alaska Federal Credit Union, Fairbanks, AK	Purchase	Financial Instrument for Home Loan Modifications	$360,000	N/A		1/22/2010	$10,000	$370,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$850,000	$1,220,000	Updated portfolio data from servicer					
							7/14/2010	($120,000)	$1,100,000	Updated portfolio data from servicer					
							9/30/2010	$100,000	$1,200,000	Initial FHA-HAMP cap					
							9/30/2010	$105,500	$1,305,500	Updated portfolio data from servicer					
12/9/2009	American Eagle Federal Credit Union, East Hartford, CT	Purchase	Financial Instrument for Home Loan Modifications	$1,590,000	N/A		1/22/2010	$70,000	$1,660,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	($290,000)	$1,370,000	Updated portfolio data from servicer					
							7/14/2010	($570,000)	$800,000	Updated portfolio data from servicer					
							9/30/2010	$70,334	$870,334	Updated portfolio data from servicer					
12/9/2009	Silver State Schools Credit Union, Las Vegas, NV	Purchase	Financial Instrument for Home Loan Modifications	$1,880,000	N/A		1/22/2010	$90,000	$1,970,000	Updated HPDP cap & HAFA initial cap		—	$18,378	$17,500	$35,878
							3/26/2010	$1,110,000	$3,080,000	Updated portfolio data from servicer					
							7/14/2010	($1,180,000)	$1,900,000	Updated portfolio data from servicer					
							9/30/2010	$275,834	$2,175,834	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
12/9/2009	Fidelity Homestead Savings Bank, New Orleans, LA	Purchase	Financial Instrument for Home Loan Modifications	$2,940,000	N/A		1/22/2010	$140,000	$3,080,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$6,300,000	$9,380,000	Updated portfolio data from servicer					
							7/14/2010	($1,980,000)	$7,400,000	Updated portfolio data from servicer					
							9/30/2010	($6,384,611)	$1,015,389	Updated portfolio data from servicer					
12/9/2009	Bay Gulf Credit Union, Tampa, FL	Purchase	Financial Instrument for Home Loan Modifications	$230,000	N/A		1/22/2010	$10,000	$240,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$440,000	$680,000	Updated portfolio data from servicer					
							7/14/2010	($80,000)	$600,000	Updated portfolio data from servicer					
							9/30/2010	($19,778)	$580,222	Updated portfolio data from servicer					
							10/15/2010	($580,222)	—	Termination of SPA					
12/9/2009	The Golden 1 Credit Union, Sacramento, CA	Purchase	Financial Instrument for Home Loan Modifications	$6,160,000	N/A		1/22/2010	$290,000	$6,450,000	Updated HPDP cap & HAFA initial cap		—	$47,964	$47,000	$94,964
							3/26/2010	$40,000	$6,490,000	Updated portfolio data from servicer					
							7/14/2010	($2,890,000)	$3,600,000	Updated portfolio data from servicer					
							9/30/2010	$606,612	$4,206,612	Updated portfolio data from servicer					
12/9/2009	Sterling Savings Bank, Spokane, WA	Purchase	Financial Instrument for Home Loan Modifications	$2,250,000	N/A		1/22/2010	$100,000	$2,350,000	Updated HPDP cap & HAFA initial cap		—	$16,534	$26,500	$43,034
							3/26/2010	($740,000)	$1,610,000	Updated portfolio data from servicer					
							7/14/2010	($710,000)	$900,000	Updated portfolio data from servicer					
							9/30/2010	$550,556	$1,450,556	Updated portfolio data from servicer					
12/11/2009	HomeStar Bank & Financial Services, Manteno, IL	Purchase	Financial Instrument for Home Loan Modifications	$310,000	N/A		1/22/2010	$20,000	$330,000	Updated HPDP cap & HAFA initial cap		—	$720	$1,000	$1,720
							3/26/2010	$820,000	$1,150,000	Updated portfolio data from servicer					
							7/14/2010	($350,000)	$800,000	Updated portfolio data from servicer					
							9/30/2010	$70,334	$870,334	Updated portfolio data from servicer					
12/11/2009	Glenview State Bank, Glenview, IL	Purchase	Financial Instrument for Home Loan Modifications	$370,000	N/A		1/22/2010	$20,000	$390,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$1,250,000	$1,640,000	Updated portfolio data from servicer					
							5/26/2010	($1,640,000)	—	Termination of SPA					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
12/11/2009	Verity Credit Union, Seattle, WA	Purchase	Financial Instrument for Home Loan Modifications	$600,000	N/A		1/22/2010	$30,000	$630,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$400,000	$1,030,000	Updated portfolio data from servicer					
							7/14/2010	($330,000)	$700,000	Updated portfolio data from servicer					
							9/30/2010	$25,278	$725,278	Updated portfolio data from servicer					
12/11/2009	Hartford Savings Bank, Hartford, WI	Purchase	Financial Instrument for Home Loan Modifications	$630,000	N/A		1/22/2010	$30,000	$660,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$800,000	$1,460,000	Updated portfolio data from servicer					
							7/14/2010	($360,000)	$1,100,000	Updated portfolio data from servicer					
							9/30/2010	$60,445	$1,160,445	Updated portfolio data from servicer					
12/11/2009	The Bryn Mawr Trust Co., Bryn Mawr, PA	Purchase	Financial Instrument for Home Loan Modifications	$150,000	N/A		4/21/2010	($150,000)	—	Termination of SPA					
12/16/2009	Citizens 1st National Bank, Spring Valley, IL	Purchase	Financial Instrument for Home Loan Modifications	$620,000	N/A		1/22/2010	$30,000	$650,000	Updated HPDP cap & HAFA initial cap		—	$1,724	$3,000	$4,724
							3/26/2010	($580,000)	$70,000	Updated portfolio data from servicer					
							7/14/2010	$1,430,000	$1,500,000	Updated portfolio data from servicer					
							9/30/2010	$95,612	$1,595,612	Updated portfolio data from servicer					
12/16/2009	Golden Plains Credit Union, Garden City, KS	Purchase	Financial Instrument for Home Loan Modifications	$170,000	N/A		1/22/2010	$10,000	$180,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$30,000	$210,000	Updated portfolio data from servicer					
							7/14/2010	($10,000)	$200,000	Updated portfolio data from servicer					
							9/30/2010	$90,111	$290,111	Updated portfolio data from servicer					
12/16/2009	First Federal Savings and Loan Association of Lakewood, Lakewood, OH	Purchase	Financial Instrument for Home Loan Modifications	$3,460,000	N/A		1/22/2010	$160,000	$3,620,000	Updated HPDP cap & HAFA initial cap					
							4/21/2010	($3,620,000)	—	Termination of SPA					
12/16/2009	Sound Community Bank, Seattle, WA	Purchase	Financial Instrument for Home Loan Modifications	$440,000	N/A		1/22/2010	$20,000	$460,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$1,430,000	$1,890,000	Updated portfolio data from servicer					
							7/14/2010	($390,000)	$1,500,000	Updated portfolio data from servicer					
							9/8/2010	-$1,500,000	—	Termination of SPA					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details				Non-GSE Incentive Payments				
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
12/16/2009	Horizon Bank, NA, Michigan City, IN	Purchase	Financial Instrument for Home Loan Modifications	$700,000	N/A		1/22/2010	$30,000	$730,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$1,740,000	$2,470,000	Updated portfolio data from servicer					
							7/14/2010	($1,870,000)	$600,000	Updated portfolio data from servicer					
							9/30/2010	$850,556	$1,450,556	Updated portfolio data from servicer					
12/16/2009	Park View Federal Savings Bank, Solon, OH	Purchase	Financial Instrument for Home Loan Modifications	$760,000	N/A		1/22/2010	$40,000	$800,000	Updated HPDP cap & HAFA initial cap		—	$8,326	$7,000	$15,326
							3/26/2010	$140,000	$940,000	Updated portfolio data from servicer					
							7/14/2010	($140,000)	$800,000	Updated portfolio data from servicer					
							9/30/2010	$70,334	$870,334	Updated portfolio data from servicer					
12/23/2009	Iberiabank, Sarasota, FL	Purchase	Financial Instrument for Home Loan Modifications	$4,230,000	N/A		1/22/2010	$200,000	$4,430,000	Updated HPDP cap & HAFA initial cap		—	$4,547	$13,000	$17,547
							3/26/2010	($1,470,000)	$2,960,000	Updated portfolio data from servicer					
							7/14/2010	($1,560,000)	$1,400,000	Updated portfolio data from servicer					
							9/30/2010	$5,852,780	$7,252,780	Updated portfolio data from servicer					
12/23/2009	Grafton Suburban Credit Union, North Grafton, MA	Purchase	Financial Instrument for Home Loan Modifications	$340,000	N/A		1/22/2010	$20,000	$360,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	($320,000)	$40,000	Updated portfolio data from servicer					
							7/14/2010	$760,000	$800,000	Updated portfolio data from servicer					
							9/30/2010	($74,722)	$725,278	Updated portfolio data from servicer					
12/23/2009	Eaton National Bank & Trust Company, Eaton, OH	Purchase	Financial Instrument for Home Loan Modifications	$60,000	N/A		1/22/2010	—	$60,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	$90,000	$150,000	Updated portfolio data from servicer					
							7/14/2010	$50,000	$200,000	Updated portfolio data from servicer					
							9/30/2010	($54,944)	$145,056	Updated portfolio data from servicer					
12/23/2009	Tempe Schools Credit Union, Tempe, AZ	Purchase	Financial Instrument for Home Loan Modifications	$110,000	N/A		1/22/2010	—	$110,000	Updated HPDP cap & HAFA initial cap					
							3/26/2010	($20,000)	$90,000	Updated portfolio data from servicer					
							7/14/2010	$10,000	$100,000	Updated portfolio data from servicer					
							9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
							12/8/2010	($145,056)	—	Termination of SPA					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
1/13/2010	Fresno County Federal Credit Union, Fresno, CA	Purchase	Financial Instrument for Home Loan Modifications	$260,000	N/A		3/26/2010	$480,000	$740,000	Updated portfolio data from servicer		—	$765	$1,000	$1,765
							7/14/2010	($140,000)	$600,000	Updated portfolio data from servicer					
							9/30/2010	($19,778)	$580,222	Updated portfolio data from servicer					
1/13/2010	Roebling Bank, Roebling, NJ	Purchase	Financial Instrument for Home Loan Modifications	$240,000	N/A		3/26/2010	$610,000	$850,000	Updated portfolio data from servicer					
							7/14/2010	$50,000	$900,000	Updated portfolio data from servicer					
							9/30/2010	($29,666)	$870,334	Updated portfolio data from servicer					
1/13/2010	First National Bank of Grant Park, Grant Park, IL	Purchase	Financial Instrument for Home Loan Modifications	$140,000	N/A		3/26/2010	$150,000	$290,000	Updated portfolio data from servicer					
							7/14/2010	$10,000	$300,000	Updated portfolio data from servicer					
							9/30/2010	($9,889)	$290,111	Updated portfolio data from servicer					
1/13/2010	Specialized Loan Servicing, LLC, Highlands Ranch, CO	Purchase	Financial Instrument for Home Loan Modifications	$64,150,000	N/A		3/26/2010	($51,240,000)	$12,910,000	Updated portfolio data from servicer		$44,759	$221,027	$161,926	$427,713
							5/14/2010	$3,000,000	$15,910,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer					
							6/16/2010	$4,860,000	$20,770,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer					
							7/14/2010	$3,630,000	$24,400,000	Updated portfolio data from servicer					
							7/16/2010	$330,000	$24,730,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer					
							8/13/2010	$700,000	$25,430,000	Transfer of cap due to servicing transfer					
							9/15/2010	$200,000	$25,630,000	Transfer of cap due to servicing transfer					
							9/30/2010	($1,695,826)	$23,934,174	Updated portfolio data from servicer					
							11/16/2010	$200,000	$24,134,174	Transfer of cap due to servicing transfer					
1/13/2010	Greater Nevada Mortgage Services, Carson City, NV	Purchase	Financial Instrument for Home Loan Modifications	$770,000	N/A		3/26/2010	$8,680,000	$9,450,000	Updated portfolio data from servicer		$5,167	$18,949	$23,750	$47,865
							7/14/2010	($8,750,000)	$700,000	Updated portfolio data from servicer					
							9/30/2010	$170,334	$870,334	Updated portfolio data from servicer					
1/15/2010	Digital Federal Credit Union, Marlborough, MA	Purchase	Financial Instrument for Home Loan Modifications	$3,050,000	N/A		3/26/2010	$12,190,000	$15,240,000	Updated portfolio data from servicer					
							5/14/2010	($15,240,000)	—	Termination of SPA					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
1/29/2010	iServe Residential Lending, LLC, San Diego, CA	Purchase	Financial Instrument for Home Loan Modifications	$960,000	N/A		3/26/2010	($730,000)	$230,000	Updated portfolio data from servicer					
							7/14/2010	$370,000	$600,000	Updated portfolio data from servicer					
							9/30/2010	$200,000	$800,000	Initial FHA-HAMP cap and initial 2MP cap					
							9/30/2010	($364,833)	$435,167	Updated portfolio data from servicer					
							11/16/2010	$100,000	$535,167	Transfer of cap due to servicing transfer					
1/29/2010	United Bank, Griffin, GA	Purchase	Financial Instrument for Home Loan Modifications	$540,000	N/A		3/26/2010	$160,000	$700,000	Updated portfolio data from servicer					
							9/30/2010	$25,278	$725,278	Updated portfolio data from servicer					
3/3/2010	Urban Trust Bank, Lake Mary, FL	Purchase	Financial Instrument for Home Loan Modifications	$1,060,000	N/A		7/14/2010	$4,440,000	$5,500,000	Updated portfolio data from servicer					
							9/24/2010	($5,500,000)	—	Termination of SPA					
3/5/2010	iServe Servicing, Inc., Irving, TX	Purchase	Financial Instrument for Home Loan Modifications	$28,040,000	N/A		5/26/2010	$120,000	$28,160,000	Initial 2MP cap					
							7/14/2010	($12,660,000)	$15,500,000	Updated portfolio data from servicer					
							9/30/2010	$100,000	$15,600,000	Initial FHA-HAMP cap					
							9/30/2010	($3,125,218)	$12,474,782	Updated portfolio data from servicer					
							11/16/2010	$800,000	$13,274,782	Transfer of cap due to servicing transfer					
3/10/2010	Navy Federal Credit Union, Vienna, VA	Purchase	Financial Instrument for Home Loan Modifications	$60,780,000	N/A		7/14/2010	($44,880,000)	$15,900,000	Updated portfolio data from servicer		$6,000	$24,596	$31,000	$61,596
							9/30/2010	$1,071,505	$16,971,505	Updated portfolio data from servicer					
3/10/2010	Vist Financial Corp, Wyomissing, PA	Purchase	Financial Instrument for Home Loan Modifications	$300,000	N/A		7/14/2010	$400,000	$700,000	Updated portfolio data from servicer					
							9/30/2010	$25,278	$725,278	Updated portfolio data from servicer					
4/14/2010	Midwest Bank and Trust Co., Elmwood Park, IL	Purchase	Financial Instrument for Home Loan Modifications	$300,000	N/A		7/14/2010	$300,000	$600,000	Updated portfolio data from servicer					
							9/30/2010	($19,778)	$580,222	Updated portfolio data from servicer					
4/14/2010	Wealthbridge Mortgage Corp, Beaverton, OR	Purchase	Financial Instrument for Home Loan Modifications	$6,550,000	N/A		7/14/2010	($150,000)	$6,400,000	Updated portfolio data from servicer					
							9/15/2010	$1,600,000	$8,000,000	Transfer of cap due to servicing transfer					
							9/30/2010	($4,352,173)	$3,647,827	Updated portfolio data from servicer					
5/21/2010	Aurora Financial Group, Inc., Marlton, NJ	Purchase	Financial Instrument for Home Loan Modifications	$10,000	N/A	4, 8	5/26/2010	$30,000	$40,000	Updated FHA-HAMP cap					
							9/30/2010	$250,111	$290,111	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
6/16/2010	Selene Financial, L.P., Houston, TX	Transfer	Financial Instrument for Home Loan Modifications	—	N/A	9	6/16/2010	$3,680,000	$3,680,000	Transfer of cap from CitiMortgage, Inc. due to servicing transfer		$750	$5,503	$1,000	$7,253
							8/13/2010	$3,300,000	$6,980,000	Transfer of cap due to servicing transfer					
							9/30/2010	$3,043,831	$10,023,831	Updated portfolio data from servicer					
							10/15/2010	$1,400,000	$11,423,831	Transfer of cap due to servicing transfer					
8/4/2010	Suburban Mortgage Company of New Mexico, Albuquerque, NM	Purchase	Financial Instrument for Home Loan Modifications	$880,000	N/A		9/30/2010	$1,585,945	$2,465,945	Updated portfolio data from servicer					
8/20/2010	Bramble Savings Bank, Cincinnati, OH	Purchase	Financial Instrument for Home Loan Modifications	$700,000	N/A		9/30/2010	$1,040,667	$1,740,667	Updated portfolio data from servicer					
8/25/2010	Pathfinder Bank, Oswego, NY	Purchase	Financial Instrument for Home Loan Modifications	$1,300,000	N/A		9/30/2010	$2,181,334	$3,481,334	Updated portfolio data from servicer		—	$210	$1,000	$1,210
8/27/2010	First Financial Bank, N.A., Terre Haute, ID	Purchase	Financial Instrument for Home Loan Modifications	$4,300,000	N/A		9/30/2010	$7,014,337	$11,314,337	Updated portfolio data from servicer					
9/1/2010	RBC Bank (USA), Raleigh, NC	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/3/2010	Fay Servicing, LLC, Chicago, IL	Purchase	Financial Instrument for Home Loan Modifications	$3,100,000	N/A		9/30/2010	$5,168,169	$8,268,169	Updated portfolio data from servicer					
9/15/2010	Vericrest Financial, Inc., Oklahoma City, OK	Purchase	Financial Instrument for Home Loan Modifications	—	N/A	9	9/15/2010	$1,000,000	$1,000,000	Transfer of cap due to servicing transfer		—	—	$5,000	$5,000
							9/30/2010	$450,556	$1,450,556	Updated portfolio data from servicer					
9/15/2010	Midwest Community Bank, Freeport, IL	Purchase	Financial Instrument for Home Loan Modifications	$400,000	N/A		9/30/2010	$180,222	$580,222	Updated portfolio data from servicer					
9/24/2010	American Finance House LARIBA, Pasadena, CA	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A		9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/24/2010	Centrue Bank, Ottawa, IL	Purchase	Financial Instrument for Home Loan Modifications	$1,900,000	N/A		9/30/2010	$856,056	$2,756,056	Updated portfolio data from servicer					
9/30/2010	AgFirst Farm Credit Bank, Columbia, SC	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A		9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	Amarillo National Bank, Amarillo, TX	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	American Financial Resources Inc., Parsippany, NJ	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	Banco Popular de Puerto Rico, San Juan, PR	Purchase	Financial Instrument for Home Loan Modifications	$1,700,000	N/A	4, 5, 8	9/30/2010	$765,945	$2,465,945	Updated portfolio data from servicer					
9/30/2010	Capital International Financial, Inc., Coral Gables, FL	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					

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HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
9/24/2010	Citizens Community Bank, Freeburg, IL	Purchase	Financial Instrument for Home Loan Modifications	$800,000	N/A		9/30/2010	$360,445	$1,160,445	Updated portfolio data from servicer					
9/30/2010	Community Credit Union of Florida, Rockledge, FL	Purchase	Financial Instrument for Home Loan Modifications	$2,000,000	N/A	6	9/30/2010	$901,112	$2,901,112	Updated portfolio data from servicer					
9/30/2010	CU Mortgage Services, Inc., New Brighton, MN	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	First Federal Bank of Florida, Lake City, FL	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	First Mortgage Coporation, Diamond Bar, CA	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	First Safety Bank, Cincinnati, OH	Purchase	Financial Instrument for Home Loan Modifications	$400,000	N/A		9/30/2010	$180,222	$580,222	Updated portfolio data from servicer					
9/30/2010	Flagstar Capital Markets Corporation, Troy, MI	Purchase	Financial Instrument for Home Loan Modifications	$800,000	N/A	7, 8	9/30/2010	$360,445	$1,160,445	Updated portfolio data from servicer					
9/30/2010	Franklin Savings, Cincinnati, OH	Purchase	Financial Instrument for Home Loan Modifications	$1,700,000	N/A	4	9/30/2010	$765,945	$2,465,945	Updated portfolio data from servicer					
9/30/2010	Gateway Mortgage Group, LLC, Tulsa, OK	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	GFA Federal Credit Union, Gardner, MA	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A		9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	Guaranty Bank, Saint Paul, MN	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/24/2010	James B. Nutter & Company, Kansas City, MO	Purchase	Financial Instrument for Home Loan Modifications	$300,000	N/A	4, 8	9/30/2010	$135,167	$435,167	Updated portfolio data from servicer					
9/30/2010	Liberty Bank and Trust Co, New Orleans, LA	Purchase	Financial Instrument for Home Loan Modifications	$1,000,000	N/A		9/30/2010	$450,556	$1,450,556	Updated portfolio data from servicer					
9/30/2010	M&T Bank, Buffalo, NY	Purchase	Financial Instrument for Home Loan Modifications	$700,000	N/A	4, 8	9/30/2010	$315,389	$1,015,389	Updated portfolio data from servicer	$10,392				
9/30/2010	Magna Bank, Germantown, TN	Purchase	Financial Instrument for Home Loan Modifications	$1,400,000	N/A	5	9/30/2010	$630,778	$2,030,778	Updated portfolio data from servicer					
9/30/2010	Mainstreet Credit Union, Lexena, KS	Purchase	Financial Instrument for Home Loan Modifications	$500,000	N/A		9/30/2010	$225,278	$725,278	Updated portfolio data from servicer					
9/30/2010	Marsh Associates, Inc., Charlotte, NC	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	Midland Mortgage Company, Oklahoma City, OK	Purchase	Financial Instrument for Home Loan Modifications	$43,500,000	N/A	4, 5	9/30/2010	$49,915,806	$93,415,806	Updated portfolio data from servicer		$112,700		$117,438	$230,138
9/30/2010	Schmidt Mortgage Company, Rocky River, OH	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					

Continued on next page.

HAMP TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

	Servicer Modifying Borrowers' Loans						Adjustment Details					Non-GSE Incentive Payments			
Date	Name of Institution	Transaction Type	Investment Description	Cap of Incentive Payments on Behalf of Borrowers and to Servicers & Lenders/ Investors (Cap)[1]	Pricing Mechanism	Note	Adjustment Date	Cap Adjustment Amount	Adjusted Cap	Reason for Adjustment	Market Capitalization (in Millions)	Borrowers Incentive	Lenders/ Investors Incentives	Servicers Incentives	Total Non-GSE Incentive Payments
9/30/2010	Stockman Bank of Montana, Miles City, MT	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
9/30/2010	University First Federal Credit Union, Salt Lake City, UT	Purchase	Financial Instrument for Home Loan Modifications	$600,000	N/A		9/30/2010	$270,334	$870,334	Updated portfolio data from servicer					
9/30/2010	Weststar Mortgage, Inc., Woodbridge, VA	Purchase	Financial Instrument for Home Loan Modifications	$100,000	N/A	4, 8	9/30/2010	$45,056	$145,056	Updated portfolio data from servicer					
12/15/2010	Statebridge Company, LLC, Denver, CO	Purchase	Financial Instrument for Home Loan Modifications	—	N/A	9	12/15/2010	$5,000,000	$5,000,000	Updated portfolio data from servicer					
12/15/2010	Scotiabank de Puerto Rico, San Juan, PR	Purchase	Financial Instrument for Home Loan Modifications	—	N/A	9	12/15/2010	$4,300,000	$4,300,000	Updated portfolio data from servicer					
			Total Initial Cap	**$23,831,570,000**	**Total Cap Adjustments**			**$6,076,340,486**			**Totals**	**$117,656,225**	**$337,881,234**	**$384,563,479**	**$840,100,938**
				Total Cap				**$29,907,910,486**							

Notes: Numbers affected by rounding. Data as of 12/31/2010. Numbered notes and definitions were taken verbatim from Treasury's 1/4/2011 *Transactions Report*.

[1] The Cap of Incentive Payments represents the potential total amount allocated to each servicer and includes the maximum amount allotted for all payments on behalf of borrowers and payments to servicers and lenders/investors. The Cap is subject to adjustment based on the total amount allocated to the program and individual servicer usage for borrower modifications. Each adjustment to the Cap is reflected under Adjustment Details.
[2] On July 31, 2009, the SPA with Chase Home Finance, LLC was terminated and superseded by new SPAs with J.P. Morgan Chase Bank, NA and EMC Mortgage Corporation.
[3] Wachovia Mortgage, FSB was merged with Wells Fargo Bank, NA, and the remaining Adjusted Cap stated above represents the amount previously paid to Wachovia Mortgage, FSB prior to such merger.
[4] Initial cap amount only includes FHA-HAMP.
[5] Initial cap amount includes RD-HAMP.
[6] Initial cap amount includes 2MP.
[7] Initial cap amount includes FHA-2LP.
[8] Initial cap does not include HAMP.
[9] This institution executed an Assignment and Assumption Agreement (a copy of which is available on www.FinancialStability.gov) with respect to all rights and obligations for the transferred loan modifications. The amount transferred is realized as a cap adjustment and not as initial cap.
[10] The amendment reflects a change in the legal name of the institution.

"HAFA" means the Home Affordable Foreclosure Alternatives program.
"HPDP" means the Home Price Decline Protection program.
"2MP" means the Second Lien Modification Program.
"RD-HAMP" means the Rural Housing Service Home Affordable Modification Program.
"FHA-2LP" means the FHA Second Lien Program.

Sources: Treasury, *Transactions Report*, 1/4/2011; Market Data: Capital IQ, Inc. (a division of Standard & Poor's), www.capitaliq.com, accessed 1/7/2011.

TABLE D.13

HARDEST HIT FUND (HHF) PROGRAM TRANSACTION DETAIL, AS OF 12/31/2010

Note	Trade Date	Seller: Name of Institution	Transaction Type	Investment Description	Initial Investment Amount	Additional Investment Amount	Investment Amount[1]	Pricing Mechanism
	6/23/2010	Nevada Affordable Housing Assistance Corporation, Reno, NV	Purchase	Financial Instrument for HHF Program	$102,800,000	—	$194,026,240	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$34,056,581		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$57,169,659		N/A
	6/23/2010	CalHFA Mortgage Assistance Corporation , Sacramento, CA	Purchase	Financial Instrument for HHF Program	$699,600,000	—	$1,975,334,096	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$476,257,070		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$799,477,026		N/A
	6/23/2010	Florida Housing Finance Corporation, Tallahassee, FL	Purchase	Financial Instrument for HHF Program	$418,000,000	—	$1,057,839,136	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$238,864,755		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$400,974,381		N/A
	6/23/2010	Arizona (Home) Foreclosure Prevention Funding Corporation, Phoenix, AZ	Purchase	Financial Instrument for HHF Program	$125,100,000	—	$267,766,006	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$142,666,006		N/A
	6/23/2010	Michigan Homeowner Assistance Nonprofit Housing Corporation, Lansing, MI	Purchase	Financial Instrument for HHF Program	$154,500,000	—	$498,605,738	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$128,461,559		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$215,644,179		N/A
	8/3/2010	North Carolina Housing Finance Agency, Raleigh, NC	Purchase	Financial Instrument for HHF Program	$159,000,000	—	$482,781,786	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$120,874,221		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$202,907,565		N/A
	8/3/2010	Ohio Homeowner Assistance LLC, Columbus, OH	Purchase	Financial Instrument for HHF Program	$172,000,000	—	$570,395,099	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$148,728,864		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$249,666,235		N/A
	8/3/2010	Oregon Affordable Housing Assistance Corporation, Salem, OR	Purchase	Financial Instrument for HHF Program	$88,000,000	—	$220,042,786	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$49,294,215		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$82,748,571		N/A
	8/3/2010	Rhode Island Housing and Mortgage Finance Corporation, Providence, RI	Purchase	Financial Instrument for HHF Program	$43,000,000	—	$79,351,573	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$13,570,770		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$22,780,803		N/A
	8/3/2010	SC Housing Corp, Columbia, SC	Purchase	Financial Instrument for HHF Program	$138,000,000	—	$295,431,547	N/A
2	9/23/2010			Financial Instrument for HHF Program	—	$58,772,347		N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$98,659,200		N/A
	9/23/2010	Alabama Housing Finance Authority, Montgomery, AL	Purchase	Financial Instrument for HHF Program	$60,672,471	—	$162,521,345	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$101,848,874		N/A
	9/23/2010	Kentucky Housing Corporation, Frankfort, KY	Purchase	Financial Instrument for HHF Program	$55,588,050	—	$148,901,875	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$93,313,825		N/A
	9/23/2010	Mississippi Home Corporation, Jackson, MS	Purchase	Financial Instrument for HHF Program	$38,036,950	—	$101,888,323	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$63,851,373		N/A

Continued on next page.

HARDEST HIT FUND (HHF) PROGRAM TRANSACTION DETAIL, AS OF 12/31/2010 (CONTINUED)

Note	Trade Date	Seller: Name of Institution	Transaction Type	Investment Description	Initial Investment Amount	Additional Investment Amount	Investment Amount[1]	Pricing Mechanism
	9/23/2010	GHFA Affordable Housing, Inc., Atlanta, GA	Purchase	Financial Instrument for HHF Program	$126,650,987	—	$339,255,819	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$212,604,832		N/A
	9/23/2010	Indiana Housing and Community Development Authority, Indianapolis, IN	Purchase	Financial Instrument for HHF Program	$82,762,859	—	$221,694,139	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$138,931,280		N/A
	9/23/2010	Illinois Housing Development Authority, Chicago, IL	Purchase	Financial Instrument for HHF Program	$166,352,726	—	$445,603,557	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$279,250,831		N/A
	9/23/2010	New Jersey Housing and Mortgage Finance Agency, Trenton, NJ	Purchase	Financial Instrument for HHF Program	$112,200,637	—	$300,548,144	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$188,347,507		N/A
	9/23/2010	District of Columbia Housing Finance Agency, Washington, DC	Purchase	Financial Instrument for HHF Program	$7,726,678	—	$20,697,198	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$12,970,520		N/A
	9/23/2010	Tennessee Housing Development Agency, Nashville, TN	Purchase	Financial Instrument for HHF Program	$81,128,260	—	$217,315,593	N/A
3	9/29/2010			Financial Instrument for HHF Program	—	$136,187,333		N/A
						Total Investment Amount	**$7,600,000,000**	

Notes: Numbers affected by rounding. Data as of 12/31/2010. Numbered notes are taken verbatim from Treasury's 1/4/2011 *Transactions Report.*

[1] The purchase will be incrementally funded up to the investment amount.
[2] On 9/23/2010, Treasury provided additional investment to this HFA and substituted its investment for an amended and restated financial instrument.
[3] On 9/29/2010, Treasury provided additional investment to this HFA and substituted its investment for an amended and restated financial instrument.

Source: Treasury, *Transaction Report*, 1/4/2011.

TABLE D.14

FHA SHORT REFINANCE PROGRAM, AS OF 12/31/2010

Note	Trade Date	Seller Name	Transaction Type	Investment Description	Investment Amount	Pricing Mechanism
1	9/3/2010	Citigroup, Inc., New York, NY	Purchase	Facility Purchase Agreement, dated as of 9/3/2010, between the U.S. Department of the Treasury and Citibank, N.A	$8,117,000,000	N/A
				TOTAL	**$8,117,000,000**	

Notes: Numbers affected by rounding. Data as of 12/31/2010. Numbered notes are taken verbatim from Treasury's 1/4/2011 *Transactions Report.*

[1] On September 3, 2010, the U.S. Department of the Treasury and Citibank, N.A. entered into a facility purchase agreement (the "L/C Facility Agreement"), which allows Treasury to demand from Citigroup the issuance of an up to $8 billion, 10-year letter of credit (the "L/C"). Treasury will increase availability under the L/C incrementally in proportion to the dollar value of mortgages refinanced under the FHA Short Refinance program from time to time during the first 2.5 years. At that time, the amount of the L/C will be capped at the then-current level. Under the terms of the L/C Facility Agreement, Treasury will incur fees for the availability and usage of the L/C up to a maximum amount of $117 million.

Source: Treasury, *Transaction Report*, 1/4/2011.

PUBLIC ANNOUNCEMENTS OF AUDITS

This appendix provides an announcement of new and ongoing public audits by the agencies listed. See Appendix F: "Key Oversight Reports and Testimonies" for a listing of published reports. Italic style indicates narrative taken verbatim from the agencies' responses to SIGTARP's data call.

- U.S. Department of the Treasury Inspector General ("Treasury OIG")
- Federal Reserve Board Office of Inspector General ("Federal Reserve OIG")
- Government Accountability Office ("GAO")
- Federal Deposit Insurance Corporation ("FDIC OIG")

Treasury OIG[1]

Ongoing Audits

- None

Federal Reserve OIG[2]

Ongoing Audits

- None

GAO[3]

Ongoing Audits

- *Update on the status of TARP programs will provide an overview of the evolution and status of the programs with discussion of possible effectiveness indicators. Expected issuance on January 12 or 13.*
- *AIG indicators report will update financial and other indicators to chart AIG's prospects. Expected issuance during the week of January 17.*
- *HAMP # 3 will focus on implementation of new programs plus continued oversight of servicer performance for ongoing problems. Expected issuance in late February 2011.*
- *Auto industry program-ongoing oversight of program and analysis of community impacts of restructuring of auto companies. Expected issuance in March 2011.*
- *Further update of CPP with expected issuance in the summer.*

FDIC OIG[4]

Ongoing Audits

- Material Loss Review and Evaluation of Efforts to Address Capital Deficiencies at ShoreBank, Chicago, Illinois.

Endnotes

[1] Treasury OIG, response to SIGTARP data call, 1/5/2011.
[2] Federal Reserve OIG, response to SIGTARP data call, 12/21/2010.
[3] GAO, response to SIGTARP data call, 12/22/2010.
[4] FDIC OIG, response to SIGTARP data call, 1/3/2011.

KEY OVERSIGHT REPORTS AND TESTIMONIES

This list reflects TARP-related reports and testimonies published since SIGTARP's last quarterly report. See prior SIGTARP quarterly reports for lists of prior oversight reports and testimonies.

U.S. DEPARTMENT OF THE TREASURY (TREASURY)

ROLES AND MISSION

The mission of Treasury is to serve the American people and strengthen national security by managing the U.S. government's finances effectively; promoting economic growth and stability; and ensuring the safety, soundness, and security of the U.S. and international financial systems. Treasury advises the President on economic and financial issues, encourages sustainable economic growth, and fosters improved governance in financial institutions.

OVERSIGHT REPORTS

Treasury, *Transactions Report*, 10/1/2010 – 12/31/2010, wwww.treasury.gov/initiatives/financial-stability/briefing-room/reports/tarp-transactions/Pages/default.aspx, accessed 1/5/2011. (released weekly)

Treasury, *Section 105(a) Report*, 10/11/2010 – 12/10/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/105/Pages/default.aspx, accessed 1/5/2011.

Treasury, "Dividend and Interest Reports," 10/11/2010 – 12/10/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/dividends-interest/Pages/default.aspx, accessed 1/5/2011.

Treasury, "Making Home Affordable Program Reports," 10/25/2010 – 12/22/2010, www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/Pages/default.aspx, accessed 1/5/2011.

Treasury, "Treasury's response to SIGTARP's open recommendations," 10/7/2010, www.treasury.gov/initiatives/financial-stability/about/Oversight/SIGTARP/Documents/Treasury%20Status%20Update%20Response%20to%20Open%20SIGTARP%20Recommendations%20(10072010).pdf, accessed 1/5/2011.

Treasury, "Treasury's response to GAO's CPP Audit Report," 12/3/2010, www.treasury.gov/initiatives/financial-stability/about/Oversight/Documents/mccool%20pkg.pdf, accessed 1/5/2011.

RECORDED TESTIMONY

Treasury, "Secretary Timothy F. Geithner Written Testimony Before the Congressional Oversight Panel," 12/16/2010, www.treasury.gov/press-center/press-releases/Pages/tg1008.aspx, accessed 1/5/2011.

FINANCIAL STABILITY OVERSIGHT BOARD (FSOB)

ROLES AND MISSION

FSOB is responsible for reviewing the exercise of authority under programs developed in accordance with EESA, including:

- *policies implemented by the Secretary and the Office of Financial Stability, including the appointment of financial agents, the designation of asset classes to be purchased, and plans for the structure of vehicles used to purchase troubled assets*
- *the effect of such actions in assisting American families in preserving home ownership, stabilizing financial markets, and protecting taxpayers.*

In addition, FSOB is responsible for making recommendations to the Secretary on the use of the authority under EESA, as well as for reporting any suspected fraud, misrepresentation, or malfeasance to SIGTARP or the U.S. Attorney General.

OVERSIGHT REPORTS

Financial Stability Oversight Board, "Agency Financial Report FY 2010," 11/15/2010, www.treasury.gov/initiatives/financial-stability/briefing-room/reports/agency_reports/Documents/2010%20OFS%20AFR%20Nov%2015.pdf, accessed 1/5/2011.

RECORDED TESTIMONY

None

SECURITIES AND EXCHANGE COMMISSION (SEC)

ROLES AND MISSION

SEC administers the federal securities laws, requires disclosure by public companies, and brings enforcement actions against violators of securities law. While other federal and state agencies are legally responsible for regulating mortgage lending and the credit markets, SEC has taken these decisive actions to address the extraordinary challenges caused by the current credit crisis:

- *aggressively combating fraud and market manipulation through enforcement actions*
- *taking swift action to stabilize financial markets*
- *enhancing transparency in financial disclosure.*

OVERSIGHT REPORTS

None

RECORDED TESTIMONY

SEC, "Testimony on U.S. Equity Market Structure by the U.S. Securities and Exchange Commission," Chairman Mary L. Schapiro, 12/8/2010, http://sec.gov/news/testimony/2010/ts120810mls.htm, accessed 1/5/2011.

GOVERNMENT ACCOUNTABILITY OFFICE (GAO)

ROLES AND MISSION

GAO is tasked with performing ongoing oversight of TARP's performance, including:

- *evaluating the characteristics of asset purchases and the disposition of assets acquired*
- *assessing TARP's efficiency in using the funds*
- *evaluating compliance with applicable laws and regulations*
- *assessing the efficiency of contracting procedures*
- *auditing TARP's annual financial statements and internal controls*
- *submitting reports to Congress at least every 60 days.*

OVERSIGHT REPORTS

GAO, "Troubled Asset Relief Program: Opportunities Exist to Apply Lessons Learned from the Capital Purchase Program to Similarly Designed Programs and to Improve the Repayment Process," 10/4/2010, www.gao.gov/new.items/d1147.pdf, accessed 1/5/2011.

GAO, "Troubled Asset Relief Program: Fiscal Years 2010 and 2009 Financial Statements," 12/15/2010, www.gao.gov/new.items/d11174.pdf, accessed 1/5/2011.

RECORDED TESTIMONY

None

CONGRESSIONAL OVERSIGHT PANEL (COP)

ROLES AND MISSION

COP is tasked with reviewing the current state of the financial markets and the regulatory system. As a by-product of these oversight activities, COP is required to produce the following reports to Congress:

- *regular reports every 30 days that cover a variety of issues, including administration of the program, the impact of purchases on the financial markets/financial institutions, market transparency, and the effectiveness of foreclosure mitigation, minimization of long-term costs, and maximization of benefits for taxpayers*
- *a special report on regulatory reform, published no later than January 20, 2009, analyzing the current state of the regulatory system and its effectiveness at overseeing the participants in the financial system and protecting consumers. The report is to provide recommendations for improvement regarding whether any participants in the financial markets that are currently outside the regulatory system should become subject to the regulatory system, the rationale underlying such recommendation, and whether there are any gaps in existing consumer protections.*

OVERSIGHT REPORTS

COP, "Examining Treasury's Use of Financial Crisis Contracting Authority," 10/14/2010, http://cop.senate.gov/reports/library/report-101410-cop.cfm, accessed 1/5/2011.

COP, "Examining the Consequences of Mortgage Irregularities for Financial Stability and Foreclosure Mitigation," 11/16/2010, http://cop.senate.gov/reports/library/report-111610-cop.cfm, accessed 1/5/2011.

COP, "A Review of Treasury's Foreclosure Prevention Programs," 12/14/2010, http://cop.senate.gov/reports/library/report-121410-cop.cfm, accessed 1/5/2011.

RECORDED TESTIMONY

COP, "COP Hearing on the TARP and Executive Compensation Restrictions," 10/21/2010, http://cop.senate.gov/hearings/library/hearing-102110-compensation.cfm, accessed 1/5/2011.

COP, "COP Hearing on TARP Foreclosure Mitigation Programs," 10/27/2010, http://cop.senate.gov/hearings/library/hearing-102710-foreclosure.cfm, accessed 1/5/2011.

COP, "A Review of Treasury's Foreclosure Prevention Programs," 12/14/2010, http://cop.senate.gov/reports/library/report-121410-cop.cfm, accessed 1/5/2011.

OFFICE OF MANAGEMENT AND BUDGET (OMB)

ROLES AND MISSION

OMB's predominant mission is to assist the President in overseeing the preparation of the Federal budget and to supervise its administration in Executive Branch agencies. In helping to formulate the President's spending plans, OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and with Administration policies.

In addition, OMB oversees and coordinates the Administration's procurement, financial management, information, and regulatory policies. In each of these areas, OMB's role is to help improve administrative management, to develop better performance measures and coordinating mechanisms, and to reduce any unnecessary burdens on the public.

OVERSIGHT REPORTS

None

RECORDED TESTIMONY

None

CONGRESSIONAL BUDGET OFFICE (CBO)

ROLES AND MISSION

CBO's mandate is to provide Congress with objective, nonpartisan, and timely analyses to aid in economic and budgetary decisions on the wide array of programs covered by the Federal budget and the information and estimates required for the Congressional budget process.

CBO assists the House and Senate Budget Committees and Congress more generally by preparing reports and analyses. In accordance with CBO's mandate to provide objective and impartial analysis, CBO's reports contain no policy recommendations.

OVERSIGHT REPORTS

CBO, "Report on the Troubled Asset Relief Program – November 2010," 11/29/2010, http://cbo.gov/ftpdocs/119xx/doc11980/11-29-TARP.pdf, accessed 1/5/2011.

RECORDED TESTIMONY

None

FEDERAL RESERVE BOARD (FEDERAL RESERVE)

ROLES AND MISSION

Federal Reserve's duties fall into four general areas:

- *conducting the nation's monetary policy by influencing the monetary and credit conditions in the economy in pursuit of maximum employment, stable prices, and moderate long-term interest rates*
- *supervising and regulating banking institutions to ensure the safety and soundness of the nation's banking and financial system and to protect the credit rights of consumers*
- *maintaining the stability of the financial system and containing systemic risk that may arise in financial markets*
- *providing financial services to depository institutions, the U.S. government, and foreign official institutions, including playing a major role in operating the nation's payments system.*

OVERSIGHT REPORTS

Federal Reserve, "The Federal Reserve's Section 13(3) Lending Facilities to Support Overall Market Liquidity: Function, Status, and Risk Management," November 2010, www.federalreserve.gov/oig/oig_rpt_2010.htm, accessed 1/5/2011.

Federal Reserve, "Material Loss Review of Midwest Bank and Trust Company," December 2010, www.federalreserve.gov/oig/files/Full-Report_Midwest_Bank_and_Trust_MLR_final_report_12.8.10c_web.pdf, accessed 1/5/2011.

RECORDED TESTIMONY

Federal Reserve, "Foreclosure documentation issues," Governor Elizabeth A. Duke, Before the Financial Services Subcommittee on Housing and Community Opportunity, U.S. House of Representatives, Washington, D.C., 11/18/2010, www.federalreserve.gov/newsevents/testimony/duke20101118a.htm, accessed 1/5/2011.

Federal Reserve, "Problems in mortgage servicing," Governor Daniel K. Tarullo, Before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C., 12/1/2010, www.federalreserve.gov/newsevents/testimony/tarullo20101201a.htm, accessed 1/5/2011.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

ROLES AND MISSION

FDIC is an independent agency created by Congress that maintains the stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions, and managing receiverships.

OVERSIGHT REPORTS

None

RECORDED TESTIMONY

FDIC, "Problems in Mortgage Servicing from Modification to Foreclosure, Part II," Before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C., 12/1/2010, www.fdic.gov/news/news/speeches/chairman/spdec0110.html, accessed 1/5/2011.

FEDERAL DEPOSIT INSURANCE CORPORATION OFFICE OF THE INSPECTOR GENERAL (FDIC OIG)

ROLES AND MISSION

The Office of Inspector General promotes the economy, efficiency, and effectiveness of FDIC programs and operations, and protects against fraud, waste, and abuse, to assist and augment the FDIC's contribution to stability and public confidence in the nation's financial system.

OVERSIGHT REPORTS

None

RECORDED TESTIMONY

None

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM (SIGTARP)

ROLES AND MISSION

Under EESA, the Special Inspector General has the responsibility, among other things, to conduct, supervise and coordinate audits and investigations of the purchase, management and sale of assets under the Troubled Asset Relief Program ("TARP").

SIGTARP's mission is to advance economic stability by promoting the efficiency and effectiveness of TARP management, through transparency, through coordinated oversight, and through robust enforcement against those, whether inside or outside of Government, who waste, steal or abuse TARP funds.

OVERSIGHT REPORTS

SIGTARP, Quarterly Report to Congress, 10/26/2010, www.sigtarp.gov/reports/congress/2010/October2010_Quarterly_Report_to_Congress.pdf, accessed 1/5/2011.

SIGTARP, "Selecting Fund Managers for the Legacy Securities Public-Private Investment Program," 10/7/2010, www.sigtarp.gov/reports/audit/2010/Selecting%20Fund%20Managers%20for%20the%20Legacy%20Securities%20Public-Private%20Investment%20Program%2009_07_10.pdf, accessed 1/5/2011.

SIGTARP, "Extraordinary Financial Assistance Provided to Citigroup, Inc.," 1/13/2011, http://www.sigtarp.gov/reports/audit/2011/Extraordinary%20Financial%20Assistance%20Provided%20to%20Citigroup,%20Inc.pdf, accessed 1/21/2011.

RECORDED TESTIMONY

None

Note: Italic style indicates verbatim narrative taken from source documents.

Sources: Treasury, www.treasury.gov, accessed 1/5/2011; Treasury Inspector General, www.treasury.gov, accessed 1/5/2011; Financial Stability Oversight Board, www.treasury.gov, accessed 1/5/2011; SEC, www.sec.gov, accessed 1/5/2011; GAO, www.gao.gov, accessed 1/5/2011; COP, www.cop.senate.gov, accessed 1/5/2011; OMB, www.whitehouse.gov, accessed 1/5/2011; CBO, www.cbo.gov, accessed 1/5/2011; Federal Reserve Board, www.federalreserve.gov, accessed 1/5/2011; FDIC, www.fdic.gov, accessed 1/5/2011; FDIC OIG, www.fdicoig.gov, accessed 1/5/2011; SIGTARP, www.sigtarp.gov, accessed 1/5/2011; FDIC, response to SIGTARP data call, 1/3/2011; GAO, Response to SIGTARP data call, 12/22/2010; Treasury, response to SIGTARP data call, 1/5/2011.

CORRESPONDENCE

This appendix provides a copy of the following correspondence:

CORRESPONDENCE			
Date	**From**	**To**	**Regarding**
11/5/2010	Office of Legal Counsel (DOJ)	Treasury and SIGTARP	Opinion on Special Master's Appointment
1/7/2011	Treasury	SIGTARP	Status Update on Recommendations in the SIGTARP Quarterly Report
1/12/2011	FRB	SIGTARP	Federal Reserve Board's Response on SIGTARP's Audit, "Extraordinary Financial Assistance Provided to Citigroup, Inc."
1/18/2011	Treasury	SIGTARP	Response to Small Business Lending Fund ("SBLF") Recommendations

WHETHER THE SPECIAL MASTER FOR TROUBLED ASSET RELIEF PROGRAM EXECUTIVE COMPENSATION IS A PRINCIPAL OFFICER UNDER THE APPOINTMENTS CLAUSE

The Special Master for Troubled Asset Relief Program Executive Compensation is not a principal officer for purposes of the Appointments Clause and thus need not be appointed by the President, by and with the advice and consent of the Senate.

November 5, 2010

MEMORANDUM OPINION FOR THE GENERAL COUNSEL, DEPARTMENT OF THE TREASURY, AND THE SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

You have asked for our opinion whether the Special Master for Troubled Asset Relief Program Executive Compensation ("Special Master") is a principal officer for purposes of the Appointments Clause, U.S. Const. art. II, § 2, cl. 2, and thus must be appointed by the President, by and with the advice and consent of the Senate.[1] The position of Special Master was created by the Secretary of the Treasury, who has charged the Special Master with assisting in the enforcement of the executive compensation and corporate governance requirements established under the Emergency Economic Stabilization Act ("EESA"), Pub. L. No. 110-343, § 111, 122 Stat. 3765, 3776-77 (2008), as amended. *See* 31 C.F.R. § 30.16(a) (2010). For the reasons that follow, we conclude that the Special Master is not a principal officer.[2]

I

On October 3, 2008, in the midst of a major crisis affecting the Nation's financial system, Congress enacted the EESA to provide the Secretary of the Treasury with immediate authority and facilities "to restore liquidity and stability to the financial system of the United States." 12 U.S.C. § 5201(1) (2006 & Supp. III 2009). Generally speaking, the "EESA vests the Secretary with the flexibility and power to take bold actions necessary to stabilize the economy." *In re Motors Liquidation Co.*, 430 B.R. 65, 94 (S.D.N.Y. 2010).

Title I of the EESA authorizes the Secretary "to establish the Troubled Asset Relief Program ('TARP') to purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on such terms and conditions as are

[1] *See* Letter for the Honorable David J. Barron, Acting Assistant Attorney General, Office of Legal Counsel, from Neil M. Barofsky, Special Inspector General, Office of the Special Inspector General for the Troubled Asset Relief Program (Aug. 20, 2010) ("SIGTARP Letter"). The Treasury Department General Counsel's request was conveyed orally.

[2] Both the Treasury Department General Counsel and the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") premise their shared opinion request on the assumption that the Special Master is an officer of the United States. We take that assumption as a given for purposes of this memorandum.

determined by the Secretary." 12 U.S.C. § 5211(a)(1). Section 111 of the EESA, as amended, *see* Pub. L. No. 111-22, § 403, 123 Stat. 1632, 1658 (2009); Pub. L. No. 111-5, § 7001, 123 Stat. 115, 516-20 (2009), imposes requirements on TARP recipients related to corporate governance and executive compensation. *See* 12 U.S.C. § 5221. Subsections (b), (f), and (h) of that section are of particular relevance to determining the status of the Special Master. Subsection (b) provides that "[t]he Secretary shall require each TARP recipient to meet appropriate standards for executive compensation and corporate governance," *id.* § 5221(b)(2); *see also id.* § 5221(b)(1) ("During the period in which any obligation arising from financial assistance provided under the TARP remains outstanding, each TARP recipient shall be subject to . . . the standards established by the Secretary under this section"), and it establishes a series of specific requirements that must be included in those standards, *see id.* § 5221(b)(3).[3] Subsection (f) directs the

[3] Those requirements include:

(A) Limits on compensation that exclude incentives for senior executive officers of the TARP recipient to take unnecessary and excessive risks that threaten the value of such recipient during the period in which any obligation arising from financial assistance provided under the TARP remains outstanding.
(B) A provision for the recovery by such TARP recipient of any bonus, retention award, or incentive compensation paid to a senior executive officer and any of the next 20 most highly-compensated employees of the TARP recipient based on statements of earnings, revenues, gains, or other criteria that are later found to be materially inaccurate.
(C) A prohibition on such TARP recipient making any golden parachute payment to a senior executive officer or any of the next 5 most highly-compensated employees of the TARP recipient during the period in which any obligation arising from financial assistance provided under the TARP remains outstanding.
(D) (i) A prohibition on such TARP recipient paying or accruing any bonus, retention award, or incentive compensation during the period in which any obligation arising from financial assistance provided under the TARP remains outstanding, except that any prohibition developed under this paragraph shall not apply to the payment of long-term restricted stock by such TARP recipient, provided that such long-term restricted stock—
(I) does not fully vest during the period in which any obligation arising from financial assistance provided to that TARP recipient remains outstanding;
(II) has a value in an amount that is not greater than 1/3 of the total amount of annual compensation of the employee receiving the stock; and
(III) is subject to such other terms and conditions as the Secretary may determine is in the public interest.
(ii) The prohibition required under clause (i) shall apply as follows:
(I) For any financial institution that received financial assistance provided under the TARP equal to less than $25,000,000, the prohibition shall apply only to the most highly compensated employee of the financial institution.
(II) For any financial institution that received financial assistance provided under the TARP equal to at least $25,000,000, but less than $250,000,000, the prohibition shall apply to at least the 5 most highly-compensated employees of the financial institution, or such higher number as the Secretary may determine is in the public interest with respect to any TARP recipient.
(III) For any financial institution that received financial assistance provided under the TARP equal to at least $250,000,000, but less than $500,000,000, the prohibition shall apply to the senior executive officers and at least the 10 next most highly-compensated employees, or such higher number as the Secretary may determine is in the public interest with respect to any TARP recipient.

Secretary to "review bonuses, retention awards, and other compensation paid to the senior executive officers and the next 20 most highly-compensated employees of each entity receiving TARP assistance before February 17, 2009, to determine whether any such payments were inconsistent with the purposes of this section or the TARP or were otherwise contrary to the public interest." *Id.* § 5221(f). Subsection (h) requires the Secretary to "promulgate regulations to implement this section." *Id.* § 5221(h).

Subsection 101(c) of the EESA provides that "[t]he Secretary is authorized to take such actions as the Secretary deems necessary to carry out the authorities in [the EESA]." 12 U.S.C. § 5211(c). These authorities include, "without limitation," "direct hiring authority with respect to the appointment of employees to administer [the EESA]," *id.* § 5211(c)(1), and "[i]ssuing such regulations and other guidance as may be necessary or appropriate to define terms or carry out the authorities or purposes of [the EESA]," *id.* § 5211(c)(5).

On June 15, 2009, the Secretary issued an Interim Final Rule on TARP Standards for Compensation and Corporate Governance ("Interim Rule"). *See* 74 Fed. Reg. 28,394-28,423 (codified at 31 C.F.R. pt. 30). The Interim Rule, which became effective on the day it was issued, *see* 74 Fed. Reg. at 28,423; 31 C.F.R. § 30.17 (2010), elaborates the specific standards and other requirements relating to corporate governance and executive compensation that section 111 of the EESA establishes for TARP recipients.

To ensure that these requirements are applied "efficiently," "consistently," and "equitably," the Interim Rule further provides that the Secretary "shall establish the Office of the Special Master for TARP Executive Compensation." 74 Fed. Reg. at 28,403; 31 C.F.R. § 30.16(a). The Special Master is to "be appointed by, and serve at the pleasure of, the Secretary," and "may be removed by the Secretary without notice, without cause, and prior to the naming of any successor Special Master." *Id.* The Interim Rule delegates to the Special Master certain of the Secretary's "powers, duties, and responsibilities" relating to enforcement of the Act. *Id.* These delegated functions include: (1) interpreting how the requirements on executive compensation and corporate governance established under section 111 of the EESA, the Interim Rule, and any other

(IV) For any financial institution that received financial assistance provided under the TARP equal to $500,000,000 or more, the prohibition shall apply to the senior executive officers and at least the 20 next most highly-compensated employees, or such higher number as the Secretary may determine is in the public interest with respect to any TARP recipient.
(iii) The prohibition required under clause (i) shall not be construed to prohibit any bonus payment required to be paid pursuant to a written employment contract executed on or before February 11, 2009, as such valid employment contracts are determined by the Secretary or the designee of the Secretary.
(E) A prohibition on any compensation plan that would encourage manipulation of the reported earnings of such TARP recipient to enhance the compensation of any of its employees.
(F) A requirement for the establishment of a Board Compensation Committee that meets the requirements of subsection (c).

12 U.S.C. § 5221(b)(3).

applicable guidance apply to TARP recipients and their employees; (2) determining whether compensation paid to employees of TARP recipients prior to February 17, 2009 was "inconsistent with the purposes of section 111 of [the] EESA or TARP, or otherwise contrary to the public interest," and, if so, negotiating with the TARP recipient and the compensated employee for appropriate reimbursement to the Government; (3) determining whether to approve compensation payments to, and compensation structures for, certain highly compensated employees of TARP recipients receiving financial assistance defined by the Interim Rule as "exceptional financial assistance"; and (4) issuing advisory opinions on compensation payments to, and compensation structures for, certain employees of TARP recipients generally. *Id.* § 30.16(a)(1)-(4). In making determinations under paragraphs (2) or (3) and in offering opinions under paragraph (4), the Special Master must follow a set of principles outlined in the Interim Rule. *See id.* § 30.16(a)(2)-(4).[4]

[4] The Interim Rule provides:

In reviewing a compensation structure or a compensation payment to determine whether it is inconsistent with the purposes of section 111 of EESA or TARP or is otherwise contrary to the public interest, the Special Master shall apply the principles enumerated below. The principles are intended to be consistent with sound compensation practices appropriate for TARP recipients, and to advance the purposes and considerations described in EESA sections 2 and 103, including the maximization of overall returns to the taxpayers of the United States and providing stability and preventing disruptions to financial markets. The Special Master has discretion to determine the appropriate weight or relevance of a particular principle depending on the facts and circumstances surrounding the compensation structure or payment under consideration, such as whether a payment occurred in the past or is proposed for the future, the role of the employee within the TARP recipient, the situation of the TARP recipient within the marketplace and the amount and type of financial assistance provided. To the extent that two or more principles may appear inconsistent in a particular situation, the Special Master will determine the relative weight to be accorded each principle. In the case of any review of payments already made under paragraph (c)(2) of this section, or of any rights to bonuses, awards, or other compensation already granted, the Special Master shall apply these principles by considering the facts and circumstances at the time the compensation was granted, earned, or paid, as appropriate.
(i) Risk. The compensation structure should avoid incentives to take unnecessary or excessive risks that could threaten the value of the TARP recipient, including incentives that reward employees for short-term or temporary increases in value, performance, or similar measure that may not ultimately be reflected by an increase in the long-term value of the TARP recipient. Accordingly, incentive payments or similar rewards should be structured to be paid over a time horizon that takes into account the risk horizon so that the payment or reward reflects whether the employee's performance over the particular service period has actually contributed to the long-term value of the TARP recipient.
(ii) Taxpayer return. The compensation structure, and amount payable where applicable, should reflect the need for the TARP recipient to remain a competitive enterprise, to retain and recruit talented employees who will contribute to the TARP recipient's future success, and ultimately to be able to repay TARP obligations.
(iii) Appropriate allocation. The compensation structure should appropriately allocate the components of compensation such as salary, short-term and long-term incentives, as well as the extent to which compensation is provided in cash, equity or other types of compensation such as executive pensions, other benefits, or perquisites, based on the specific role of the employee and other relevant circumstances, including the nature and amount of current compensation, deferred compensation, or other compensation and benefits previously paid or awarded. The appropriate allocation may be different for different positions and for different

When acting under paragraphs (2) and (3), the Special Master must make an "initial determination" within 60 days of receiving a "substantially complete submission" from a TARP recipient. *Id.* § 30.16(c)(1). The TARP recipient then has 30 days to request reconsideration of the initial determination, and the Special Master must provide a "final determination" in writing within 30 days thereafter, setting forth the facts and analysis that formed the basis for the determination. *Id.* If the TARP recipient does not request reconsideration within 30 days, the initial determination "shall be treated as a final determination." *Id.*

The Interim Rule also specifies the effects of the Special Master's decisions. The Interim Rule provides that "[i]n the case of any final determination that the TARP recipient is required to receive, the final determination of the Special Master shall be final and binding and treated as the determination of the Treasury." *Id.* § 30.16(c)(2). "An advisory opinion of the Special Master," however, "shall not be binding upon any TARP recipient or employee, but may be relied upon by a TARP recipient or employee if the advisory opinion applies to the TARP recipient and the employee and the TARP recipient and employee comply in all respects with the advisory opinion." *Id.* § 30.16(c)(3).

employees, but generally, in the case of an executive or other senior level position a significant portion of the overall compensation should be long-term compensation that aligns the interest of the employee with the interests of shareholders and taxpayers.

(iv) Performance-based compensation. An appropriate portion of the compensation should be performance-based over a relevant performance period. Performance-based compensation should be determined through tailored metrics that encompass individual performance and/or the performance of the TARP recipient or a relevant business unit taking into consideration specific business objectives. Performance metrics may relate to employee compliance with relevant corporate policies. In addition, the likelihood of meeting the performance metrics should not be so great that the arrangement fails to provide an adequate incentive for the employee to perform, and performance metrics should be measurable, enforceable, and actually enforced if not met. The appropriate allocation and the appropriate performance metrics may be different for different positions and for different employees, but generally a significant portion of total compensation should be performance-based compensation, and generally that portion should be greater for positions that exercise higher levels of responsibility.

(v) Comparable structures and payments. The compensation structure, and amount payable where applicable, should be consistent with, and not excessive, taking into account compensation structures and amounts for persons in similar positions or roles at similar entities that are similarly situated, including, as applicable, entities competing in the same markets and similarly situated entities that are financially distressed or that are contemplating or undergoing reorganization.

(vi) Employee contribution to TARP recipient value. The compensation structure, and amount payable where applicable, should reflect the current or prospective contributions of an employee to the value of the TARP recipient, taking into account multiple factors such as revenue production, specific expertise, compliance with company policy and regulation (including risk management), and corporate leadership, as well as the role the employee may have had with respect to any change in the financial health or competitive position of the TARP recipient.

31 C.F.R. § 30.16(b).

Finally, the Interim Rule provides that the Special Master "shall have such other duties and powers related to the application of compensation issues arising in the administration of [the] EESA or TARP as the Secretary or the Secretary's designate may delegate to the Special Master, including, but not limited to, the interpretation or application of contractual provisions between the Federal government and a TARP recipient as those provisions relate to the compensation paid to, or accrued by, an employee of such TARP recipient." *Id.* § 30.16(a)(5).[5]

II

The Appointments Clause states:

> [The President] . . . shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

U.S. Const. art. II, § 2, cl. 2. As the Clause thus makes clear, officers of the United States fall into two basic categories: principal officers and inferior officers. *See, e.g., United States v. Germaine*, 99 U.S. 508, 509 (1878) ("The Constitution for purposes of appointment . . . divides all its officers into two classes."); *see also Morrison v. Olson*, 487 U.S. 654, 670 (1988). Principal officers must be appointed by the President, by and with the advice and consent of the Senate. Inferior officers must be appointed in the same manner, unless Congress "by Law vest[s] the[ir] Appointment . . . in the President alone, in the Courts of Law, or in the Heads of Departments." U.S. Const. art. II, § 2, cl. 2; *see Morrison*, 487 U.S. at 670-71; *Buckley v. Valeo*, 424 U.S. 1, 132 (1976) (per curiam). "[T]he terms of the Appointments Clause set out the only means by which Congress may provide for the appointment of 'Officers of the United States,'" *The Constitutional Separation of Powers Between the President and Congress*, 20 Op. O.L.C. 124, 139 (1996) (citing *Buckley*, 424 U.S. at 124-37), and "[n]either Congress nor the Executive can agree to waive this structural protection," *Freytag v. Commissioner of Internal Revenue*, 501 U.S. 868, 880 (1991).

The Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") questions whether the Special Master is a principal officer because, in his

[5] The preamble to the Interim Rule characterizes the Special Master's residual authority as limited to matters arising under section 111 of the EESA. It states that "[t]he scope of the Special Master's authority and responsibility is limited to compensation and corporate governance matters *under section 111* with respect to TARP recipients, and the Special Master has no authority to provide guidance or review any submissions with respect to matters other than compensation and corporate governance matters *under section 111*, or to provide guidance or review any submissions with respect to compensation or corporate governance matters of employers that are not TARP recipients." 74 Fed. Reg. at 28,404 (emphasis added). The Treasury Department General Counsel's Office has informed us that the Secretary has not assigned any additional functions to the Special Master under this provision.

view, "the Secretary appears to be without authority to control the actions of the Special Master in any . . . meaningful manner" other than removal. SIGTARP Letter at 5.[6] If the Special Master were indeed a principal officer, his appointment by the Secretary would not be in conformity with the Appointments Clause.

In our view, the Special Master is not a principal officer. The Supreme Court has "not set forth an exclusive criterion for distinguishing between principal and inferior officers for Appointments Clause purposes." *Edmond v. United States*, 520 U.S. 651, 661 (1997). But in three decisions over the past quarter century the Court has set out a number of important guideposts by which to distinguish principal from inferior officers.

In *Morrison v. Olson*, 487 U.S. 654 (1988), the Supreme Court considered whether an independent counsel appointed pursuant to the Ethics in Government Act of 1978, 28 U.S.C. §§ 591-599 (1988), was an inferior officer. It concluded that she was, based on four considerations. First, the Court noted that the independent counsel was "subject to removal by a higher Executive Branch official" (the Attorney General). *Morrison*, 487 U.S. at 671. The Court explained that this factor weighed in favor of viewing the independent counsel as an inferior officer even though "she possesse[d] a degree of independent discretion to exercise the powers delegated to her under the Act." *Id.* Second, the Court relied on the fact that the independent counsel performed what it considered only "limited duties" because she was "restricted primarily to investigation and, if appropriate, prosecution for certain federal crimes." *Id.* The Court acknowledged that the Ethics in Government Act gave the independent counsel "full power and independent authority to exercise all investigative and prosecutorial functions and powers of the Department of Justice," but thought it significant that "this grant of authority does not include any authority to formulate policy for the Government or the Executive Branch, nor does it give appellant any administrative duties outside of those necessary to operate her office." *Id.* at 671-72. Third, the Court stressed that the independent counsel's jurisdiction was relatively narrow, both because the Ethics in Government Act itself was "restricted in applicability to certain federal officials suspected of certain serious federal crimes" and because "an independent counsel can only act within the scope of the jurisdiction that has been granted by the Special Division pursuant to a request by the Attorney General." *Id.* at 672. Fourth, the Court pointed out that the independent counsel's tenure was "limited" because while her office had no fixed term, it was "'temporary' in the sense that an independent counsel is appointed essentially to accomplish a single task, and when that task is over the office is terminated." *Id.*

Almost a decade after *Morrison*, the Court returned to the distinction between principal and inferior officers in *Edmond v. United States*, 520 U.S. 651 (1997). *Edmond*

[6] The Office of the Special Inspector General for the Troubled Asset Relief Program was created by the EESA. *See* 12 U.S.C. § 5231(a). The Office is headed by a Special Inspector General—the SIGTARP—who is appointed by the President, with the advice and consent of the Senate. *See id.* § 5231(b). The duties of the SIGTARP include conducting audits and investigations of the Secretary's purchase, management, and sale of assets under the TARP and of the Secretary's management of the TARP, as well as conducting audits and investigations of other actions taken under the EESA. *See id.* § 5231(c)(1), (4).

concerned civilians appointed by the Secretary of Transportation to serve as military judges on the Coast Guard Court of Criminal Appeals. The Supreme Court concluded that the judges were inferior officers, but it characterized the factors it had relied on in *Morrison* as not "definitive" and adopted a somewhat different approach. *Id.* at 661.

The Court acknowledged that judges on the Coast Guard Court of Criminal Appeals did not have a "narrow" jurisdiction or "limited" tenure, as those terms had been used in *Morrison*, and that the third and fourth considerations discussed in *Morrison* thus cut against characterizing the judges as inferior officers. *See id.* It nonetheless deemed them inferior officers because their work was "directed and supervised at some level by other [officers] who were appointed by Presidential nomination with the advice and consent of the Senate." *Id.* at 663. That supervision, the Court explained, was carried out by two Executive Branch actors. The Judge Advocate General of the Coast Guard (the Secretary of Transportation's subordinate) "exercise[d] administrative oversight over the Court of Criminal Appeals" in that the Judge Advocate General established the court's rules of procedure, could order any of its decisions submitted for review, and could remove judges without cause. *Id.* at 664, 666. And the Court of Appeals for the Armed Forces (an Executive Branch tribunal) could review and reverse the lower tribunal's decisions, and prevent any final order from being issued. *See id.* at 664-65. Thus, "[w]hat is significant," the Supreme Court explained, "is that the judges of the Court of Criminal Appeals have no power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." *Id.* at 665.

Rather than listing a number of non-exclusive factors as it had done in *Morrison*, then, the Court in *Edmond* appeared to offer one overall standard for identifying inferior officers. "Generally speaking," the Court stated, "the term 'inferior officer' connotes a relationship with some higher ranking officer or officers below the President: Whether one is an 'inferior' officer depends on whether he has a superior." *Id.* at 662. At the same time, the Court indicated that determining whether an officer has a superior in this sense may well require considering a number of factors, including whether the officer is removable by an Executive Branch official below the President and whether the officer's work "is directed and supervised at some level by others who were appointed by Presidential nomination with the advice and consent of the Senate." *Id.* at 663.

Earlier this year, the Supreme Court followed the *Edmond* approach for distinguishing inferior from principal officers in *Free Enterprise Fund v. Public Company Accounting Oversight Board*, 130 S. Ct. 3139 (June 28, 2010). In *Free Enterprise Fund*, the Court considered separation-of-powers and Appointments Clause challenges to the structure of the Public Company Accounting Oversight Board ("PCAOB"), a statutorily created entity with "expansive powers to govern [the accounting] industry." *Id.* at 3147. The statute establishing the PCAOB, the Sarbanes-Oxley Act of 2002, 15 U.S.C. §§ 7211-7219 ("SOX Act"), provided for the Securities and Exchange Commission ("SEC") to appoint the PCAOB's members.[7] The SOX Act

[7] The parties stipulated that SEC Commissioners could not be removed by the President except for "'inefficiency, neglect of duty, or malfeasance in office,'" and the Court decided the case based on that understanding. *Free Enterprise Fund*, 130 S. Ct. at 3148-49.

also granted the SEC "[b]road power over [the PCAOB] functions," *id.* at 3148, including approving the PCAOB's budget, issuing regulations that bind it, relieving the PCAOB of authority, amending and denying approval for PCAOB sanctions and rules, and enforcing PCAOB rules on its own. *See id.* at 3158. Under the SOX Act as enacted, however, the SEC could remove PCAOB members only "'for good cause shown,'" "'in accordance with'" specified procedures. *Id.* at 3148 (quoting 15 U.S.C. § 7211(e)(6)). The Court held that the resulting dual for-cause limitations on the President's ability to remove PCAOB members—with the SEC Commissioners removable by the President only for good cause, and the PCAOB members removable by the SEC only for another, more restrictive type of good cause specified in the SOX Act—was "contrary to Article II's vesting of the executive power in the President," and therefore violated the separation of powers. *Id.* at 3147, 3154. To remedy the infirmity, the Court excised from the SOX Act the provision making PCAOB members removable only for cause, thus rendering them removable by the SEC at will.

Turning to the Appointments Clause challenge under this modified statutory structure, the Court concluded that the PCAOB's members were properly appointed inferior officers. "Given that the Commission is properly viewed, under the Constitution, as possessing the power to remove Board members at will," the Court explained, "and given the Commission's other oversight authority, we have no hesitation in concluding that under *Edmond* the Board members are inferior officers." *Id.* at 3162.

Both *Edmond* and *Free Enterprise Foundation* indicate that the level of direction and supervision exercised by a superior over a subordinate need not be total for the subordinate to qualify as an inferior officer. In *Edmond*, for example, the Court acknowledged that the scope of substantive review that the Court of Appeals for the Armed Forces exercised over the Court of Criminal Appeals "is narrower than that exercised by the Court of Criminal Appeals," because "so long as there is some competent evidence in the record to establish each element of the offense beyond a reasonable doubt, the Court of Appeals for the Armed Forces will not reevaluate the facts." 520 U.S. at 665. What was "significant" in concluding that the Court of Criminal Appeals judges nonetheless were inferior officers, however, was that they "have no power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." *Id.* Similarly, in *Free Enterprise Foundation*, the Court rejected the proposition that the SEC's power over the PCAOB's activities was "plenary." 130 S. Ct. at 3159. Rather, the Court observed, the PCAOB "is empowered to take significant enforcement actions, and does so largely independently of the Commission"; indeed, "the Act nowhere gives the Commission effective power to start, stop, or alter individual Board investigations." *Id.*; *see also id.* at 3159 ("The Board . . . has significant independence in determining its priorities and intervening in the affairs of regulated firms (and the lives of their associated persons) without Commission preapproval or direction."). Thus, *Edmond* and *Free Enterprise Foundation* make clear (as had *Morrison*) that an Executive official can exercise some level of independent authority and still qualify as an inferior officer, so long as it can be said that the official "is directed and supervised *at some level* by others who were appointed by Presidential

nomination with the advice and consent of the Senate." *Edmond*, 520 U.S. at 663 (emphasis added).

III

Applying the principles established by the Supreme Court, we think it clear that the Special Master is not a principal officer. If one looks to the four *Morrison* factors—removal, duties, jurisdiction, and tenure—they all point in favor of the conclusion that the Special Master is not a principal officer. The Special Master is subject to at-will removal by the Secretary (without "notice" or "cause"). 31 C.F.R. § 30.16(a). The Special Master's duties are limited. As indicated above, they consist of interpreting EESA-related requirements on TARP recipients' executive compensation and corporate governance, negotiating reimbursements for improper compensation payments made by TARP recipients before February 17, 2009, determining whether to approve compensation payments and structures relating to certain employees of TARP recipients receiving "exceptional financial assistance," and issuing advisory opinions. *See supra* pp. 3-5 & n.4. Like the independent counsel in *Morrison*, the Special Master thus lacks both "authority to formulate policy for the Government or the Executive Branch" and significant administrative duties. 487 U.S. at 671-72.[8] While the Special Master is entrusted with authority to interpret section 111 of the EESA, the Interim Rule, and related guidance, the Special Master is authorized to do so only in applying those provisions to the compensation practices of particular TARP recipients and certain of their employees. The Special Master's jurisdiction is limited to TARP recipients' executive compensation and corporate governance. *See id.* And the Special Master's tenure is limited to the duration of the Secretary's authority under section 111 of EESA, namely "the period in which any obligation arising from financial assistance provided under the TARP remains outstanding." 12 U.S.C. § 5221(b)(1). The Special Master, then, bears each of the marks of inferior officer status attributed to the independent counsel in *Morrison*.

If one looks not to the *Morrison* factors, but instead to the *Edmond* considerations of whether the Special Master is removable by an officer other than the President and whether the Special Master's work is subject to "some level" of "direct[ion] and supervis[ion]" by an official appointed by the President, with the advice and consent of the Senate—here, the Secretary of the Treasury—again we think it clear that the Special Master is not a principal officer. 520 U.S. at 663.

[8] Under the Interim Rule's residual clause, the Special Master may also be given those "duties and powers related to the application of compensation [and corporate governance] issues arising in the administration of [the] EESA or TARP as the Secretary or the Secretary's designate may delegate to the Special Master." 31 C.F.R. § 30.16(a)(5). But while the outer limit of those potential duties—none of which has been granted—is not precisely defined, the clause by its terms encompasses only the "application" of compensation issues. *Id.* Accordingly, we do not believe that the clause contemplates the Secretary's delegation to the Special Master of authorities under section 111 that might be characterized as more closely resembling policymaking, such as the establishment of executive compensation and corporate governance standards. *Cf.* 12 U.S.C. § 5221(b)(2).

First, the Special Master is removable by the Treasury Secretary at will. The Special Master serves "at the pleasure of the Secretary, and may be removed by the Secretary without notice, without cause, and prior to the naming of any successor Special Master." 31 C.F.R. § 30.16(a). As the Supreme Court has remarked more than once, "[t]he power to remove officers . . . is a powerful tool for control." *Edmond*, 520 U.S. at 664 (citing *Bowsher v. Synar*, 478 U.S. 714, 727 (1986) and *Myers v. United States*, 272 U.S. 52 (1927)); *see Free Enterprise Fund*, 130 S. Ct. at 3162 ("'[t]he power to remove officers' at will and without cause 'is a powerful tool for control' of an inferior" (quoting *Edmond*)).

Second, the Treasury Department has reasonably construed the Interim Rule as not precluding the Treasury Secretary from reviewing and revising the Special Master's determinations should the Secretary choose to exercise that authority.

Whether the Interim Rule permits the Special Master's determinations to be reviewed by the Treasury Secretary is a point of contention between the SIGTARP and the Treasury Department. The SIGTARP argues that the Interim Rule insulates the Special Master's determinations from Secretarial review. He notes that the Interim Rule "does not expressly authorize any internal approval or review of the Special Master's actions." SIGTARP Letter at 8. Instead, by making the "final determinations" of the Special Master "final and binding" and "treated as the determination of the Treasury," the SIGTARP contends, the Interim Rule precludes further review. *Id.* The Treasury Department, by contrast, takes the view that the Special Master's "decisions remain subject to further review within the Treasury."[9]

Our approach to this question is informed by the familiar principle that the Secretary's interpretation of his own regulations is entitled to deference "unless plainly erroneous or inconsistent with the regulation." *Auer v. Robbins*, 519 U.S. 452, 461 (1997) (quoting *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 359 (1989), in turn quoting *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945)). We think the Treasury Department's interpretation of the Interim Rule readily meets that standard.

The Interim Rule's lack of an express authorization for Secretarial review of the Special Master's determination does not imply preclusion of such review. On the contrary, by statute the Secretary is "the head of the Department," 31 U.S.C. § 301(b), and is vested with the "[d]uties and powers of the officers and employees of the Department," *id.* § 321(c). In our view, these statutes create a strong presumption that officials within the Department are subject to the Secretary's supervision, including the

[9] Letter for Bryan Saddler, Chief Counsel, SIGTARP, from Timothy G. Massad, Chief Counsel, Office of Financial Stability at 2 (Mar. 26, 2010); *see* Letter for Bryan Saddler, Chief Counsel, Special Inspector General for the Troubled Asset Relief Program, Department of the Treasury, from Timothy G. Massad, Chief Counsel, Office of Financial Stability, at 1 (July 29, 2010) ("the decisions of the Special Master are subject to review (*i.e.*, can be reviewed) by other officials within Treasury"). The Treasury Department General Counsel's Office has confirmed for us that these statements reflect the view of the Secretary of the Treasury.

authority to review and reverse their decisions. This default rule may be overcome, we have suggested, when there is "specific and explicit *reservation* of 'final decisionmaking *power*' in a subordinate official," in the sense of a preclusion of the presumptive reviewing authority possessed by the department head. Memorandum for the Deputy Attorney General, from Leon Ulman, Deputy Assistant Attorney General, Office of Legal Counsel, *Re: Authority of the Attorney General Over the National Institute of Justice and the Bureau of Justice Statistics* at 2 (Oct. 14, 1980) ("NIJ/BJS Memo") (emphasis added); *see also* Memorandum for David D. Aufhauser, General Counsel, Department of the Treasury, from M. Edward Whelan III, Principal Deputy Assistant Attorney General, Office of Legal Counsel, *Re: Under Secretary of Treasury for Enforcement*, at 3 (Dec. 19, 2002) (applying similar principle to Treasury Department). But we think it reasonable to conclude that the Interim Rule lacks a clear enough preclusion of Secretarial review to overcome the presumption of Secretarial supervisory authority.

To be sure, the Interim Rule characterizes the Special Master's final determinations as "final and binding" and directs that they be "treated as the determination of the Treasury." 31 C.F.R. § 30.16(c)(2). But those phrases by themselves do not necessarily, or even most naturally, amount to the sort of specific and explicit reservation of decision-making power in the Special Master that would insulate the Special Master's final determinations from Secretarial review. Indeed, on at least two occasions we have concluded that similar phrases were inadequate to demonstrate an intent to insulate subordinate officials' decisions from review by the head of a Department. *See* Memorandum for Alan C. Raul, General Counsel, Department of Agriculture, from Doug R. Cox, Deputy Assistant Attorney General, *Re: Secretary of Agriculture Review of ALJ Decisions* (Feb. 20, 1991) ("*Secretary of Agriculture Review of ALJ Decisions*") (statute providing that subordinate officials' decisions "shall be final" and "shall take effect" thirty days after notice of their delivery did not prohibit issuance of regulations providing for Secretarial review); *Secretary of Education Review of Administrative Law Judge Decisions*, 15 Op. O.L.C. 8, 10-13 (1991) ("*Secretary of Education Review of ALJ Decisions*") (statute providing that an administrative law judge's decision "shall be considered to be a final agency action" did not preclude further agency review). As we explained in the earlier of those opinions, when a statute (or regulation) refers to a decision as "final agency action" it is often "understood to mean that action which is necessary and sufficient for judicial review" under the Administrative Procedure Act even though the decision may be "subject to reconsideration or appeal to a higher authority within the agency." *Id.* at 10-11; *cf. Darby v. Cisneros*, 509 U.S. 137, 144-47 (1993) (explaining that agency decisions may be final for purposes of judicial review even though additional, optional levels of administrative review may be available). As we made clear in the later of those prior opinions, we have concluded that it was reasonable to attach the same interpretation to a statute (or regulation) that characterizes an official's decision as "final." *See Secretary of Agriculture Review of ALJ Decisions* at 1-2.[10]

[10] The SIGTARP contends that our opinion in *Secretary of Education Review of ALJ Decisions* is "largely inapposite" because the statute at issue there and the Interim Rule differ in two material respects. SIGTARP Letter at 6. First, the SIGTARP points out that the statute at issue in *Secretary of Education Review of ALJ Decisions* used the phrase "*shall be considered to be* a final agency action," whereas the

Similarly, the Interim Rule's characterization of the Special Master's final determinations as "final and binding" may reasonably be understood as intended not to insulate the Special Master's decisions from Secretarial review, but instead to make clear when the Special Master's decisions take effect and thus become ripe for judicial review. This understanding draws support from the Interim Rule's distinction between "initial determinations" and "final determinations." 31 C.F.R. § 30.16(c)(1). After the Special Master renders an "initial determination," the TARP recipient has 30 days to request reconsideration, and the Special Master must provide a "final determination" in writing within 30 days thereafter, setting forth the facts and analysis that formed the basis for the determination. *Id.* If the TARP recipient does not request reconsideration within 30 days, the initial determination "shall be treated as a final determination." *Id.* Initial determinations trigger a deadline for a reconsideration request; final determinations impose an obligation to abide by the Special Master's directives and thus signal an entitlement to seek judicial review. Given these other legal effects, we do not see any reason to conclude that the terms "final and binding" in the Interim Rule must be read to have the additional effect of insulating the Special Master's decisions from further review by the Secretary.

A comparison of the Interim Rule with a regulation the Supreme Court has found to impose a limitation on review by the head of a department underscores the point that the Treasury Department's understanding of the Interim Rule as not involving such elimination of Secretarial review is reasonable. In *United States v. Nixon*, 418 U.S. 683 (1974), the Court found that a regulation delegating authority in certain matters to a Special Prosecutor and providing that "[t]he Attorney General will not countermand or interfere with the Special Prosecutor's decisions or actions" shielded the Special Prosecutor's decisions from revision by the Attorney General. *Id.* at 694 n.8. That language is much more direct and specific than the language in the Interim Rule. It

Interim Rule provides that "final determinations" of the Special Master "*shall be* final and binding and treated as the determination of the Treasury." *See* SIGTARP Letter at 6-7. We do not think, however, that the absence of the verb "considered" is decisive (particularly given the Interim Rule's use of the similar verb "treated"). Indeed, we have previously rejected such a distinction. Admittedly, in *Secretary of Education Review of ALJ Decisions*, we determined that Congress's use of "shall be considered" instead of the more unequivocal "shall be" made it easier to conclude that Congress did not intend to preclude further agency review. "[L]anguage that the ALJ's decision 'shall be the final agency action'," we explained, "would, at a minimum, present a question as to whether Congress intended for the ALJ decision to be final in the sense that no further agency review is available." 15 Op. O.L.C. at 10 n.3. Nevertheless, we concluded that it was "unlikely that we would construe even this language to express an intent to foreclose secretarial review, absent affirmative evidence that Congress so intended." *Id.* A month later we made good on that prediction by finding that a statute using the phrase "shall be final"—without the "considered" phrasing—also did not preclude Secretarial review. *See Secretary of Agriculture Review of ALJ decisions* at 1-2. Second, the SIGTARP emphasizes that the statute at issue in *Secretary of Education Review of ALJ Decisions* used the phrase "final agency action," a term borrowed almost directly from the Administrative Procedure Act, *see* 5 U.S.C. § 704 ("final agency action for which there is no other adequate remedy in a court [is] subject to judicial review"), while the Interim Rule uses "final determination" and "final and binding." *See* SIGTARP Letter at 7. Again, we hardly think that difference is decisive, as our memorandum on *Secretary of Agriculture Review of ALJ Decisions*, which addressed a statute characterizing officials' decisions as "final" (rather than as "final agency action"), indicates.

constitutes the sort of "specific and explicit reservation of 'final decisionmaking power'" that we have indicated would be necessary to shield a subordinate official's decisions from review by a Department head.

For all these reasons, we think the Treasury Department's interpretation of the Interim Rule as not precluding Secretarial review of the Special Master's determinations is not plainly erroneous or inconsistent with the Interim Rule.[11]

A third consideration, not necessary to our analysis, may offer some further support for the conclusion that the Special Master is not a principal officer. The Secretary has established the specific functions of the Special Master by regulation and thus may alter the Special Master's powers, or even abolish the position, by regulation. The degree of incremental control this regulatory power over the Special Master affords the Secretary is not clear, given both that (i) were the Secretary to eliminate or modify the position of Special Master, he would need to do so by regulation, and that revising regulation would have to conform to statutes placing procedural limits on the Secretary's rulemaking authority and (ii) the Special Master is already subject to removal by the Secretary without cause.[12] But this power may represent some small additional lever of "direct[ion] and supervis[ion]." *Edmond*, 520 U.S. at 663.

[11] We do not mean to suggest that use of the term "final," when considered in context and in conjunction with other considerations, may never lead to the conclusion that a statute or regulation was intended to insulate a subordinate official's decisions from review by the head of a Department. In at least one instance, for example, we have advised that an explicit statutory delegation of "final authority over all grants, cooperative agreements, and contracts" to the "Directors" of certain entities established by statute within the Department of Justice precluded the Attorney General from overturning the Directors' decisions. NIJ/BJS Memo at 2. But our reasoning in reaching that conclusion only confirms the reasonableness of interpreting the Interim Rule as not precluding Secretarial review.

First, the statute at issue in that earlier memorandum did not characterize the subordinate officials' individual decisions as "final," let alone contrast such "final determinations" with "initial determinations," as the Interim Rule does. Rather, that statute endowed those officials with "final *authority*" over several classes of decisions. *Id.* at 1. The latter wording is not easily understood as simply identifying certain decisions as ready for judicial review; instead it is much more readily understood as granting certain officials the last word in the Department. Second, as we noted, the legislative history of the statute at issue in that memorandum supported the conclusion that Congress intended the Directors created by the statute to be protected from reversal by the Attorney General. *See id.* Third, the Directors, unlike the Special Master, were appointed by the President, with the advice and consent of the Senate. That eliminated any concern rooted in the Appointments Clause that might have counseled against finding that the Directors' decisions were shielded from review by the Attorney General. Here, such constitutional avoidance concerns would, if anything, support the reasonableness of reading the Interim Rule as not precluding Secretarial review of the Special Master's decisions. *See generally Application of 28 U.S.C. § 458 to Presidential Appointments of Federal Judges*, 19 Op. O.L.C. 350, 352 (1995) (describing avoidance canon and noting its use in Executive Branch legal interpretation).

[12] *Compare Morrison*, 487 U.S. at 721 (Scalia, J., dissenting) (characterizing power of "amending or revoking [an authorizing] regulation" as a means of at-will removal); *and In re Sealed Case*, 829 F.2d 50, 56-57 (D.C. Cir. 1987) (Attorney General's ability to abolish position of Iran-Contra Independent Counsel by rescinding authorizing regulation supports conclusion that Independent Counsel is not a principal officer), *with Free Enterprise Fund*, 130 S. Ct at 3158-59 ("[A]ltering the . . . powers of an agency as a whole is a problematic way to control an inferior officer. The Commission cannot wield a free hand to supervise individual members if it must destroy the Board in order to fix it.").

* * * *

Accordingly, whether we apply the *Morrison* or the *Edmond* analysis, the Special Master is not a principal officer and therefore need not be appointed by the President, by and with the advice and consent of the Senate.

/s/

Jonathan G. Cedarbaum
Acting Assistant Attorney General

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

January 7, 2011

Neil M. Barofsky, Esq.
Special Inspector General
for the Troubled Assets Relief Program
United States Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

Re: Status Update on Recommendations in the SIGTARP Quarterly Report

Dear Mr. Barofsky:

This letter describes the actions taken by the U.S. Department of the Treasury (Treasury) in response to the outstanding recommendations contained in the Special Inspector General for the Troubled Asset Relief Program's (SIGTARP) *Quarterly Report to Congress*, dated October 26, 2010.

Treasury looks forward to the release of the SIGTARP's ninth quarterly report on the Troubled Asset Relief Program (TARP) in January 2011. We request that you include the enclosed *Status Update on SIGTARP Recommendations* in that report.

The enclosed status update outlines steps Treasury is taking to implement action plans that are responsive to the SIGTARP's outstanding recommendations as well as the progress made in completing the action plans for each outstanding recommendation.

We appreciate the recommendations you have made as well as the constructive relationship we have with you and your team. We look forward to continuing to work together as we move forward.

Sincerely,

Timothy G. Massad
Acting Assistant Secretary
Office of Financial Stability

Enclosure

The U.S. Department of the Treasury
Status Update on SIGTARP's Outstanding Recommendations

January 7, 2011

The Department of the Treasury (Treasury) welcomes the recommendations on the Troubled Asset Relief Program (TARP) from the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP). This update serves as a status report on Treasury's response to specific recommendations included in SIGTARP's quarterly and audit reports, which appear in the SIGTARP recommendation chart included in the October 2010 Quarterly Report to Congress.

Treasury has given careful consideration to all recommendations in SIGTARP's quarterly and audit reports. Treasury's policies and programs currently address many of the issues raised in your recommendations, and in many cases, Treasury has taken specific actions to implement your recommendations. When we believe a particular recommendation would not help carry out Treasury's statutory duties under the Emergency Economic Stabilization Act (EESA), we have developed alternative ways to address the underlying concerns SIGTARP has raised and have explained the measures we are employing to do so to in our summary responses to SIGTARP and to Congress. Finally, SIGTARP Recommendation numbers 2, 5 and 7 identified in this summary response should be considered closed because Treasury has either implemented the recommendation or believes that no further action is necessary or appropriate.

Specific Recommendations from SIGTARP's Reports

Recommendation 1 [re Compliance]: *Additional anti-fraud protections should be adopted in MHA to verify the identity of the participants in the transaction and to address the potential for servicers to steal from individuals by receiving Government subsidies without applying them for the benefit of the homeowner.*

Making Home Affordable-Compliance (MHA-C), which is a separate division of Freddie Mac and acts as Treasury's compliance agent for the Making Home Affordable program (MHA), has developed procedures to verify that incentives paid to servicers are accurately applied to the respective borrower participating in HAMP during its servicer compliance reviews. MHA-C selects and reviews a sample of mortgage loans serviced by participating servicers and compares the source information from the loan files to IR2 to validate existence. In addition, for loans that have passed the first (to fifth) modification anniversary date, MHA-C assesses the servicers' controls and processes for appropriately applying such borrowers' reduction in principal and, for a selected sample of loans, determining whether the servicers appropriately reduced those borrowers' principal amount of the loans. MHA-C also reviews on a sample basis the investor payments remitted to the servicer to verify that servicers are not retaining these incentives.

Treasury is undertaking several additional anti-fraud efforts. At Treasury's direction, Fannie Mae, the Program Administrator, conducted a pilot program to verify owner-occupancy and identity, which was discussed in our October 7, 2010 update. Additionally, MHA-C has been investigating alternatives to deploy an anti-fraud tool related to the Home Affordable Foreclosure Alternatives program (HAFA) to assess re-sales of short sales made under the HAFA program. Treasury is also implementing methods to help ensure compliance with the felony convictions requirements of the Dodd-Frank Wall Street Reform Act. Treasury has reassigned these anti-fraud efforts to MHA-C.

Treasury will revise the Financial Agency Agreement with Freddie Mac to include the above combined anti-fraud efforts. Given the complexity of this undertaking, the number of servicers involved, the amount of servicer training required, and the infrastructure and process requirements, Treasury will work with Freddie Mac to establish an appropriate timeframe for completion, and will oversee Freddie Mac's implementation efforts closely.

Recommendation 2 [re: Compliance]: *Treasury should promptly take steps to verify TARP participants' conformance to their obligations, not only by ensuring that they have adequate compliance procedures but also by independently testing participants' compliance.*

Consistent with our strategy to conduct independent testing where Treasury has particular concerns, OFS conducted independent testing of compliance obligations during two recent compliance reviews. In one of the two reviews, OFS-Compliance personnel requested that the exceptional assistance recipient produce the supporting documentation necessary to support the findings of the recipient's internal auditors. OFS-Compliance confirmed that the internal auditors' findings were valid and no further action was warranted.

Treasury will continue to conduct additional testing where we have particular concerns regarding the thoroughness of recipient's compliance procedures, scope of recipient's own testing or adequacy of recipient's resulting documentation of testing and results. As part of the review process all independent testing will be documented by the reviewer in a written memorandum summarizing the team's finding.

Recommendation 3 [re: Compliance]: *Treasury should develop guidelines that apply consistently across TARP participants for when a violation is sufficiently material to merit reporting, or in the alternative, require that all violations be reported.*

Treasury will memorialize its approach for evaluating and reporting violations of TARP requirements by June 2011. While Treasury supports consistent treatment of TARP participants where possible, the inherent differences among the firms (such as organizational structure, management and size) would suggest that materiality should be subject to a facts and circumstance review. Treasury will develop a standard set of guidelines that can be modified as needed when communicating with the various participants.

Recommendation 4 [re: Compliance]: *SIGTARP reiterates its previous recommendation concerning the need to add enough infrastructure and staff at OFS-Compliance to ensure TARP recipients' adherence to their compliance obligations.*

Since the end of June, OFS Compliance hired nine additional staff and four more people are in the hiring pipeline. In addition, Treasury has contracted with four private firms to provide additional assistance to compliance teams to help ensure TARP recipients adhere to their compliance obligations.

Treasury is expanding its search for candidates with the skill necessary to review and validate TARP recipient compliance and will continue to hire qualified candidates with the appropriate skill mix to execute its compliance strategy.

Recommendation 5 [re HAMP]: *Treasury should reevaluate the voluntary nature of its principal reduction program and, irrespective of whether it is discretionary or mandatory, Treasury should consider changes to better maximize its effectiveness, ensure to the greatest extent possible the consistent treatment of similarly situated borrowers, and to address potential conflict of interest issues.*

The HAMP program is designed to achieve an affordable mortgage payment equal to 31% of a borrower's gross monthly income. All borrowers in the HAMP program are being treated equally with respect to an affordable mortgage payment for the first five years and a cap on overall payments to ensure sustainability over time.

Some borrowers will be offered an affordable payment achieved through principal reduction only. Some will achieve affordability through a combination of principal reduction, rate reduction and or term extension. Some will reach affordability without any principal reduction. We do not believe that different paths to the same outcome constitute disparate treatment, whether PRA is considered prospectively or retroactively or not considered at all.

While the program strives to ensure that all eligible borrowers have equal access to a HAMP modification, servicers have different investor restrictions for different loans, and thus it is not reasonably possible to guarantee that every delinquent borrower throughout the life of the program has the same experience. For example, Freddie Mac and Fannie Mae, the largest investors in single family mortgages subject to HAMP, are not currently offering principal reduction. FHFA as conservator of these institutions has stated that it does not consider principal reduction to be an appropriate conservation strategy given the composition of the GSE loan portfolios.

Recommendation 6 [re PPIP]*: Treasury should have appropriate metrics defined and an evaluation should be in place to monitor the effectiveness of the PPIF managers, both to ensure that they are fulfilling the terms of their agreements and to measure their performance against pre-established benchmarks and against each other.*

Treasury continues to work with its fund advisor, Ennis Knupp, to identify a subcontractor to assist with providing appropriate analytics and metrics on the PPIP portfolio. As previously indicated, the metrics will include risk assessments, intrinsic valuations (including expected losses) and scenario/sensitivity analyses on each of the PPIFs as well as the PPIP portfolio as a whole. By doing so, Treasury expects to enhance its existing monitoring capabilities regarding the effectiveness of each PPIF and the business risks to the program as a whole. This process is ongoing and a subcontractor is expected to be selected by March 2011.

Recommendation 7 [re: TALF]: *Treasury and the Federal Reserve should provide to SIGTARP, for public disclosure in SIGTARP's quarterly reports, the identities of the borrowers who surrender collateral in TALF. TALF:*

We respectfully request that SIGTARP close this recommendation and update the status as implemented as the identities of all TALF borrowers were made public on December 1, 2010 by the Federal Reserve. This disclosure was part of the Dodd-Frank mandate announced on July 21, 2010. Please see link http://www.federalreserve.gov/newsevents/reform_talf.htm.

Recommendation 8 [re Warrant Dispositions]: *Treasury should develop and follow guidelines and internal controls concerning how negotiations will be pursued, including the degree and nature of information to be shared with repurchasing institutions concerning Treasury's valuation of the warrants.*

As Treasury previously communicated, the negotiation process will differ among firms particularly in light of the inherent differences in the firms and the general markets, such as market conditions at the time of negotiations or the number of warrants being repurchased. Treasury is, however, in the process of memorializing broad procedures pertaining to information sharing with these institutions that are contemplating repurchase of their warrants. The procedures will address the concerns raised by SIGTARP: (1) Treasury will not discuss any specific valuation or valuation range with an issuer prior to receiving a bid; (2) Treasury will initially only discuss warrant value inputs and its valuation methodologies in attempt to clarify issuer questions; (3) Treasury personnel will only discuss specific valuation ranges (or other information deemed helpful to Treasury's negotiating position) after approval is granted from the warrant committee. The procedures will be written to allow Treasury to maintain flexibility in the way it responds to the institutions while maximizing overall returns for taxpayers.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SCOTT G. ALVAREZ
GENERAL COUNSEL

January 12, 2011

The Honorable Neil M. Barofsky
Special Inspector General for the Troubled Asset Relief Program
1801 L Street, N.W.
Washington, D.C. 20220

Dear Mr. Barofsky:

Thank you for giving us the opportunity to provide both technical comments and comments for the record on your audit of Extraordinary Financial Assistance Provided to Citigroup, Inc. The report finds that the decision to provide exceptional assistance to Citigroup was reasonable and that the government negotiated an arrangement with Citigroup that both protected taxpayers from financial losses and, in the end, earned over $12 billion for taxpayers when Citigroup exited TARP.

The report concludes with two observations: first that the decision to provide exceptional assistance to Citigroup was made without reference to an objective definition of systemically important institution; and second, that provision of assistance to Citigroup reinforces the belief that the government will not let large institutions, like Citigroup, fail. We note, as does the report, that the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") includes provisions that are responsive to both of these concerns. Dodd-Frank created the Financial Stability Oversight Council ("FSOC"), which is expressly directed to designate standards for identifying financial companies that could pose a threat to the financial stability of the United States, promote market discipline, and establish a legal framework for the orderly resolution of systemically important institutions. The Federal Reserve Chairman, as a member of the FSOC, and other Federal Reserve staff are working closely with other FSOC members to implement these directives.

Thank you again for the opportunity to comment.

Sincerely,

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

January 18, 2011

Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
for the Troubled Asset Relief Program
1500 Pennsylvania Ave., NW, Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

This letter responds to certain recommendations in the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") Quarterly Report to Congress dated October 26, 2010. Specifically, this letter responds to your three recommendations regarding the Small Business Lending Fund ("SBLF").

As you know, the SBLF is not a TARP program. A Treasury team outside of the Office of Financial Stability ("OFS") is standing up the program, and it solicited advice and input from OFS. Moreover, the Treasury Office of the Inspector General has statutory responsibility for coordinating audits involving the SBLF. Nonetheless, Treasury appreciates your interest in the program, especially as it relates to institutions that have participated in the TARP Capital Purchase Program. Therefore, the SBLF team has carefully considered your recommendations, and we have enclosed a detailed response to each.

Sincerely,

Timothy G. Massad
Acting Assistant Secretary for Financial Stability

Enclosure

SIGTARP Recommendations Regarding
Implementation of the Small Business Lending Fund

<u>Recommendation 1</u>: When Treasury considers whether to accept an existing Capital Purchase Program (CPP) participant into the Small Business Lending Fund (SBLF) program, because conditions for many of the relevant institutions have changed dramatically since they were approved for CPP, Treasury and the bank regulators should conduct a new analysis of whether the applying institution is sufficiently healthy and viable to warrant participation in SBLF.

Treasury generally agrees with and is implementing this recommendation. To be considered for investments under SBLF (either new investments or refinancing of outstanding CPP investments), CPP participants must meet all of the eligibility requirements that apply to non-CPP participants. The institutions must have assets of less than $10 billion, and they must submit applications and lending plans to Treasury and to their respective regulators. Institutions that are on the Federal Deposit Insurance Corporation ("FDIC") problem bank list—or that have been on the problem bank list within the last ninety days—are not eligible, regardless of whether the institutions participated in CPP.

Moreover, Treasury has established additional eligibility requirements that apply only to CPP participants, which include the following: CPP participants must be in material compliance with all the terms, conditions, and covenants of their CPP agreements and financial instruments; they must not have missed, by more than sixty days, more than one dividend payment under CPP; and they must be current on all CPP dividend payments as of the date of refinancing (including any partial payment related to the quarter in which the refinancing occurs).

If a CPP participant meets all these requirements, Treasury will evaluate the proposed investment using the same process that applies to non-CPP participants. Treasury will consult with the appropriate federal and state banking agencies to determine whether the institution is qualified to receive an SBLF investment. If Treasury approves a proposed investment and it is completed, the former CPP participant will be subject to the same terms that apply to all SBLF participants, including dividend and repurchase restrictions and oversight by the Treasury Office of the Inspector General.

<u>Recommendation 2</u>: When Treasury conducts the new analysis of an institution's health and viability, the existing CPP preferred shares should not be counted as part of the institution's capital base.

Treasury appreciates this recommendation, and we have considered carefully the advantages and disadvantages of proceeding as SIGTARP suggests. We have concluded, however, that Treasury's investment decisions in SBLF should be based on the current capital positions of the respective institutions, including any outstanding CPP investments. We believe that adopting SIGTARP's recommendation would unduly disadvantage CPP participants for at least two reasons.

First, banks generally make business decisions (such as extending new loans, making acquisitions, or raising new capital from private sources) based on their capital positions.

Financial institutions that received CPP capital presumably have relied upon that capital in making business decisions for the past two years. For example, many banks have extended new loans to taxpayers and small businesses, using CPP capital. If Treasury adopted SIGTARP's recommendation, institutions that used CPP capital to extend such loans would be evaluated as if they had done so without the benefit of that capital to support the loans. We believe this would effectively punish CPP participants for doing precisely what Treasury had encouraged—making additional credit available for individuals and small businesses. Moreover, this type of evaluation (*i.e.*, one that excludes equity provided by CPP, but counts all assets), would be inconsistent with the way federal regulators typically examine banks and other financial institutions.

Second, the SBLF already provides substantial hurdles that CPP participants must overcome in order to participate in the program and to qualify for adjusted dividend payments. For example, Treasury is statutorily authorized to consider, in some circumstances, the effect of "matched" private funds when making SBLF investment decisions. Treasury will not consider "matched" funds when making investment decisions regarding CPP participants. Also, all SBLF participants must achieve increases in qualified small business lending in order to benefit from dividend rate adjustments (*e.g.*, a ten percent increase in lending will qualify for a one percent dividend rate). However, many CPP participants will have to increase their lending without the benefit of any additional capital—as they will be refinancing their outstanding CPP investments, rather than obtaining new capital, under SBLF.

<u>Recommendation 3</u>: Treasury should take steps to prevent institutions that are refinancing into the SBLF from CPP from securing dividend reductions without an increase in lending since the quarter that immediately precedes the refinancing.

Treasury appreciates this recommendation, and we have considered carefully the advantages and disadvantages of proceeding as SIGTARP suggests. We have concluded, however, that SBLF dividends should be calculated in the specific manner prescribed by Congress.

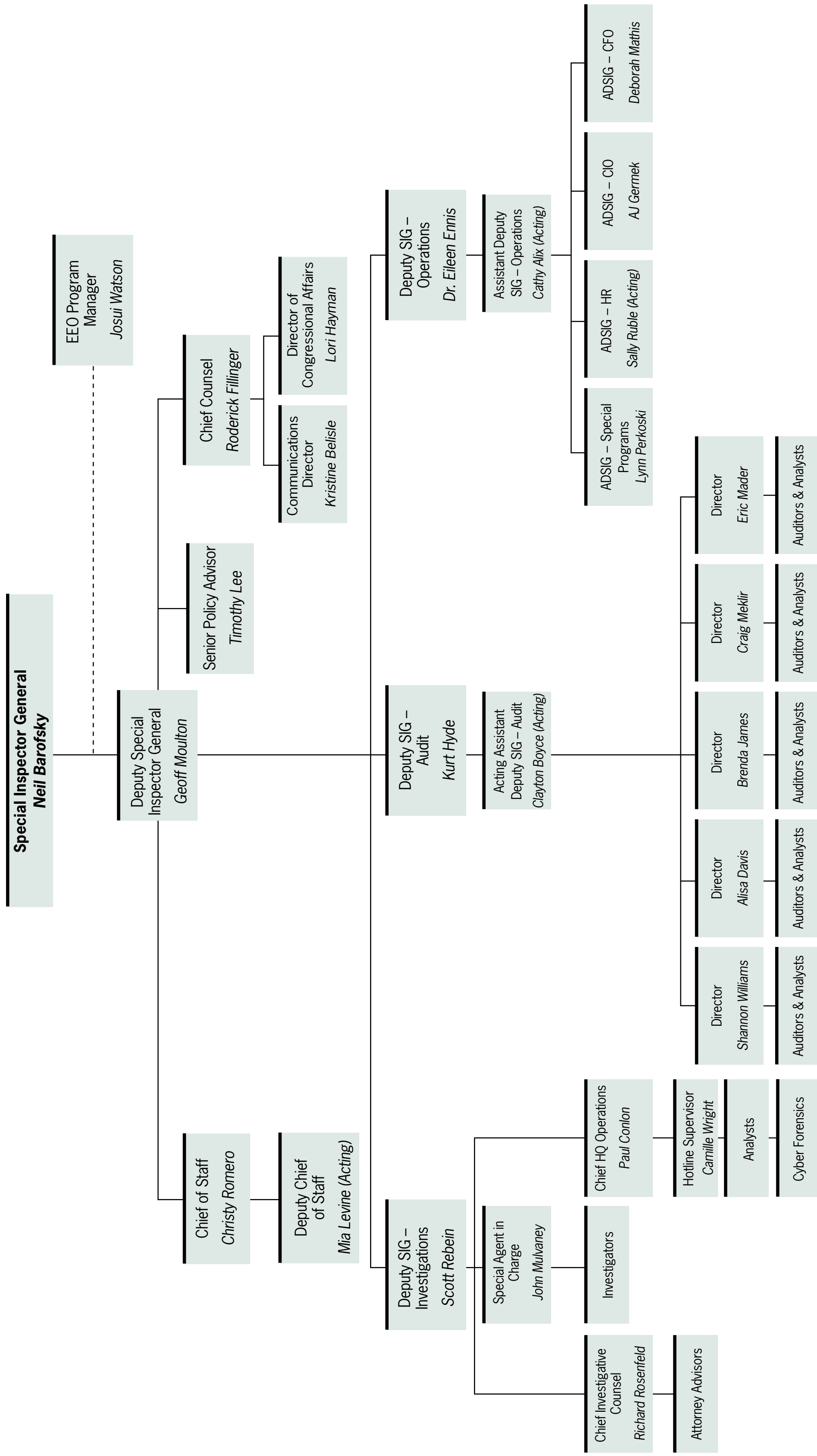
In its recommendation, SIGTARP urges Treasury to use its general authority (to issue regulations and to otherwise implement the SBLF) to alter the manner in which the SBLF dividend is calculated. The Small Business Jobs Act of 2010 (the "Jobs Act"), which created the SBLF, contains very specific language that sets forth in detail how SBLF dividends must be calculated. In particular, the statute establishes a "baseline" of qualified small business lending, which is defined as the average amount of reported lending by a participating institution during the four quarters ending June 30, 2010. SIGTARP suggests that Treasury should consider imposing an additional refinancing fee to avoid potential anomalies that may result from using such a baseline (*i.e.*, one that is calculated using an *average* of reported lending over four quarters, as opposed to the quarter immediately preceding the SBLF investment). Treasury is hesitant to use a general grant of authority in one section of an authorizing statute to deviate from specific, clear language in another section.

Moreover, it may not be helpful to deviate from the Job Acts, because it is unclear that using the statutorily-mandated baseline will lead to anomalies, as SIGTARP suggests. Although Treasury does not know and cannot know all the specific considerations that Congress took into account when drafting the Jobs Act, there is a reasonable justification for using a four-quarter average to define the "baseline" of qualified small business lending. We understand that quarterly variations in small business lending often result from seasonal effects. And these effects can vary depending upon the industrial concentration of a particular bank. For example, a small bank that makes numerous small business loans to agricultural businesses may have higher lending balances before the spring planting season and lower balances following the autumn harvest. In contrast, a small bank that makes numerous loans to retail or consumer goods businesses may have higher balances during the winter holiday shopping season.

In fact, seasonal effects could explain the hypothetical variation in small business lending that SIGTARP describes in the example in its recommendation. In that example, lending in the second quarter of 2010 ($7 million) was higher than lending at the end of the preceding year ($6 million). We would expect this pattern from a bank that makes numerous small business loans to agricultural businesses, as described above. Moreover, in SIGTARP's example, the institution's lending in the third quarter of 2009 was $5 million; if the institution's lending increases to $7 million in the third quarter of 2010—as the example suggests—this could represent a significant increase in small business lending on a seasonally adjusted basis. In that situation, measuring small business lending against a baseline calculated using a four-quarter average would be an effective way of identifying true increases and decreases in overall lending.

Ultimately, we do not believe that adjusting the statutory mechanism for calculating the SBLF dividend in the manner that SIGTARP suggests would result in a clearly better outcome for taxpayers. We do not believe that it would more accurately identify increases in small business lending or that it would better account for seasonal effects across banks in different markets throughout the country. Accordingly, Treasury has concluded that SBLF dividends should be calculated in the specific manner prescribed by Congress.

ORGANIZATIONAL CHART



Note: SIGTARP organizational chart as of 1/3/2011.

SIGTARP

SIG-QR-11-01

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