21. BUDGETARY EFFECTS OF THE TROUBLED ASSET RELIEF PROGRAM

This chapter reports on the cost and budgetary effects of the Treasury's Troubled Asset Relief Program (TARP), consistent with Sections 202 and 203 of the Emergency Economic Stabilization Act (EESA) of 2008 (P.L. 110–343), as amended. The cost estimates in this report analyze transactions as of November 30, 2014, and expected transactions as reflected in the budget and required under EESA. Where noted, a descriptive analysis of additional transactions that occurred after November 30, 2014, is provided. EESA authorized the Treasury to purchase or guarantee troubled assets and other financial instruments to restore liquidity and stability to the financial system of the United States while protecting taxpayers. Treasury has used its authority under EESA to restore confidence in U.S. financial institutions, to restart markets critical to financing American household and business activity, and to address housing market problems and the foreclosure crisis. Under EESA, TARP purchase authority was limited to $700 billion in obligations at any one time, as measured by the total purchase price paid for assets and guaranteed amounts outstanding. The Helping Families Save Their Homes Act of 2009 (P.L. 111-22) reduced total TARP purchase authority by $1.3 billion, and in July 2010, the Wall Street Reform Act further reduced total TARP purchase authority to a maximum of $475 billion in cumulative obligations. On October 3, 2010, the Treasury's authority to make new TARP commitments expired. The Treasury continues to manage existing investments and is authorized to expend previously committed TARP funds pursuant to obligations entered into prior to October 3, 2010.

Section 202 of EESA requires the Office of Management and Budget (OMB) to report the estimated cost of TARP assets purchased and guarantees issued pursuant to EESA. Consistent with statutory requirements, the 2016 Budget data presented in this report reflect revised subsidy costs for the TARP programs using actual performance and updated market information through November 30, 2014. Proceeds from sales of TARP-related financial assets occurring from November 30, 2014 to January 1, 2015 slightly exceeded estimates and will ultimately lower lifetime deficit costs relative to the estimates provided in this report. For information on subsequent TARP program developments, please consult the Treasury Department's Troubled Asset Relief Program Monthly 105(a) Reports.

The Administration's current estimate of TARP's deficit cost for its $455.6 billion in cumulative obligations is $37.4 billion (see Tables 21–1 and 21–6). Section 123 of EESA requires TARP costs to be estimated on a net present value basis, adjusted to reflect a premium for market risk. As investments are liquidated, their actual costs (including any market risk effects) become known and are reflected in reestimates. It is likely that the total cost of TARP to taxpayers will eventually be lower than current estimates as the market risk premiums are returned, but the total cost will not be fully known until all TARP investments have been extinguished.

A description of the market impact of TARP programs, followed by a detailed analysis of the assets purchased through TARP, is provided at the end of this report.

Method for Estimating the Cost of TARP Transactions

Under EESA, Treasury has purchased different types of financial instruments with varying terms and conditions. The budget reflects the costs of these instruments using the methodology as provided by Section 123 of EESA.

The estimated costs of each transaction reflect the underlying structure of the instrument. TARP financial instruments include direct loans, structured loans, equity, loan guarantees, and direct incentive payments. The costs of equity purchases, loans, guarantees, and loss sharing are the net present value of cash flows to and from the Government over the life of the instrument, per the Federal Credit Reform Act (FCRA) of 1990 (2 U.S.C. 661 et seq.), with an adjustment to the discount rate for market risks. Costs for the incentive payments under TARP Housing programs, other than loss sharing under the FHA Refinance program, involve financial instruments without any provision for future returns and are recorded on a cash basis.[1]

For each of these instruments, cash flow models are used to estimate future cash flows to and from the Government over the life of a program or facility. Each cash flow model reflects the specific terms and conditions of the program, and technical assumptions regarding the underlying assets, risk of default or other losses, and other factors that may affect cash flows to and from the Government. For instruments other than direct incentive payments, projected cash flows are discounted using the appropriate Treasury rates, adjusted for market risks as prescribed under EESA. Risk adjustments to the discount rates are intended to capture a risk premium for uncertainty around future cash flows, and were made using available data and methods. Consistent with the require-

[1] Section 123 of the EESA provides the Administration the authority to record TARP equity purchases pursuant to the FCRA, with required adjustments to the discount rate for market risks. The Making Home Affordable programs and HFA Hardest Hit Fund involve the purchase of financial instruments which have no provision for repayment or other return on investment, and do not constitute direct loans or guarantees under FCRA. Therefore these purchases are recorded on a cash basis. Administrative expenses are recorded for all of TARP under the Office of Financial Stability and the Special Inspector General for TARP on a cash basis, consistent with other Federal administrative costs, but are recorded separately from TARP program costs.

ment under FCRA to reflect the lifetime present value cost, subsidy cost estimates are reestimated every year an instrument is outstanding, with a final closing reestimate once an instrument is fully liquidated. Reestimates update the cost for actual transactions, and updated future expectations. When all investments in a given cohort are liquidated, their actual costs (including any market risk effects) become known and are reflected in final closing reestimates. The basic methods for each of these models are outlined in chapter 21 of the *Analytical Perspectives* volume of the *2015 Budget*, "Financial Stabilization Efforts and Their Budgetary Effects."

The final subsidy cost of TARP is likely to be lower than the current estimate, because projected cashflows are discounted using a risk adjustment to the discount rate as required by EESA. This requirement adds a premium to current estimates of TARP costs on top of market and other risks already reflected in cash flows with the public. Over time, the risk premium for uncertainty on future estimated TARP cash flows is returned to the General Fund through subsidy reestimates, as actual cash flows are known. TARP's overall cost to taxpayers will not be fully known until all TARP investments are extinguished.

Table 21–1. CHANGE IN PROGRAMMATIC COSTS OF TROUBLED ASSET RELIEF ACTIONS

(In billions of dollars)

TARP Actions	2015 Budget		2016 Budget		Change from 2015 Budget to 2016 Budget	
	TARP Obligations [1]	Estimated Cost (+) / Savings (–)	TARP Obligations [1]	Estimated Cost (+) / Savings (–)	TARP Obligations [1]	Estimated Cost (+) / Savings (–)
Equity purchases	336.8	6.1	336.0	5.7	–0.9	–0.4
Direct loans and asset-backed security purchases	76.2	16.6	76.2	16.3	....	–0.2
Guarantees of troubled asset purchases [2]	5.0	–3.9	5.0	–3.9	....	....
TARP housing programs [3]	38.5	37.5	38.4	37.4	–0.1	–0.1
Total programmatic costs [4]	**456.6**	**56.3**	**455.6**	**55.6**	**–0.9**	**–0.7**
Memorandum:						
Deficit impact with interest on reestimates [5]		*39.0*		*37.4*		*–1.6*

*$50 Million or less.

[1] TARP obligations are net of cancellations.

[2] The total assets supported by the Asset Guarantee Program were $301 billion.

[3] TARP obligations include FHA Refinance Letter of Credit first loss coverage of eligible FHA insured mortgages.

[4] Total programmatic costs of the TARP exclude interest on reestimates.

[5] The total deficit impact of TARP as of November 30, 2014 includes $17.43 billion in subsidy cost for TARP investments in AIG. Additional proceeds of $17.55 billion resulting from Treasury holdings of non-TARP shares in AIG are not included.

TARP Program Costs and Current Value of Assets

This section provides the special analysis required under Sections 202 and 203 of EESA, including estimates of the cost to taxpayers and the budgetary effects of TARP transactions as reflected in the budget.[2] This section explains the changes in TARP costs, and includes alternative estimates as prescribed under EESA. It also includes a comparison of the cost estimates with previous estimates provided by OMB and by the Congressional Budget Office (CBO).

Table 21–1, above, summarizes the cumulative and anticipated activity under TARP, and the estimated lifetime budgetary cost reflected in the Budget, compared to estimates from the 2015 Budget. The direct impact of TARP on the deficit is projected to be $37.4 billion, down $1.6 billion from the $39.0 billion estimate in the 2015 Budget. The total programmatic cost represents the lifetime net present value cost of TARP obligations from the date of disbursement, which is now estimated to be $55.6 billion, a figure that excludes interest on reestimates.[3]

Current Value of Assets

The current value of future cash flows related to TARP transactions can also be measured by the balances in the program's non-budgetary credit financing accounts. Under the FCRA budgetary accounting structure, the net debt or cash balances in non-budgetary credit financing accounts at the end of each fiscal year reflect the present value of anticipated cashflows to and from the public.[4] Therefore, the net debt or cash balances reflect the expected present value of the asset or liability. Future collections from the public—such as proceeds from stock sales, or payments of principal and interest—are financial assets, just as future payments to the public are financial liabilities. The current year reestimates true-up assets and liabilities, setting the net debt or cash balance in the financing account equal to the present value of future cashflows.[5]

[2] The analysis does not assume the effects on net TARP costs of a recoupment proposal required by Section 134 of EESA. However, the Budget includes a Financial Fee proposal that satisfies this requirement (see Chapter 12, "Governmental Receipts," in this volume).

[3] With the exception of the Making Home Affordable and HFA Hardest-Hit Fund programs, all the other TARP investments are reflected on a present value basis pursuant to the FCRA and the EESA.

[4] For example, to finance a loan disbursement to a borrower, a direct loan financing account receives the subsidy cost from the program account, and borrows the difference between the face value of the loan and the subsidy cost from the Treasury. As loan and interest payments from the public are received, the value is realized and these amounts are used to repay the financing account's debt to Treasury.

[5] For a full explanation of FCRA budgetary accounting, please see

Table 21–2. TROUBLED ASSET RELIEF PROGRAM CURRENT VALUE [1]

(In billions of dollars)

	Actual						Estimate										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financing Account Balances:																	
Troubled Asset Relief Program Equity Purchase Financing Account	105.4	76.9	74.9	13.6	6.6	0.9	0.3	0.2	0.1	–*	–0.2	–0.3	–0.4	–0.5	–0.6	–0.7	–0.7
Troubled Asset Relief Program Direct Loan Financing Account	23.9	42.7	28.5	17.9	3.1	–0.2	....	....	....	....	....	....	....	....	....	....	....
Troubled Assets Insurance Financing Fund Guaranteed Loan Financing Account	0.6	2.4	0.8	0.8	....	....	....	....	....	....	....	....	....	....	....	....	....
Troubled Assets Relief Program FHA Refinance Letter of Credit Financing Account	....	....	–*	–*	–*	–*	–*	–*	–*	–*	–*	....	....	....	....	....	....
Total Financing Account Balances	**129.9**	**122.0**	**104.1**	**32.2**	**9.7**	**0.7**	**0.3**	**0.2**	**0.1**	–*	**–0.2**	**–0.3**	**–0.4**	**–0.5**	**–0.6**	**–0.7**	**–0.7**

* $50 million or less.

[1] Current value as reflected in the 2016 Budget. Amounts exclude housing activity under the Making Home Affordable program and the Hardest Hit Fund as these programs are reflected on a cash basis.

Table 21–2 shows the actual balances of TARP financing accounts as of the end of each fiscal year through 2014, and projected balances for each subsequent year through 2025.[6] Based on actual net balances in financing accounts at the end of 2009, the value of TARP assets totaled $129.9 billion. By the end of 2014, total TARP net asset value decreased to $0.7 billion, reflecting the realized value of TARP assets as repayments, primarily from large banks, and exceeding amounts TARP paid for financial assets. Estimates in 2015 and beyond reflect estimated TARP net asset values over time, and all other anticipated transactions. The overall balance of the financing accounts is estimated to continue falling over the next few years, as TARP investments wind down.

The value of TARP equity purchases reached a high of $105.4 billion in 2009, and has since declined significantly with the wind down of AIG funding and repayments from large financial institutions. The value of the TARP equity portfolio is anticipated to continue declining as participants repurchase stock and assets are sold. TARP direct loans were fully liquidated in January 2014. The Asset Guarantee Program concluded with the February 2013 liquidation of trust preferred shares Treasury received from the FDIC, following termination of the guarantee on Citigroup assets and shows no financing account balance as of the end of 2013. The FHA Refinance program reflects net cash balances, showing the reserves set aside to cover TARP's share of default claims for FHA Refinance mortgages over the 10-year letter of credit facility. These reserves are projected to fall as claims are paid and as the TARP coverage expires.

Estimate of the Deficit, Debt Held by the Public, and Gross Federal Debt, Based on the EESA Methodology

The estimates of the deficit and debt in the budget reflect the impact of TARP as estimated under FCRA and Section 123 of EESA. The deficit estimates include the budgetary costs for each program under TARP, administrative expenses, certain indirect interest effects of credit programs, and the debt service cost to finance the program. As shown in Table 21-3, direct activity under the TARP is expected to increase the 2015 deficit by $3.8 billion. This reflects estimated TARP housing outlays of $5.0 billion, offset by $1.5 billion in downward reestimates on TARP investments, including interest on reestimates. The estimates of U.S. Treasury debt attributable to TARP include borrowing to finance both the deficit impacts of TARP activity and the cash flows to and from the Government reflected as a means of financing in the TARP financing accounts. Estimated debt due to TARP at the end of 2015 is $21.1 billion.

Debt held by the public net of financial assets reflects the cumulative amount of money the Federal Government has borrowed from the public for the program and not repaid, minus the current value of financial assets acquired with the proceeds of this debt, such as loan assets, or equity held by the Government. While debt held by the public is one useful measure for examining the impact of TARP, it provides incomplete information on the program's effect on the Government's financial condition. Debt held by the public net of financial assets provides a more complete picture of the U.S. Government's financial position because it reflects the net change in the government's balance sheet due to the program.

Debt net of financial assets due to the TARP program is estimated to be $20.8 billion as of the end of 2015. This is $3.5 billion lower than the projected 2015 debt held net of financial assets reflected in the 2015 Budget. However, debt net of financial assets is anticipated to increase annually starting in 2014, as debt is incurred to finance TARP housing costs and debt service.

Under FCRA, the financing account earns and pays interest on its Treasury borrowings at the same rate used to discount cash flows for the credit subsidy cost. Section 123 of EESA requires an adjustment to the discount rate used to value TARP subsidy costs, to account for market risks. However, actual cash flows as of September 30, 2014, already reflect the effect of any incurred market risks to

Chapter 20, "Credit and Insurance," in this volume.

[6] Reestimates for TARP are calculated using actual data through November 30, 2014, and updated projections of future activity. Thus, the full impacts of TARP reestimates are reflected in the 2015 financing account balances.

Table 21–3. TROUBLED ASSET RELIEF PROGRAM EFFECTS ON THE DEFICIT AND DEBT[1]
(Dollars in billions)

	Actual						Estimate										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deficit Effect:																	
Programmatic and administrative expenses	151.3	–109.6	–37.3	24.6	–8.5	–3.6	3.8	5.4	4.5	2.9	2.4	1.4	1.4	1.2	0.5	*	*
Interest effects[2, 3]	*	*	*	*	*	*	*	0.3	0.7	1.0	1.2	1.4	1.6	1.7	1.8	1.9	2.0
Total deficit impact	**151.3**	**–109.6**	**–37.3**	**24.7**	**–8.5**	**–3.6**	**3.8**	**5.6**	**5.2**	**3.9**	**3.6**	**2.8**	**3.0**	**2.9**	**2.3**	**1.9**	**2.0**
Debt held by the public:																	
Deficit impact	151.3	–109.6	–37.3	24.7	–8.5	–3.6	3.8	5.6	5.2	3.9	3.6	2.8	3.0	2.9	2.3	1.9	2.0
Net disbursements of credit financing accounts	129.9	–7.9	–17.8	–71.9	–22.5	–9.0	–0.4	–0.1	–0.1	–0.2	–0.1	–0.1	–0.1	–0.1	–0.1	–0.1	–*
Total change in debt held by the public	281.2	–117.5	–55.1	–47.2	–31.0	–12.6	3.4	5.5	5.1	3.7	3.4	2.7	2.9	2.8	2.2	1.8	2.0
Debt held by the public	**281.2**	**163.6**	**108.5**	**61.3**	**30.3**	**17.6**	**21.1**	**26.6**	**31.7**	**35.4**	**38.8**	**41.6**	**44.4**	**47.2**	**49.4**	**51.2**	**53.3**
Debt held by the public net of financial assets:																	
Debt held by the public	281.2	163.6	108.5	61.3	30.3	17.6	21.1	26.6	31.7	35.4	38.8	41.6	44.4	47.2	49.4	51.2	53.3
Less financial assets net of liabilities	129.9	122.0	104.1	32.2	9.7	0.7	0.3	0.2	0.1	–*	–0.2	–0.3	–0.4	–0.5	–0.6	–0.7	–0.7
Debt held by the public net of financial assets	**151.3**	**41.6**	**4.4**	**29.0**	**20.5**	**17.0**	**20.8**	**26.4**	**31.6**	**35.5**	**39.0**	**41.8**	**44.8**	**47.6**	**50.0**	**51.9**	**54.0**

* $50 million or less.

[1] Table reflects the deficit effects of the TARP program, including administrative costs and interest effects.

[2] Projected Treasury interest transactions with credit financing accounts are based on the market-risk adjusted rates. Actual credit financing account interest transactions reflect the appropriate Treasury rates under the FCRA.

[3] Includes estimated debt service effects of all TARP transactions that affect borrowing from the public.

that point, and therefore actual financing account interest transactions reflect the FCRA Treasury interest rates, with no additional risk adjustment.[7] Future cash flows reflect a risk adjusted discount rate and the corresponding financing account interest rate, consistent with the EESA requirement. For ongoing TARP credit programs, the risk adjusted discount rates on future cash flows result in subsidy costs that are higher than subsidy costs estimated under FCRA.

Estimates on a Cash Basis

The value to the Federal Government of the assets acquired through TARP is the same whether the costs of acquiring the assets are recorded in the budget on a cash basis, or a credit basis. As noted above, the budget records the cost of equity purchases, direct loans, and guarantees as the net present value cost to the Government, discounted at the rate required under the FCRA and adjusted for market risks as required under Section 123 of EESA. Therefore, the net present value cost of the assets is reflected on-budget, and the gross value of these assets is reflected in the financing accounts.[8] If these purchases were instead presented in the budget on a cash basis, the budget would reflect outlays for each disbursement (whether a purchase, a loan disbursement, or a default claim payment), and offsetting collections as cash is received from the public, with no obvious indication of whether the outflows and inflows leave the Government in a better or worse financial position, or what the net value of the transaction is.

Revised Estimate of the Deficit, Debt Held by the Public, and Gross Federal Debt Based on the Cash-basis Valuation

Estimates of the deficit and debt under TARP transactions calculated on a cash basis are reflected in Table 21–4, for comparison to those estimates in Table 21–3 reported above in which TARP transactions are calculated consistent with FCRA and Section 123 of EESA.

If TARP transactions were reported on a cash basis, the annual budgetary effect would include the full amount of government disbursements for activities such as equity purchases and direct loans, offset by cash inflows from dividend payments, redemptions, and loan repayments occurring in each year. For loan guarantees, the deficit would show fees, claim payouts, or other cash transactions associated with the guarantee as they occurred. Updates to estimates of future performance would affect the deficit in the year that they occur, and there would not be credit reestimates.

Under cash reporting, TARP would increase the deficit in 2015 by an estimated $3.4 billion, so the 2015 deficit would be $0.4 billion lower if TARP were reflected on a cash basis than the estimate in the Budget. The deficit would be lower because repayments and proceeds of sales that are now included in non-budgetary financing accounts for TARP would be reflected as offsetting receipts when they occur. Under FCRA, the marginal change in the present value attributable to better-than-expected future inflows from the

[7] As TARP transactions wind down, the final lifetime cost estimates under the requirements of Section 123 of EESA will reflect no adjustment to the discount rate for market risks, as these risks have already been realized in the actual cash flows. Therefore, the final subsidy cost for TARP transactions will equal the cost per FCRA, where the net present value costs are estimated by discounting cashflows using Treasury rates.

[8] For the Making Home Affordable programs and the HFA Hardest Hit Fund, Treasury's purchase of financial instruments does not result in the acquisition of an asset with potential for future cash flows, and therefore are recorded on a cash basis.

Table 21–4. TROUBLED ASSET RELIEF PROGRAM EFFECTS ON THE DEFICIT AND DEBT CALCULATED ON A CASH BASIS[1]
(Dollars in billions)

	Actual						Estimate										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deficit Effect:																	
Programmatic and administrative expenses	278.4	–122.3	–58.1	–48.9	–31.6	–12.8	3.4	5.2	4.4	2.7	2.2	1.3	1.3	1.1	0.5	–*	0.1
Debt service[2]	2.8	4.7	3.0	1.7	0.6	0.2	0.1	0.3	0.7	1.0	1.2	1.4	1.5	1.7	1.8	1.8	1.9
Total deficit impact	**281.2**	**–117.5**	**–55.1**	**–47.2**	**–31.0**	**–12.6**	**3.4**	**5.5**	**5.1**	**3.7**	**3.4**	**2.7**	**2.9**	**2.8**	**2.2**	**1.8**	**2.0**

* $50 million or less.
[1] Table reflects deficit effect of budgetary costs, substituting estimates calculated on a cash basis for estimates calculated under FCRA and Sec. 123 of EESA.
[2] Includes estimated debt service effects of all TARP transactions affecting borrowing from the public.

public would be recognized up front in a downward reestimate, in contrast to a cash-based treatment that would show the annual marginal changes in cash flows. However, the impact of TARP on the Federal debt, and on debt held net of financial assets, is the same on a cash basis as under FCRA. Because debt held by the public, and debt net of financial assets are the same on a cash and present value basis, these data are not repeated in Table 21-4.

Portion of the Deficit Attributable to TARP, and the Extent to Which the Deficit Impact is Due to a Reestimate

Table 21–3 shows the portion of the deficit attributable to TARP transactions. The specific effects in 2015 are as follows:

- TARP reestimates and interest on reestimates will decrease the deficit by $1.5 billion in 2015, including $0.6 billion in decreased subsidy costs for TARP programs, and $0.9 billion in interest on reestimates.
- Outlays for the TARP Housing Programs are estimated at $5.0 billion in 2015, which includes payments under the MHA program and Hardest Hit Fund. Outlays for the TARP Housing Program are estimated to decline gradually through 2023.
- Administrative outlays for TARP are estimated at $282 million in 2015, and expected to decrease annually thereafter as TARP winds down through 2025. Costs for the Special Inspector General for TARP are estimated at $48 million in 2016, and are expected to remain relatively stable through 2025.
- Interest transactions with credit financing accounts include interest paid to Treasury on borrowing by the financing accounts, offset by interest paid by Treasury on the financing accounts' uninvested balances. Although the financing accounts are non-budgetary, Treasury payments to these accounts and receipt of interest from them are budgetary transactions and therefore affect net outlays and the deficit. For TARP financing accounts, projected interest transactions are based on the market risk adjusted rates used to discount the cash flows. The projected net financing account interest paid to Treasury at market risk adjusted rates is $10 million in 2015 and declines over time as the financing accounts repay borrowing from Treasury through investment sale proceeds and repayments on TARP equity purchases and direct loans.

The full impact of TARP on the deficit includes the estimated cost of Treasury borrowing from the public—debt service—for the outlays listed above. Debt service is estimated at $60 million for 2015 and then expected to increase to $1.9 billion by 2025, largely due to outlays for TARP housing programs. Total debt service will continue over time after the TARP winds down, due to the financing of past TARP costs.

Analysis of TARP Reestimates

The costs of outstanding TARP assistance are reestimated annually by updating cash flows for actual experience and new assumptions, and adjusting for any changes by either recording additional subsidy costs (an upward technical and economic reestimate) or by reducing subsidy costs (a downward reestimate). The reestimated dollar amounts to be recorded in 2015 reflect TARP disbursements through November 30, 2014, while reestimated subsidy rates reflect the full lifetime costs, including anticipated future disbursements. Detailed information on upward and downward reestimates to program costs is reflected in Table 21–5.

The current reestimate of $1.5 billion reflects a decrease in estimated TARP costs from the 2015 Budget. This decrease was due in large part to improved market conditions and significant progress winding down TARP investments over the past year.

Differences Between Current and Previous OMB Estimates

As shown in Table 21–6, the Budget reflects a total 2016 TARP deficit impact of $37.4 billion. This is a decrease of $1.6 billion from the 2015 Budget projection of $39.0 billion.

The estimated 2016 TARP deficit impact reflected in Table 21–6 differs from the programmatic cost of $55.6 billion in the Budget because the deficit impact includes $18.1 billion in cumulative downward adjustments for interest on subsidy reestimates. See footnote 3 in Table 21–6.

Differences Between OMB and CBO Estimates

Table 21–7 compares the OMB estimate for TARP's deficit impact to the deficit impact estimated by the

Table 21–5. TROUBLED ASSET RELIEF PROGRAM REESTIMATES

(Dollars in billions)

TARP Program and Cohort Year	Original subsidy rate	Current reestimate rate	Current reestimate amount	Net lifetime reestimate amount, excluding interest	TARP disbursements as of 11/30/2014
Equity Programs:					
Automotive Industry Financing Program (Equity):					
2009	54.52%	5.70%	–1.2	–5.0	12.5
2010	30.25%	–16.81%	....	–1.6	3.8
Capital Purchase Program:					
2009	26.99%	–6.78%	–0.1	–65.7	204.6
2010	5.77%	2.46%	–*	–*	0.3
AIG Investments:					
2009	82.78%	21.88%	....	–38.5	67.8
Legacy Securities Public-Private Investment Program:					
2009	34.62%	–20.41%	....	–0.3	0.7
2010	22.97%	–51.11%	*	–3.7	5.5
Targeted Investment Program:					
2009	48.85%	–8.47%	....	–23.2	40.0
Community Development Capital Initiative:					
2010	48.06%	21.33%	*	–0.1	0.6
Subtotal equity program			**–1.2**	**–138.2**	**335.8**
Structured and Direct Loan Programs:					
Automotive Industry Financing Program (AIFP):					
2009	58.75%	21.43%	–0.3	–20.3	63.4
Legacy Securities Public Private Investment Program:					
2009	–2.52%	–0.29%	....	*	1.4
2010	–10.85%	1.84%	*	1.3	11.0
Small Business Lending Initiative 7(a) purchases:					
2010	0.48%	–1.35%	....	–*	0.4
Term-Asset Backed Securities Loan Facility:[1]					
2009	–104.23%	–579.22%	–*	–0.4	0.1
Subtotal direct loan program			**–0.3**	**–19.3**	**76.2**
Guarantee Programs:					
Asset Guarantee Program:[2]					
2009	–0.25%	–1.20%	....	–1.4	301.0
FHA Refinance Letter of Credit:					
2011	1.26%	0.55%	–*	–*	0.1
2012	4.00%	2.02%	–*	–*	0.2
2013	2.48%	1.85%	–*	*	0.2
Subtotal guarantee program			–*	–1.4	301.5
Total TARP			**–1.5**	**–158.8**	**713.6**

* $50 million or less.

[1] The Term-Asset Backed Securities Loan Facility 2009 subsidy rate reflects the anticipated collections for Treasury's $20 billion commitment, as a percent of estimated lifetime disbursements of roughly $0.1 billion.

[2] Disbursement amount reflects the face value of guarantees of assets supported by the guarantee. The TARP obligation for this program was $5 billion, the maximum contingent liability while the guarantee was in force.

Congressional Budget Office in its "Report on the Troubled Asset Relief Program—April 2014."[9]

CBO estimates the total cost of TARP at $27 billion, based on estimated lifetime TARP disbursements of $438 billion. The Budget reflects the total deficit cost at $37 billion, based on current estimates of $456 billion in program obligations. Differences in the estimated cost of the TARP Housing programs, which stem from divergent demand and participation rate assumptions, are the main difference between OMB and CBO cost estimates. The

[9] Available at: https://www.cbo.gov/sites/default/files/45260-TARP.pdf

Table 21–6. DETAILED TARP PROGRAM LEVELS AND COSTS
(In billions of dollars)

Program	2015 Budget		2016 Budget	
	TARP Obligations	Subsidy Costs	TARP Obligations	Subsidy Costs
Equity Purchases:				
Capital Purchase Program	204.9	–8.3	204.9	–8.4
AIG Investments	67.8	17.4	67.8	17.4
Targeted Investment Program	40.0	–3.6	40.0	–3.6
Automotive Industry Financing Program (AIFP)	16.3	3.0	16.3	2.7
Public-Private Investment Program - Equity	7.2	–2.5	6.4	–2.5
Community Development Capital Initiative.	0.6	0.1	0.6	0.1
Subtotal equity purchases	336.8	6.1	336.0	5.7
Direct Loan Programs:				
Automotive Industry Financing Program (AIFP)	63.4	17.0	63.4	16.7
Term Asset-Backed Securities Loan Facility (TALF)	0.1	–0.5	0.1	–0.5
Public-Private Investment Program - Debt	12.4	0.1	12.4	0.1
Small Business 7(a) Program	0.4	*	0.4	*
Subtotal direct loan programs	76.2	16.6	76.2	16.3
Guarantee Programs under Section 102:				
Asset Guarantee Program [1]	5.0	–3.9	5.0	–3.9
Subtotal asset guarantees	5.0	–3.9	5.0	–3.9
TARP Housing Programs:				
Making Home Affordable (MHA) Programs	29.9	29.9	29.8	29.8
Hardest Hit Fund	7.6	7.6	7.6	7.6
Subtotal non-credit programs	37.5	37.5	37.4	37.4
FHA Refinance Letter of Credit [2]	1.0	*	1.0	*
Subtotal TARP housing programs	38.5	37.5	38.4	37.4
Totals	**456.6**	**56.3**	**455.6**	**55.6**
Memorandum:				
Interest on reestimates [3]		–17.2		–18.1
Deficit impact with interest on reestimates		***39.0***		***37.4***

* $50 million or less.

[1] The total assets supported by the Asset Guarantee Program were $301 billion.

[2] TARP obligations under the FHA Refinance Letter of Credit provide first loss coverage of eligible FHA insured mortgages.

[3] Total programmatic costs of the TARP exclude interest on reestimates of $17.2 billion in the 2015 Budget and $18.1 billion in the 2016 Budget. Interest on reestimates is an adjustment that accounts for the time between the original subsidy costs and current estimates; such adjustments impact the deficit but are not direct programmatic costs.

CBO projects $26 billion in total TARP Housing expenditures, while the Budget reflects a $37 billion estimate. CBO and OMB cost estimates for the Capital Purchase Program are $1 billion apart because of different assumptions for the remaining institutions with investments in the program. Similarly, CBO and OMB cost estimates for the Automotive Industry Financing Program are $2 billion apart due to different assumptions for the future performance of equity investments in the program.

TARP Market Impact

Although challenges in the economy remain, TARP's support to the banking sector through the Capital Purchase Program, Targeted Investment Program, Asset Guarantee Program, and the Community Development Capital Initiative helped stabilize the financial system and strengthen the financial position of the Nation's banking institutions. With the auto industry profitable and growing again, in December 2014, Treasury sold all its remaining shares of Ally (the successor organization to GMAC), recouping a total of $70.4 billion from the original investment. With this sale, the Automotive Industry Financing Program has been effectively wound-down. Treasury retains the right to receive proceeds from Chrysler and GM liquidation trusts, but expects no significant future cash flows. Sales of TARP assets occurring after November 30, 2014, are not included in the cost analysis provided in this report.

The Administration's housing programs implemented through the TARP have helped stabilize the housing market and kept millions of borrowers in their homes. As of November 30, 2014, more than 1.4 million borrowers have received permanent mortgage modifications through the Home Affordable Modification Program (HAMP), which amounts to an estimated $30.8 billion in realized monthly mortgage payment savings for these homeowners. In

Table 21–7. COMPARISON OF OMB AND CBO TARP COSTS
(In billions of dollars)

Program	Estimates of Deficit Impact [1]	
	CBO Cost Estimate [2]	OMB Cost Estimate
Capital Purchase Program	–17	–16
Targeted Investment Program & Asset Guarantee Program	–8	–8
AIG Assistance	15	15
Automotive Industry Financing Program	14	12
Term Asset-Backed Securities Loan Facility	–1	–1
Other Programs [3]	–3	–3
TARP Housing Programs	26	37
Total	**27**	**37**

* Amounts round to less than $1 billion.
[1] Totals include interest on reestimates.
[2] CBO estimates from April 2014, available online at https://www.cbo.gov/sites/default/files/45260-TARP.pdf
[3] "Other Programs" reflects an aggregate cost for PPIP (debt and equity purchases), CDCI, and small business programs. In previous Budgets, Other Programs included AGP.

addition to helping these borrowers, the Administration's TARP housing programs have been a catalyst to private sector mortgage modifications. Since April 2009, HAMP, FHA, and the private sector HOPE Now alliance have initiated more than 9 million mortgage modifications, which is nearly double the number of foreclosures completed in the same period. In late 2014, the Administration announced several enhancements to housing programs under Making Home Affordable designed to motivate borrowers to continue making their modified mortgage payments, strengthen the safety net for homeowners facing continuing financial hardships, and help homeowners in MHA programs build equity in their homes, an important factor in stabilizing neighborhoods. See the "Credit and Insurance" chapter of this volume for more information on the Administration's efforts to support the housing market.

Description of Assets Purchased Through the TARP, by Program

Capital Purchase Program (CPP): Pursuant to EESA, the Treasury created the CPP in October 2008 to restore confidence throughout the financial system by ensuring that the Nation's banking institutions had a sufficient capital cushion against potential future losses and to support lending to creditworthy borrowers. All eligible CPP recipients completed funding by December 31, 2009, and Treasury purchased $204.9 billion in preferred stock in 707 financial institutions under the CPP program. As of November 30, 2014, Treasury had received approximately $199.0 billion in principal repayments and $27.0 billion in revenues from dividends, interest, warrants, gains/other interest and fees. CPP cash proceeds of $226.0 billion now exceed Treasury's initial investment by $21.1 billion. As of November 30, 2014, $0.6 billion remained outstanding under the program.

Community Development Capital Initiative (CDCI): The CDCI program invested lower-cost capital in Community Development Financial Institutions (CDFIs), which operate in markets underserved by traditional financial institutions. In February 2010, Treasury released program terms for the CDCI program, under which participating institutions received capital investments of up to 5 percent of risk-weighted assets and pay dividends to Treasury of as low as 2 percent per annum. The dividend rate increases to 9 percent after eight years. CDFI credit unions were able to apply to TARP for subordinated debt at rates equivalent to those offered to CDFI banks and thrifts. These institutions could apply for capital investments of up to 3.5 percent of total assets — an amount approximately equivalent to the 5 percent of risk-weighted assets available under the CDCI program to banks and thrifts. TARP capital of $570 million has been committed to this program. As of November 30, 2014, Treasury has received $147 million in cash back on its CDCI investments and $462 million remains outstanding.

Capital Assistance Program and Other Programs (CAP): In 2009, Treasury worked with Federal banking regulators to develop a comprehensive "stress test" known as the Supervisory Capital Assessment Program (SCAP) to assess the health of the nation's 19 largest bank holding companies. In conjunction with SCAP, Treasury announced that it would provide capital under TARP through the Capital Assistance Program (CAP) to institutions that participated in the stress tests as well as others. Only one TARP institution (Ally Financial) required additional funds under the stress tests, but received them through the Automotive Industry Financing Program, not CAP. CAP closed on November 9, 2009, without making any investments and did not incur any losses to taxpayers. Following the release of the stress test results, banks were able to raise hundreds of billions of dollars in private capital.

American International Group (AIG) Investments: During the financial crisis, the Federal Reserve Bank of New York (FRBNY) and the Treasury provided financial support to AIG in order to mitigate broader systemic risks that would have resulted from the disorderly failure of the company. To prevent the company from entering bankruptcy and to resolve the liquidity issues it faced, the FRBNY provided an $85 billion line of credit to AIG in September 2008 and received preferred shares that entitled it to 79.8 percent of the voting rights of AIG's common stock. After TARP was enacted, the Treasury and FRBNY continued to work to facilitate AIG's execution of its plan to sell certain of its businesses in an orderly manner, promote market stability, and protect the interests of the U.S. Government and taxpayers. As of December 31, 2008, when purchases ended, the Treasury had purchased $40 billion in preferred shares from AIG through TARP, which were subsequently converted into common stock. In April 2009, Treasury also extended a $29.8 billion line of credit, of which AIG drew down $27.8 billion, in exchange for additional preferred stock. The remaining $2 billion obligation was subsequently canceled.

AIG executed a recapitalization plan with FRBNY, Treasury, and the AIG Credit Facility Trust in mid-January 2011 that allowed for the acceleration of the Government's exit from AIG. Following the restructuring and AIG's ensuing public offering in May of 2011, the Treasury had a 77 percent ownership (or 1.45 billion shares) stake in AIG, which represented a 15 percentage point reduction from Treasury's 92 percent ownership stake in January 2011. Throughout 2012, Treasury completed public offerings to further reduce its AIG ownership stake. In December 2012, Treasury sold its remaining balance of AIG common stock in a public offering that reduced Treasury's AIG common stock position to zero, including its shares acquired outside of TARP from the FRBNY. With this final sale, the Treasury and the FRBNY fully recovered all funds committed to stabilize AIG during the financial crisis.[10] In March 2013, Treasury sold its remaining 2.7 million warrants for $25.2 million and has fully exited its investment in AIG. (A summary of the deal terms and recent transactions can be found in the Analytical Perspectives volume of the 2014 Budget.) In total, TARP's AIG commitments totaled $67.8 billion and, with the program closed, yielded $55.3 billion in total cash back.

Targeted Investment Program (TIP): The goal of the TIP was to stabilize the financial system by making investments in institutions that are critical to the functioning of the financial system. Investments made through the TIP sought to avoid significant market disruptions resulting from the deterioration of one financial institution that could threaten other financial institutions and impair broader financial markets, and thereby pose a threat to the overall economy. Under the TIP, the Treasury purchased $20 billion in preferred stock from Citigroup and $20 billion in preferred stock from Bank of America. The Treasury also received stock warrants from each company. Both Citigroup and Bank of America repaid their TIP investments in full in December 2009, along with dividend payments of approximately $3.0 billion. In March 2010, Treasury sold all of its Bank of America warrants for $1.2 billion, and in January 2011, the Treasury sold Citigroup warrants acquired through the TIP for $190.4 million. After obligating $40 billion, TIP investments yielded gross proceeds of $44.4 billion. The TIP is closed and has no remaining assets.

Asset Guarantee Program (AGP): The AGP was created to provide Government assurances for assets held by financial institutions that were critical to the functioning of the nation's financial system. Under the AGP, the Treasury and FDIC guaranteed up to $5 billion and $10 billion, respectively, of potential losses incurred on a $301 billion portfolio of financial assets held by Citigroup. In exchange, the Treasury received $4 billion of preferred stock that was later converted to trust preferred securities; the FDIC received $3 billion in preferred stock. [11] The preferred stock provided an 8 percent annual dividend. On December 23, 2009, in connection with Citigroup's TIP repayment, Citigroup and the Government terminated the AGP agreement. The Treasury and FDIC did not pay any losses under the agreement, and retained $5.2 billion of the $7 billion in trust preferred securities that were part of the initial agreement with Citigroup. TARP retained $2.2 billion of the trust preferred securities, as well as warrants for common stock shares that were issued by Citigroup as consideration for the guarantee. Treasury sold the trust preferred securities on September 30, 2010, and the warrants on January 25, 2011. On December 28, 2012, Treasury received $800 million in additional Citigroup trust preferred securities from the FDIC and, in 2013, sold them for $894 million. The TARP's Citigroup asset guarantees yielded $3.9 billion in total cash back.

In May 2009, Bank of America announced a similar asset guarantee agreement with respect to approximately $118 billion in Bank of American assets, but the final agreement was never executed. As a result, in 2009 Bank of America paid a termination fee of $425 million to the Government. Of this amount, $276 million was paid to the TARP, $92 million was paid to FDIC, and $57 million was paid to the Federal Reserve. In total, AGP obligated $5 billion, but never paid a claim. Treasury sold the last of its AGP holdings in 2013, ending the program and yielding $4.1 billion in total cash back.

Automotive Industry Support Programs: In December 2008, in order to mitigate a systemic threat to the Nation's economy and a potential loss of thousands of jobs, the Treasury established several programs to prevent the collapse of the domestic automotive industry. Through the Auto Industry Financing Program (AIFP), TARP made emergency loans to Chrysler, Chrysler Financial, and General Motors (GM). Additionally, TARP bought equity in Ally Financial, formerly GMAC, and

[10] Treasury's investment in AIG common shares consisted of shares acquired in exchange for preferred stock purchased with TARP funds (TARP shares) and shares received from the trust created by the FRBNY for the benefit of Treasury as a result of its loan to AIG (non-TARP shares). Treasury collected proceeds of $17.5 billion for its non-TARP shares in AIG.

[11] Trust Preferred Securities (TruPS) are financial instruments that have the following features: they are taxed like debt; counted as equity by regulators; are generally longer term; have early redemption features; make quarterly fixed interest payments; and mature at face value.

assisted Chrysler and GM during their bankruptcy proceedings. The Chrysler program is now closed. In total, of the $12.4 billion committed to Chrysler, TARP was repaid $11.1 billion in total cash back.[12]

Over the last year, Treasury liquidated most of its remaining AIFP holdings. On December 9, 2013, TARP sold its last remaining shares in GM, recouping $39.0 billion from TARP's $49.5 billion investment in GM.[13] Then on January 16, 2014, Treasury announced that TARP sold 410,000 shares of Ally common equity for $3 billion in a private placement offering. Treasury sold Ally common stock as part of Ally's initial public offering (IPO) on April 15, 2014, for $2.4 billion in additional proceeds and $181 million associated with the over-allotment option that was exercised in May 2014. TARP conducted two trading plans between August 14, 2014, and October 16, 2014, resulting in collections of $464 million. On December 18, 2014, TARP sold its remaining 54.9 million shares of Ally common stock in an underwritten offering, completing the wind down of its remaining investments through the Auto Industry Financing Program and recovering $1.3 billion. In total, Treasury recovered $19.6 billion on its investment, roughly $2.4 billion more than the original $17.2 billion investment in Ally.

Through the Auto Supplier Support Program (Supplier Program) and the Auto Warranty Commitment Program (Warranty Program), Treasury disbursed $1.1 billion in direct loans to GM and Chrysler to support auto parts manufacturers and suppliers. Both the Supplier and Warranty programs have closed and, in aggregate, these investments yielded $1.2 billion in total cash back. TARP's AIFP disbursements--including the GM, Chrysler, Ally (GMAC), Supplier, and Warranty Programs--totaled $79.7 billion and, with all programs effectively wound down, AIFP yielded $70.4 billion in total cash back.

Credit Market Programs: The Credit Market programs were designed to facilitate lending that supports consumers and small businesses, through the Term Asset-Backed Securities Loan Facility (TALF), the CDCI discussed previously, and the Small Business Administration's guaranteed loan program (SBA 7(a)).

TALF: The TALF was a joint initiative with the Federal Reserve that provided financing (TALF loans) to private investors to help facilitate the restoration of efficient and robust secondary markets for various types of credit. The Treasury provided protection to the Federal Reserve through a loan to the TALF's special purpose vehicle (SPV), which was originally available to purchase up to $20 billion in assets that would be acquired in the event of default on Federal Reserve financing. In March 2009 Treasury disbursed $0.1 billion of this amount to the TALF SPV to implement the program. In July 2010, Treasury, in consultation with the Federal Reserve, reduced the maximum amount of assets Treasury would acquire to $4.3 billion, or 10 percent of the total $43 billion outstanding in the facility when the program was closed to new lending on June 30, 2010. In June 2012, Treasury, in consultation with the Federal Reserve, further reduced its loss-coverage to $1.4 billion. Finally, Treasury and the Federal Reserve announced in January 2013 that Treasury's commitment of TARP funds to provide credit protection was no longer necessary due to the fact that the accumulated fees collected through TALF exceeded the total principal amount of TALF loans outstanding. As of November 30, 2014, Treasury had accumulated income of $685 million from TALF.

SBA 7(a): In March 2009, Treasury and the Small Business Administration (SBA) announced a Treasury program to purchase SBA-guaranteed securities ("pooled certificates") to re-start the secondary market in these loans. Treasury subsequently developed a pilot program to purchase SBA-guaranteed securities, and purchased 31 securities with an aggregate face value of approximately $368 million. Treasury reduced its commitment to the Small Business 7(a) program from $1 billion to $370 million, as demand for the program waned due to significantly improved secondary market conditions for these securities following the original announcement of the program. In January 2012, Treasury completed the final disposition of its SBA 7(a) securities portfolio. The SBA 7(a) program received total proceeds of $376 million, representing a gain of approximately $8 million to taxpayers.

Public Private Investment Program (PPIP): The Treasury announced the Legacy Securities Public-Private Investment Partnership (PPIP) on March 23, 2009, to help restart the market for legacy mortgage-backed securities, thereby helping financial institutions begin to remove these assets from their balance sheets and allowing for a general increase in credit availability to consumers and small businesses. Under the program, Public-Private Investment Funds (PPIFs) were established by private sector fund managers for the purchase of eligible legacy securities from banks, insurance companies, mutual funds, pension funds, and other eligible sellers as defined under EESA. On June 30, 2010, PPIP closed for new funding and as of December 2012 the PPIFs can no longer deploy capital and make new investments. Treasury may continue to manage these investments for up to five additional years. As of November 30, 2014, after obligating $18.7 billion, PPIP investments had yielded $22.5 billion in total cash back.

TARP Housing Programs: To mitigate foreclosures and preserve homeownership, in February 2009 the Administration announced a comprehensive housing program utilizing up to $50 billion in funding through the TARP. The Government-Sponsored Entities (GSEs) Fannie Mae and Freddie Mac participated in the Administration's program both as the Treasury Department's financial agents for Treasury's contracts with servicers, and by implementing similar policies for their own mortgage portfolios. These housing programs are focused on creating sustainably affordable mortgages for responsible homeowners who are making a good faith effort to make their mortgage payments, while mitigating the spillover effects of foreclosures on neighborhoods,

[12] Chrysler repayments of $11.1 billion include $560 million in proceeds from the sale of Treasury's 6 percent fully diluted equity interest in Chrysler to Fiat and Treasury's interest in an agreement with the UAW retiree trust that were executed on July 21, 2011.

[13] This excludes the $884 million loan to GM that was converted to GMAC common stock.

communities, the financial system and the economy. Following the enactment of the 2010 Wall Street Reform Act, Treasury reduced its commitments to the TARP Housing programs to $45.6 billion. These programs fall into three initiatives:

- Making Home Affordable (MHA);
- Housing Finance Agency (HFA) Hardest-Hit Fund (HHF); and
- Federal Housing Administration (FHA) Refinance Program.[14]

Making Home Affordable (MHA): Programs under MHA include the Home Affordable Modification Program (HAMP), FHA-HAMP[15], the Second Lien Modification Program (2MP), and Rural Development-HAMP.[16] MHA also includes the Home Affordable Foreclosure Alternatives Program, which provides short sale and deed-in-lieu of foreclosure opportunities to borrowers when a modification is not possible, as well as assistance to borrowers who are unemployed or underwater (owe more than their home is worth). Under MHA programs, the Treasury contracts with servicers to modify loans or provide other foreclosure alternatives in accordance with the program's guidelines, and to make incentive payments to the borrowers, servicers, and, in some programs, investors for those modifications or other foreclosure alternatives. On June 26, 2014, the Administration announced that the application deadline for HAMP and HAFA would be extended at least a year to December 31, 2016. In late 2014, the Administration also announced several enhancements to MHA programs to provide greater assistance to struggling borrowers. Among other things, the enhancements included an extension of the borrower pay-for-performance incentive under HAMP as well as an increase in the amount of assistance a borrower receives through HAFA to relocate after a short sale or Deed-in-Lieu. As of November 30, 2014, TARP has paid $9.7 billion in MHA related incentive payments and an additional $20.1 billion in TARP funds was obligated for future payments.[17]

HFA Hardest-Hit Fund (HHF): The $7.6 billion HHF provides the eligible entities of Housing Finance Agencies from 18 states and the District of Columbia with funding to design and implement innovative programs to prevent foreclosures and bring stability to local housing markets. The Administration targeted areas hardest hit by unemployment and home price declines through the program. Approximately 60 percent of the HHF funds are dedicated to programs that help unemployed borrowers stay in their homes, 40 percent of HHF funds facilitate principal write-downs for borrowers who owe more than their home is worth and other activities including blight elimination, transition assistance, and administrative expenses. The flexibility of the HHF funds has allowed States to design and tailor innovative programs to meet the unique needs of their community. Over the past two years, the Administration has taken key actions to help communities turn the corner to recovery, including working with Michigan, Ohio, Indiana, Illinois, South Carolina, and Alabama to use $372 million of their HHF allocations for blight elimination.

FHA Refinance Program: This program, which is administered by the Federal Housing Administration and supported by TARP, was initiated in September 2010 and allows eligible borrowers who are current on their mortgage but owe more than their home is worth, to re-finance into an FHA-guaranteed loan if the lender writes off at least 10 percent of the existing loan. $8.1 billion was originally committed through a letter of credit agreement with Citigroup to cover a share of any losses on the loans and administrative expenses. In 2013, Treasury's commitment to cover a share of any losses under the FHA Refinance Program was reduced from $8.1 billion to $1.0 billion. In November 2014, the program was extended to December 31, 2016. Because of the timing of this announcement, TARP cost estimates for FHA Refinance Program presented in this report do not incorporate potential impacts of this change. As of November 30, 2014, TARP's remaining commitment to the FHA Refinance Program was $1.0 billion.

[14] This program has also been referred to as the FHA Short Refinance Program or Option in other reporting. The FHA Refinance Program is a HUD not a Treasury program, but is supported through the TARP with $1 billion to cover a share of any losses on these particular FHA Refinance loans.

[15] FHA-HAMP is administered by HUD; Treasury provides incentives for servicers and borrowers who qualify for Treasury FHA-HAMP

[16] For additional information on MHA programs, visit: http://www.makinghomeaffordable.gov/.

[17] In 2014, Treasury deobligated $71.6 million of Making Home Affordable obligations, further reducing TARP's deficit impact.