

This Response describes the actions Treasury has taken and intends to take to address the two recommendations in the GAO's June 2010 report titled, "*Treasury's Framework for Deciding to Extend TARP was Sufficient, but Could be Strengthened for Future Decisions.*"

GAO Recommendation 1:

To effectively conduct a coordinated exit from TARP and other government financial assistance, we recommend that the Secretary of Treasury formalize and document coordination with the Chairman of the FDIC for decisions associated with the expiration of TARP (1) by including the Chairman at relevant FinSOB meetings, (2) through formal bilateral meetings, or (3) by utilizing other forums that accommodate more structured dialogue.

Summary of Treasury's Actions in Response to this Recommendation

While the membership of FinSOB was set by statute and is chaired by the Chairman of the Board of Governors of the Federal Reserve System, Treasury has consulted and will continue to consult extensively on TARP matters with the FDIC as well as with other agencies where appropriate. Among other things, Treasury has consulted with the FDIC in designing the structure and process for approval in the bank assistance programs, the stress tests and standards for exiting TARP, as well as situations involving particular institutions that have received assistance. This consultation has continued in recent months and will continue.

GAO Recommendation 2:

To improve the transparency and analytical basis for program decisions made before TARP's expiration, we recommend that the Secretary of the Treasury publicly identify clear program objectives, the expected impact of programs, and the level of additional resources needed to meet those objectives. In particular, Treasury should set quantitative program objectives for its small business lending programs and identify any additional data needed to make program decisions.

Summary of Treasury's Actions in Response to this Recommendation

We will continue to publicly identify clear program objectives and to address the related suggestions made in this recommendation. To the extent the recommendation focuses on specific small business lending programs such as the Community Development Capital Initiative, we do not believe specifying a "target" number of institutions or dollar amount to be expended is appropriate. We have instituted a thorough application and review process for qualification, and to prejudge the results of that application and review process would be unwise. We will continue, however, to fully articulate the objectives and purposes of each TARP program in a manner consistent with our responsibilities under EESA and our careful stewardship of taxpayer funds.