TESTIMONY OF

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NORTH DAKOTA COMMISSIONER OF FINANCIAL INSTITUTIONS

On behalf of the

CONFERENCE OF STATE BANK SUPERVISORS

On

"THE CONDITION OF THE BANKING INDUSTRY: PART II"

Before the

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

UNITED STATES SENATE

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Room 538, Dirksen Senate Office Building

Introduction

Good morning Chairman Dodd, Ranking Member Shelby, and other distinguished members of the Committee. My name is Timothy J. Karsky, and I am the Commissioner of the North Dakota Department of Financial Institutions. I serve as the Chairman of the Conference of State Bank Supervisors (CSBS) and am pleased to testify today on behalf of CSBS.

CSBS is the professional association of state officials responsible for chartering, supervising, and regulating the nation's over 6,000 state-chartered commercial and savings banks. For more than a century, CSBS has given state supervisors a national forum to coordinate supervision of their regulated entities, to develop regulatory policy, to provide training to state officials, and to represent state officials before Congress and the federal financial regulatory agencies.

In addition to regulating banks, most state banking departments also supervise the residential mortgage industry. In the past few years, CSBS has expanded its mission beyond traditional commercial bank supervision and has been working closely with the American Association of Residential Mortgage Regulators (AARMR)[1] to enhance state supervision of the mortgage industry. All 50 states and the District of Columbia provide regulatory oversight of the residential mortgage industry. States currently manage over 88,000 mortgage company licenses, over 68,000 branch licenses, and approximately 357,000 loan officer licenses.

[1] AARMR is the organization of state officials responsible for the administration and regulation of residential mortgage lending, servicing, and brokering.

Thank you for the opportunity to discuss the state of the nation's banking industry today, and specifically the challenges and conditions facing the state banking system.

Condition of the Banking Industry

As we reported to the Committee in March, our nation's banks are operating in a challenging economic environment. A downturn in economic conditions often results in a weakening of the banking sector and an increase in bank failures. The declining real estate market, rising foreclosures, slower economic growth, and rising energy prices have both exposed and contributed to weaknesses in the portfolios of numerous banks. The industry now has to manage these risk exposures in a weaker economy. Our job as regulators is to ensure the risks are identified in a timely manner and proactively managed to minimize any loss to the institution.

Unfortunately, we are seeing and will continue to see some banks fail. Based on current conditions and trends, state banking regulators do not expect these failures to be widespread or beyond our capacity to manage. While we strongly believe that it is not—and should not be—our goal to attempt to regulate risk out of our banking system, failures are obviously undesirable and can be very disruptive to local economies. However, we have created a regulatory system to identify problem institutions, anticipate failures, and orchestrate an orderly receivership, and sale to another institution. As the recent failures have demonstrated, the banking industry is strong enough to absorb failed institutions, providing stability to the local market. This largely market-based solution can be managed with limited losses to the Deposit Insurance Fund and without the government having to provide direct support to provide market stability.

Given current economic trends, we should reasonably expect a continued weakening in the banking industry. However, in the whole, the industry is prepared to face this downturn from a position of strength. As the FDIC's Quarterly Banking Profile shows, while earnings are down primarily due to increased loan loss provisions, 86% of banks remain profitable and overall capital is strong. As we contemplate regulatory or legislative responses, we must consider the economic and regulatory environment which fostered a strong and diverse industry as the economy changed and our excesses were exposed. The strength of the majority of banks will aide us greatly in managing our current challenges.

Undoubtedly, strong capital requirements had a major impact on the strength of the banking industry. In this regard, we must take stock of our current capital framework and the direction we are headed with the implementation of the advanced approaches of Basel II. The models and assumptions which drive the calculation of capital under Basel II were developed during a period of extraordinary economic growth and asset value appreciation. Given the historic low level of risk for residential mortgage loans, it is highly likely that most models would generate a lower level of required capital. The data from the Quantitative Impact Study-4 revealed significant declines in minimum required capital for residential mortgages and home equity lines of credit. Obviously, these asset categories have become a tremendous source of loss for the financial system. Without the ability to detect and measure soft information impacting credit quality (i.e. changes in underwriting practices), it is likely that Basel II banks would be holding less capital heading into the current economic environment.

State supervisors believe it is critical to evaluate Basel II in the context of the current crisis. We need to be confident the banking industry will be as strong going into the next crisis after operating under the Basel II framework and that there will be sufficient transparency in our largest institutions to make this assessment.

If we are to look for "lessons learned" from the ongoing housing and capital markets crisis and the ongoing economic downturn, I believe that "strength through diversity" should be at the top of the list. "Diversity" does not just refer to variation within an institution's lending portfolio or lines of business, but also diversity in the number of institutions. It has not been an historic accident, but rather conscious policy decisions that have fostered the breadth of banks in the United States.[2] At critical points in the evolution of banking and the financial markets, Congress and the States supported a decentralized rather than consolidated model of banking based on a state and federal system of chartering and regulation.

The challenges facing the industry at this point are widely known. We still have a long way to go to work through the issues related to residential mortgage finance. The poor mortgage underwriting, declining home values, and the rapidly increasing cost of energy is taking its toll on the American consumer. We all understand the impact consumer spending has on our economy. This will likely continue to be the source of challenges for the banking system and will undoubtedly spread to other areas.

Commercial real estate exposures have been the focus of regulatory scrutiny for some time. Weakness in this sector is pronounced in certain areas of the country. This is a cyclical change in the market following a period of tremendous growth. As market absorption of developed property slows, future development will slow or cease. As this

[2] As of March 31, 2008, there were 8,504 insured depository institutions operating in the United States. These institutions ranged in size from $1,000,000 in assets to $1,407,568,000,000 in assets. Source: FDIC Statistics on Depository Institutions.

impacts employment, it will only add to the economic stress of consumers. This sector is demanding significant regulatory resources.

In periods of market turmoil and uncertainty, liquidity can become a significant issue. While FDIC insurance provides market stability for retail deposits, as some banks expand their funding options with wholesale borrowings, this presents an additional risk management challenge and enhanced regulatory scrutiny.

As my colleague, Tom Gronstal from Iowa, discussed in his testimony before this Committee in March, we are closely watching the agricultural sector. Current agricultural conditions are reminiscent of conditions experienced in the 1970s, which led to the economic and financial collapse of the 1980s. Currently, we are witnessing a combination of high oil and high commodity prices. The value of farm land is directly correlated to the prices of commodities grown on it. The dramatic increase of farmland value in the last few years makes the agricultural sector look strong. In the future, should the price of corn, soybeans, and other commodities decrease, the price of farm land would most likely also fall. If there has been too much leveraged or loaned against the inflated value of farm land, the bubble will burst and we will once again experience an economic crisis similar to that of the 1980s. The continuing disappearance of manufacturing jobs from the rural mid-west will make it harder to recover from a future agricultural slump. I am pleased to see that since Superintendent Gronstal's testimony, this issue has received greater attention.

One additional issue of concern in this area is the mission creep of the Farm Credit System and its direct competition with community banks in rural areas. Community banks are the cornerstones of these communities and they are facing increasing competition from Farm Credit Banks. Given their status, tax and pricing advantages, this creates an unlevel playing field that favors Farm Credit Banks. We believe this disparity could eventually result in safety and soundness issues. Community banks have a real stake in the economic success of the rural communities they serve that a government sponsored enterprise could never have.

Reviewing Our Regulatory Structure

The U.S. economy is eternally cyclical in nature. Our unique financial structure has sustained market booms and busts for over two centuries. The diversity of our nation's dual banking system has created the most dynamic and powerful economy in the world. It is worth repeating that a great strength of our banking system is that it is comprised of thousands of financial institutions of vastly different sizes. Since this Committee's hearing in early March, the Treasury Department released its blueprint for financial regulatory modernization and the failure of Bear Stearns prompted historic action from the Federal Reserve.

Again, from our perspective that our strength comes from our diversity, I would caution that legislative and regulatory decisions that alter our financial regulatory structure or financial incentives should be carefully considered against how those decisions affect the competitive landscape for institutions of all sizes. We must acknowledge that failures and resolutions take on a variety of forms based upon the type of institution and its impact upon the financial system as a whole.

We recognize that extraordinary events require extraordinary actions. To provide market stability, the Federal Reserve has provided a tremendous amount of liquidity to the market through various lending facilities and access to the discount window by investment banks. As we evaluate our regulatory structure, we must examine the linkage between the capital markets and the traditional banking sector. Depository institutions are heavily regulated. Going forward, we believe that the capital markets and investment banks in particular, require enhanced regulatory scrutiny.

State Initiatives to Improve Supervision of the Residential Mortgage Industry

While state supervisors are leery of a complete overhaul of the banking system, we have long recognized the need for changes to the residential mortgage system. As a result, CSBS has been working diligently to improve cooperation and coordination among state regulators and between state and federal authorities. Much progress has been made towards enhancing supervision of the residential mortgage industry as federal and state regulators have engaged in an unprecedented number of cooperative initiatives and agreements to ensure seamless supervision of the industry. The numerous initiatives detailed below provide a model of financial regulation in a federalist system of government.

State and federal financial regulators have developed—and continue to develop—guidelines, best practices, and regulations to prevent abusive lending practices in the mortgage industry. Congress and state legislatures have passed or are debating legislative initiatives designed to change industry standards and protect consumers. An array of market participants—regulators, attorneys general, and servicers, among them—are engaged in loan modification strategies to help homeowners avoid foreclosure.

We congratulate this Committee on the recent passage of the S.A.F.E. Mortgage Licensing Act of 2008. As we have outlined for this Committee in previous testimony, the states have adopted numerous initiatives to enhance the supervision of the mortgage industry. As recognized in the bill passed by this committee, the cornerstone of these initiatives is the development of the Nationwide Mortgage Licensing System.

CSBS-AARMR Nationwide Mortgage Licensing System

The CSBS-AARMR Nationwide Mortgage Licensing System (NMLS) went live, as scheduled, on January 2, 2008. This system is more than a database. It serves as the foundation of modern mortgage regulation by providing transparency for regulators, the industry, investors, and consumers. Seven inaugural participating states started using the system on January 2, and eighteen states will be on the system by the end of the year. To date, 42 state agencies representing mortgage regulators in 40 states have signed the Statement of Intent, indicating their commitment to participate in the NMLS. Eventually, we expect all 50 states to transition onto the System. I have attached, as Exhibit A, a map which indicates when states will begin using the NMLS.

In the first five months of operation, the NMLS:

- Is currently managing over 4,800 companies;
- Is currently managing over 3,100 branches; and
- Is currently managing over 23,000 individuals.

The NMLS creates a single record for every state-licensed mortgage company, branch, and individual that is shared by all participating states. This single record allows companies and individuals to be tracked across state lines and over any period of time. Additionally, consumers and the industry will eventually be able to check on the license status and history of the companies and individuals with which they wish to do business.

The NMLS provides profound benefits to consumers, state supervisory agencies, and the mortgage industry. Consumers will have access to a central repository of licensing and publicly adjudicated enforcement actions. Each state regulatory agency will retain its authority to license and supervise, but the NMLS eliminates unnecessary duplication and implements consistent standards and requirements across state lines. Honest mortgage bankers and brokers will benefit from the removal of fraudulent and incompetent operators, and from having one central point of contact for submitting and updating license applications.

The NMLS is part of an extensive effort to improve regulatory expectations, supervision and enforcement of the mortgage industry. We appreciate this Committee's recognition of this powerful tool and the revolutionary impact it will have on the supervision of the mortgage industry.

CSBS is pleased that we have been able to initiate many programs in collaboration or consultation with our Federal counterparts.

<u>Pilot Programs with Federal Regulatory Agencies</u>

Late in 2007, CSBS, the Federal Reserve System (Fed), the Office of Thrift Supervision (OTS), and the Federal Trade Commission (FTC) engaged in a pilot program. Under this program, state examiners have joined examiners from the Fed, OTS, and FTC to conduct simultaneous examinations of mortgage companies whose separate charters cross federal and state jurisdiction. While the examinations are in their final stages and are not yet complete, we have already learned a great deal from the process. This pilot is truly the model for coordinated state-federal supervision.

<u>Uniform Standards for Testing and Education</u>

CSBS and AARMR are spearheading a cooperative project with the mortgage industry called the Mortgage Industry Nationwide Uniform Testing and Education

Standards (MINUTES). The project involves regulatory representatives from five states (Louisiana, North Carolina, Oregon, Pennsylvania, and South Carolina) cooperating on a task force with representatives from three mortgage industry associations (Mortgage Bankers Association, American Financial Services Association, and National Association of Professional Mortgage Women).

The initiative, begun in early 2007, provides model language establishing uniform standards for mortgage professional testing and education, and streamlines the process for licensees to comply with these standards. MINUTES will ensure that licensed mortgage providers and their loan originators are held to the same standards and expectations, regardless of the state in which they make loans. Once implemented, MINUTES will provide an Internet portal connecting state approved educators with mortgage professionals and then connecting testing and education satisfaction with the NMLS for a seamless interface of licensing and continuing education requirements. Users of the NMLS will be able to identify mortgage professionals who have successfully passed a test and are current on their education requirements for each state in which they are licensed to conduct business.

CSBS-AARMR Guidance on Nontraditional Mortgage Product Risks

In October 2006, the federal financial agencies issued the *Interagency Guidance on Nontraditional Mortgage Product Risks* which applies to all banks and their subsidiaries, bank holding companies and their non-bank subsidiaries, savings associations and their subsidiaries, savings and loan holding companies and their subsidiaries, and credit unions. Recognizing that the interagency guidance did not apply to those mortgage providers not affiliated with a bank holding company or an insured financial institution, CSBS and

AARMR developed parallel guidance in November 2006 to apply to state-supervised residential mortgage brokers and lenders. As of May 31, 2008, 44 states plus the District of Columbia have adopted the guidelines developed by CSBS and AARMR.[3] Ultimately, we expect all 50 states to adopt the guidance.

CSBS-AARMR-NACCA Statement on Subprime Mortgage Lending

The federal financial agencies also issued the *Interagency Statement on Subprime Mortgage Lending*. Like the *Interagency Guidance on Nontraditional Mortgage Product Risks*, the Subprime Statement applies only to mortgage providers associated with an insured depository institution. Therefore, CSBS, AARMR, and the National Association of Consumer Credit Administrators (NACCA)[4] developed a parallel statement that is applicable to all mortgage providers.

Released in July 2007, the Subprime Statement has been adopted by 38 states and the District of Columbia.[5] Again, we expect all 50 states to adopt the Statement to encourage seamless and consistent supervision of the mortgage industry.

CSBS believes the Nontraditional Mortgage Product Guidance and the Subprime Statement strike a fair balance between encouraging growth and free market innovation and draconian, stern restrictions.

AARMR-CSBS Model Examination Guidelines

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[3] To track state adoption of the CSBS-AARMR *Guidance on Nontraditional Mortgage Product Risks*, go to http://www.csbs.org/Content/NavigationMenu/RegulatoryAffairs/MortgagePolicy/NTM_State_Implement.htm.

[4] The National Association of Consumer Credit Administrators represents the officials of the states and territories of the United States of America and of the Dominion of Canada, or their associates, who, by law, are vested with authority and duty to administer laws which require regulation or supervision of consumer credit agencies in the United States of America and the Dominion of Canada.

[5] To track state adoption of the CSBS-AARMR-NACCA *Statement on Subprime Mortgage Lending*, go to http://www.csbs.org/Content/NavigationMenu/RegulatoryAffairs/MortgagePolicy/Sub_prime_State_Impl.htm.

In addition, CSBS and AARMR developed state Model Examination Guidelines (MEGs) for field implementation of the *Guidance on Nontraditional Mortgage Product Risks* and the *Statement on Subprime Mortgage Lending*.

Released on July 31, 2007, the MEGs enhance consumer protection by providing state regulators with a uniform set of examination tools for conducting examinations of subprime lenders and mortgage brokers. In addition, the MEGs were designed to provide consistent and uniform guidelines for use by lender and broker in-house compliance and audit departments to enable them to conduct their own review of their subprime lending practices. These enhanced regulatory guidelines present a new and evolving approach to mortgage supervision.

To prepare state examiners, as well as industry compliance personnel for an approach designed specifically for subprime lending platforms, CSBS and AARMR released a comprehensive Internet based MEGs User School on March 1, 2008. This school was developed to give both regulators and industry the tools needed to comprehensively examine the institution under the MEGs.

<u>Nationwide Cooperative Protocol and Agreement for Mortgage Supervision</u>

In December of last year, CSBS and AARMR launched a Nationwide Protocol and Agreement for Mortgage Supervision to assist state mortgage regulators by outlining a basic framework for the coordination and supervision of Multi-State Mortgage Entities (those institutions conducting business in two or more states). The goals of this initiative are to protect consumers; to ensure the safety and soundness of the institutions; to identify and prevent mortgage fraud; to supervise in a seamless, flexible and risk-focused manner;

to minimize regulatory burden and expense; and to foster consistency, coordination and communication among state regulators.

To date, thirty states have signed the agreement with an additional six states indicating a commitment to join. CSBS and AARMR expect all state regulators to sign the protocol and agreement in 2008.

CSBS contends that an enhanced regulatory regime for the residential mortgage industry is absolutely necessary to ensure legitimate lending practices, provide adequate consumer protections, and to once again instill both consumer and investor confidence in the housing market. The vast majority of mortgage bankers, brokers, and lenders are honest, law-abiding mortgage providers. And many of the problems we are experiencing are not the result of "bad actors" but rather bad assumptions by the architects of our modern mortgage finance system. Enhanced supervision and industry practices can successfully weed out both the bad actors and address the bad assumptions. If regulators and the industry don't address both causes we will only have the veneer of reform and we risk repeating our mistakes.

One lesson we should learn from this crisis is that consolidation and nationalization of supervision and preemption of applicable state law is not the answer. For those who were listening, the states provided plenty of warning signs of the problems to come. The flurry of state predatory lending laws and laws to create new regulatory structures for lenders and mortgage brokers that banks and the capital markets were funding were indicators that things were not right in our mortgage lending industry. To respond to this lesson by eliminating the early warning signs that the states provide seems incongruous. Just as checks and balances are a vital part of our democratic government, they serve an equally important role in our financial regulatory structure. The United States boasts one of the most powerful and dynamic economies in the world because of those checks and balances, not despite them.

Most importantly, it serves the consumer interest that the states continue to have a role in financial regulation. While CSBS recognizes that the mortgage market is a nationwide industry that ultimately has international implications, local economies and individual homeowners are most affected by mortgage market fluctuations. State regulators must remain active participants in mortgage supervision because of our knowledge of local economies, and our ability to react quickly and decisively to protect consumers. To that end, the states, through CSBS and AARMR, are working to improve mortgage supervision through enhanced cooperation and coordination with one another and our federal regulatory counterparts.

State Efforts Regarding Foreclosure Prevention

In addition to our efforts to prevent a future mortgage crisis, the states have acted to offer relief to homeowners who are suffering in today's crisis. State banking and mortgage regulators have been working together formally with State Attorneys General during the past year to develop a comprehensive strategy to address increasing foreclosure rates. The partnership between state regulators and attorneys general is long-standing, and had led to the largest consumer protection settlements in our nation's history, including most recently the $325 million settlement with Ameriquest.

In July 2007, representatives of 37 state attorney general offices and state banking regulators gathered in Chicago for a summit meeting on the growing crisis in subprime mortgage foreclosures. The news was alarming: nearly two million subprime mortgages with an adjustment feature, such as hybrid adjustable rate mortgages (ARMs) and option ARMs, were set to adjust between the latter part of 2007 and the end of 2008. These loans had been made with an expectation that borrowers could refinance before the rate adjusted, an expectation that is no longer justified in light of the rapid decline in home values. Many of these loans had been made based on incorrect stated incomes and/or inflated appraisals, with little if any underwriting having been done to assure that borrowers could afford to make monthly payments after the initial "teaser" rate had adjusted upward. The likely outcome of this situation was an unprecedented flood of foreclosures.

A State Foreclosure Prevention Working Group, chaired by Iowa Attorney General Tom Miller, formed out of this summit meeting, to gather more information and to attempt to work with participants in the subprime mortgage industry to find ways to modify loans on a mass scale so that as many borrowers as possible could retain their homes with affordable mortgages. The Working Group consists of representatives of the attorneys general of 11 states (Arizona, California, Colorado, Iowa, Illinois, Massachusetts, Michigan, New York, North Carolina, Ohio, and Texas), two state banking departments (New York and North Carolina), and CSBS.

Since September 2007, this Working Group has met with representatives of the 20 largest servicers of subprime mortgages. Collectively, these top 20 companies service approximately 93 percent of the nation's subprime loans. The Working Group has asked the servicers to work collaboratively to start identifying and implementing collective and consistent solutions to prevent foreclosure. The Working Group's guiding principle is simple: any solution must be in the interests of both the borrower and the investor. There are ample opportunities for improvement that will lead to benefits for investors and homeowners alike.

Beginning in November of last year, the State Foreclosure Prevention Working Group collaborated with industry and federal regulators to develop a uniform data reporting format to collect data to measure the extent of the foreclosure problem and the servicers' efforts to respond to it. This is the only regulatory data to capture information on loss mitigation efforts. While we have been unable to collect data from some federally regulated institutions, we are hopeful the OCC's data collection announced in March will allow for consolidation with our data to provide a comprehensive view of the servicing industry. As state officials, CSBS believes that objective data is necessary to make informed policy decisions and to promote initiatives that could reduce foreclosures. In addition, we believe the public has a right to know how servicers are managing the foreclosure crisis. In April 2008, the State Foreclosure Prevention Working Group issued its second data report.[6] The key findings are:

1. **Seven out of ten seriously delinquent borrowers are still not on track for any loss mitigation option.** The lack of interaction between mortgage servicers and homeowners remains a major problem. While servicers have developed creative outreach efforts and increased staffing, the data shows a large gap between the number of homeowners needing loss mitigation and the number currently receiving assistance. The data suggests that a rising

[6] The "Analysis of Subprime Mortgage Servicing Report" can be viewed at: http://www.csbs.org/Content/NavigationMenu/Home/StateForeclosurePreventionWorkGroupDataReport.pdf.

number of loan delinquencies are outpacing the increase in loss mitigation efforts.

2. **Data suggests that loss mitigation departments are severely strained in managing the current workload.** Almost two-thirds of all loss mitigation efforts started are not completed in the following month. Without access to loss mitigation programs, the ever increasing level of seriously delinquent loans are heading toward foreclosure.
3. **For homeowners receiving loss mitigation assistance, more are receiving loan modifications.** Two-thirds of home retention solutions started in January were directed to loan modifications, showing a continued shift to longer-term solutions. Many servicers are replacing their use of repayment plans in favor of loan modifications.
4. **Payment resets on hybrid ARMs have not *yet* been a driving force in foreclosures.** A significant percentage of subprime adjustable rate loans are delinquent before they experience payment shock from their first adjustment, reflecting weak underwriting or fraud in the origination of the loan. With so many homeowners struggling to stay afloat prior to rate resets, we need to act quickly to address these hybrid ARM loans before the payment shock due to the rate reset triggers further foreclosures.

The Working Group will continue to collect monthly data from servicers in order to provide public information on trends in the servicing industry as we move through the foreclosure crisis. The Working Group has also formed an Analytics Subcommittee to work with individual servicers to improve data integrity, to understand success strategies for loss mitigation, and to share those successes with other servicers. It is my sense that many servicers are making positive efforts to avert foreclosures, but that we are still losing the larger battle to stop unnecessary foreclosures and stem the foreclosure crisis. The servicing industry was not designed for this type of activity and it is a difficult process to develop the capacity to manage the ever increasing workload. At this stage of the cycle, there are three specific areas which deserve our attention and focus:

1. **We are increasingly concerned with the length of loan modifications**. We must ensure that debt modifications are more than just temporary adjustments, further delaying the problem and betting on an improved real estate market.
2. **Second liens have become a serious impediment to sustainable solutions**. It is very difficult to identify the servicer, engage them in the modification process, and obtain their subordination where necessary. In many cases, these lien holders are unsecured and are essentially holding the process hostage. This is an area which requires the attention of state and federal policymakers.
3. **The process for negotiating "short sales" must be improved**. For homeowners with no other option, selling the home with the lender accepting the proceeds for less than the loan value is a way to avoid the time, cost and stigma of foreclosure. We consistently hear that the slow decision process of the lenders makes this solution unworkable in the market.

Last week, the National Governors Association held a forum to highlight the numerous initiatives undertaken by state agencies to prevent foreclosures and provide for market stability. Given the local nature of this crisis, state officials are well positioned to be an integral part of the solution. State efforts include:

- Establishing foreclosure prevention hotlines to provide counseling resources or assist with contacting servicers;
- Hosting “road shows” of servicers in hard-hit economic areas, such as Ohio, Michigan, and California to promote face-to-face contact between servicers and struggling homeowners;
- Meeting directly with servicers in states such as Maryland, California, Ohio, and Texas, to determine if there are solutions to local problems; and
- Enactment of legislation to improve servicing practices.

Conclusion

The banking industry is eternally cyclical. A downward turn in banking always reveals bad practices and structural flaws of both institutions and supervision. As regulators we must, with an unbiased eye, collectively and collaboratively acknowledge and address the weaknesses that a turn in the industry identifies. Our highly diverse financial system is the envy of the world and allows our markets to be flexible and responsive. Thanks to our decentralized regulatory system, our financial institutions are competitive internationally and locally. However regulators and legislators address the current market failings, it should be in a way that preserves the diversity of financial institutions and supervision that has made our economy both nimble and strong.

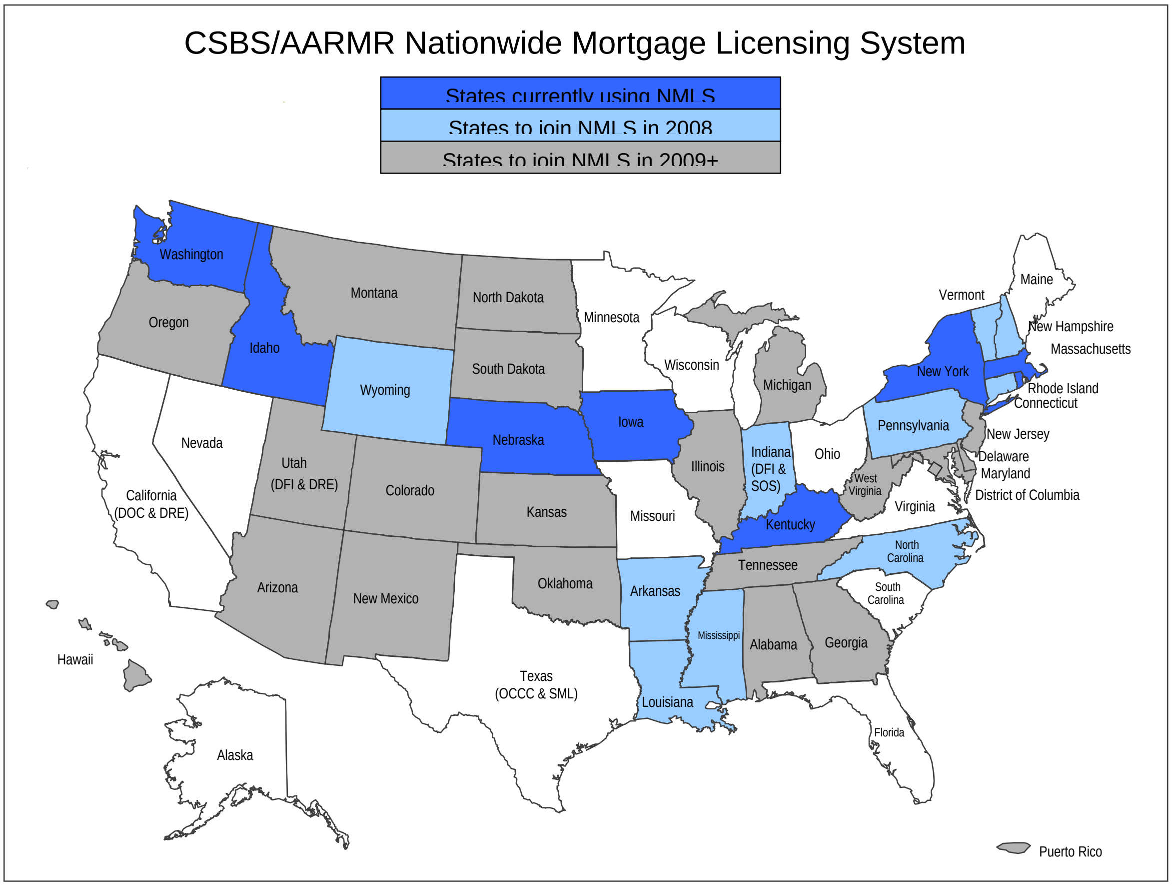
We recognize that our regulatory structure at both the state and federal level is sometimes complex for both the industry and consumers to navigate. There is a need for improved coordination and cooperation among functional regulators. CSBS has been actively engaged in efforts to enhance coordination as we all work to develop a system of supervision that ensures safety, soundness, and consumer protection, but still provides economic stability and industry innovation.

CSBS looks forward to continuing to work with the federal regulators and Congress to address the needs and regulatory demands of an ever evolving financial system in an environment that fosters the strongest economy possible while protecting consumers, minimizing regulatory burden, and ensuring access to the broadest range of financial opportunity.

I thank you for the opportunity to testify today, and look forward to any questions you may have.

Appendix

Exhibit A—Schedule of State Participation in the CSBS/AARMR NMLS



State Regulatory Registry LLC, May 2008

2008

ANALYSIS OF SUBPRIME MORTGAGE SERVICING PERFORMANCE

DATA REPORT NO. 2
APRIL 2008

STATE FORECLOSURE PREVENTION WORKING GROUP

Executive Summary

In February 2008, the State Foreclosure Prevention Working Group published its first data report on performance of subprime mortgage servicing, based on data from October 2007 provided by 13 of the 20 largest subprime mortgage servicers. The State Foreclosure Prevention Working Group, composed of state attorneys general and state banking regulators, published this data to provide the public with information to shed light on how servicers are managing the unprecedented level of homeowners struggling to make their mortgage payments.

The first report found that, while servicers had increased their use of loan modifications, a large percentage of seriously delinquent loans (7 out of 10) were not in any sort of work-out process. The first report also revealed that a significant proportion of adjustable rate subprime loans were entering into delinquency prior to the first reset date, reflecting the extent of weak underwriting and mortgage origination fraud present in subprime loans in recent years.

This second report provides information on servicing performance from October 2007 through and including January 2008. The additional data allow us to assess performance trends, in addition to providing a static snapshot of recent performance.

Based on our analysis, the collective efforts of servicers and government officials to date have not translated into meaningful improvement in foreclosure prevention outcomes. In major respects, the subprime servicing data for January 2008 is nearly *unchanged* from October 2007. In normal times, one would not expect a significant change in a four-month period; however, this time period involved a dramatic increase in public attention to the subprime mortgage crisis, a ramping up of efforts by the HOPE NOW Alliance, and the initiation of new creative outreach efforts by servicers and government officials.

Specific Findings:

1. **Seven out of ten seriously delinquent borrowers are *still* not on track for any loss mitigation outcome.** While the number of borrowers in loss mitigation has increased, it has been matched by an increasing level of delinquent loans. The number of home retention solutions (forbearance, repayment plan, and modification) in process, as compared to the number of seriously-delinquent loans, is unchanged during the four month period. The absolute numbers of loss mitigation efforts and delinquent loans have increased, but the relative percentage between the two has remained the same. Given creative servicer outreach efforts and increased public awareness of the HOPE Hotline during this time period, this large gap suggests a more systemic failure of servicer capacity to work out loans.

2. **Data suggests that loss mitigation departments are severely strained in managing current workload.** For example:

    a. Almost two-thirds of all loss mitigations efforts started are not completed in the following month**.** Most loss mitigation efforts do not close quickly. This consistent trend over the last three months suggests that many proposed loss mitigations fail to close, rather than simply take longer than a month to work through the system. Based on anecdotal reports of lost paperwork and busy call centers, we are concerned that servicers overall are not able to manage the sheer numbers of delinquent loans.

    b. Seriously delinquent loans are "stacking up" on the way to foreclosure. The primary increases in subprime delinquency rates are occurring in very seriously delinquent loans or in loans starting foreclosure. This suggests that the burgeoning numbers of delinquent loans that do not receive loss mitigation attention are clogging up the system on their way to foreclosure. We fear this will translate to increased levels of vacant foreclosed homes that will further depress property values and increase burdens on government services.

3. **For those homeowners receiving loss mitigation assistance, more are receiving loan modifications**. Two-thirds of home retention solutions started in January were directed to loan modification, showing a continued shift to longer-term solutions for homeowners that receive loss mitigation assistance. Many servicers are replacing their use of repayment plans in favor of loan modifications.

New approaches are needed to prevent millions of unnecessary foreclosures. Without a substantial increase in loss mitigation staffing and resources, we do not believe that outreach and unsupervised case-by-case loan work-outs, as used by servicers now, will prevent a significant number of unnecessary foreclosures. In our first report, we renewed our call for more systematic, long-term solutions to efficiently deal with subprime loans originated in recent years. While we support industry-led efforts to implement broader-based programs such as the ASF "fast track" program and Project Lifeline's 30-day breathing period, we still see a tremendous gap between the need for loan work-outs and the options in place today.

The State Working Group believes more robust approaches to avoid preventable foreclosures are necessary. Servicers, investors, and state officials have opportunities to work together on the following:

- Developing a more systematic loan work-out system to replace the intensive "hands-on" loss mitigation approach. The continued reliance on intensive individual interaction to identify alternatives to foreclosure misses out on opportunities to implement solutions that can reach more homeowners facing foreclosure. A more systematic approach would benefit homeowners and investors by reaching more people with more streamlined solutions. Such an approach would build on the initial effort of the ASF Framework, but cover many more loans.
- Slowing down the foreclosure process to allow for more work-outs. Many states have passed or are considering legislation to slow down the foreclosure process and to increase notice to delinquent homeowners. Targeted efforts to slow down subprime foreclosures may give homeowners and servicers more time to find solutions to avoid foreclosure.

In addition to these efforts, the State Working Group recognizes that federal officials have proposed or are considering legislation, such as permitting judicial modification of loans in bankruptcy and expanding FHA refinancing of subprime loans, that would mark a significant change to the current mortgage servicing dynamics. While we do not endorse any specific federal approach, we support the development of innovative approaches that recognize the extent and scale of the foreclosure crisis.

Updates and Trends between October 2007 and January 2008

Our first report,[1] issued in February 2008, included an extensive discussion of the purposes and formation of the State Foreclosure Prevention Working Group, the development of our "call report" format to collect data from subprime mortgage servicers, and the participation of 13 of the largest 20 subprime servicers.

We also provided a detailed discussion of the first monthly submission of servicing data covering the month of October 2007. This second report will highlight trends between the October 2007 data and the subsequent three months through and including January 2008. As with our first report, we have included as Appendix A the consolidated state report data for the most recent month (in this case, January 31, 2008). We have also included (as Appendix B) a trend analysis to cover each month between October 2007 and January 2008.

A. Summary of Servicing Activity

The composition of the Reporting Servicers did not change from the first report. We continue to have data from 13 of the largest subprime servicers, accounting for approximately 57% of the subprime servicing market. After the first report, several servicers revised data to improve the accuracy of their reporting and understanding of data definitions. With one exception, discussed in Section B below, these revisions did not create a material change from the initial data included in our first report.

<u>Payment Resets</u>

In our first report, we highlighted the high level of delinquency for adjustable rate subprime loans *before* any "reset" of their interest rate to a higher level. The most recent data identifies a worsening of this trend, as more subprime loans are delinquent prior to any payment change. For instance, the percentage of loans facing reset in the 3rd Quarter of 2009 that are currently delinquent jumped from 21.4% to 28.5%. While delinquency rates increase during the early life of a loan pool, this worsening trend confirms our initial assessment that very weak underwriting and mortgage origination fraud, and not simply payment resets, has been the primary cause for elevated subprime loan delinquencies for loans originated through at least the middle of 2007.

While rate resets have a potential to create payment shock, recent cuts in interest rates have somewhat reduced the potential impact of payment shock to accelerate the rate of delinquency and foreclosure.[2] As our first report found, only about 3% of currently delinquent loans entered delinquency as a direct result of an initial payment reset.

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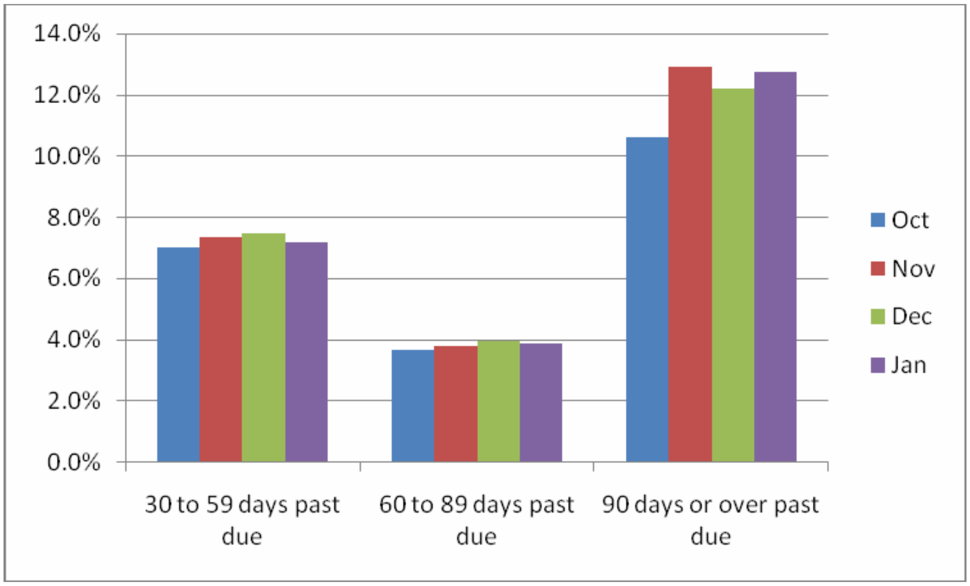
[1] *Analysis of Subprime Mortgage Servicing Performance, Data Report No. 1*, State Foreclosure Prevention Working Group (Feb. 7, 2008), available at http://www.csbs.org/Content/NavigationMenu/Home/StateForeclosurePreventionWorkGroupDataReport.pdf.

[2] *See Fed's Interest Rate Cuts Limit Subprime ARM Reset 'Shock'*, Inside B&C Lending, March 28, 2008 at 6 (referring to S&P report on impact of interest rate cuts on subprime adjustable rate mortgages).

Delinquency and Default

At the end of January 2008, nearly a quarter of subprime and Alt-A loans were reported delinquent. The servicers reported more than 630,000 subprime and Alt-A loans delinquent by 90 days or more. As shown in Figure 1 below, the delinquency rate for 30-day and 60-day delinquencies remained relatively constant, while the 90-day delinquency rate increased by 16%. This conveys that servicers are pushing the 30-day delinquent files to the next category, then the 60-day delinquent files to the 90 days or over category. Unfortunately, this lack of loan delinquency resolution at the first signs of problems for the borrower is only leading to a pile-up of seriously-delinquent files and ultimately, foreclosure.

Figure 1. Subprime and Alt-A Delinquency Rates



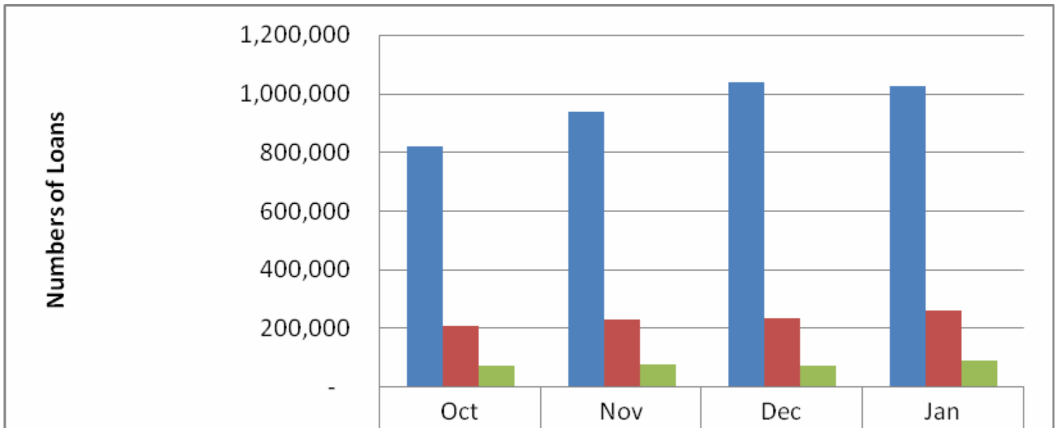
Nearly 300,000 loans are currently in some stage of foreclosure, up 8% between October and January. Furthermore, 133,000 foreclosures were completed in January, a 30% increase from October 2007. In our initial report, we expressed concern about a build-up of foreclosed home inventory on local home prices. We reiterate that concern based on the trends in foreclosures and increases in loans 90 days or more past due.

Finally, although not the focus of our efforts, we note with concern the increasing level of prime delinquencies in our data, and in other publicly available data. Weakness in prime loan quality will further strain the capacity of the larger servicers that manage both prime and subprime servicing portfolios.

B. Loss Mitigation and Loan Modification Efforts

The most troubling finding from our first report was the sheer number of seriously delinquent borrowers -- 7 out of 10 borrowers – that were not in any loss mitigation process to work out their situation. This finding has remained consistent over the subsequent three months of data.

Figure 2. Comparison between seriously delinquent (60+) loans and loss mitigation in process



	Oct	Nov	Dec	Jan
Severely delinquent loans*	819,639	938,159	1,040,290	1,025,508
Loss mitigation in process	209,520	229,682	237,583	260,899
Loss mitigation closed	76,047	78,525	74,898	89,548

* Severely delinquent loan total adjusted downward to account for two servicers not reporting loss mitigations in process.

The data through January confirms the finding from our first report that servicers have increased their use of loan modifications as a tool to enable homeowners to avoid foreclosure. While loan modifications in process increased 56% between October and January, repayment plans in process decreased 17% over the same time period, but overall, the percentage of "home retention" efforts in process remained unchanged (20% of seriously delinquent loans) between October 2007 and January 2008. Thus, servicers appear to be replacing short-term repayment plans with longer-term loan modifications.

In our first report, we divided loss mitigation efforts into three broad categories: 1) those where borrower loses the home (short sale and deed in lieu); 2) those where borrower retains the home (forbearance, repayment plan, or modification); and 3) those where borrower efforts lead to resolving the delinquency (refinance or reinstatement). The trend data, as seen in Table 1 below, show no change in the relative proportions of these efforts over this four-month period.

Table 1. Loss mitigation efforts, as a percent of total loans 60 or more days delinquent

Loss Mitigation Efforts	Jan 2008	Oct 2007
Total in process with borrower losing home	3.42%	3.42%
Total in process of home retention	20.06%	20.17%
Total in process of being resolved by borrower	1.95%	1.97%
Total loans in loss mitigation	25.44%	25.56%

In short, while more loans are in loss mitigation and more are working toward loan modifications, the level and dispersion of loss mitigation efforts in January is nearly identical to that of October 2007.

Closed Loss Mitigations

As noted above, after the publication of our first report, various servicers revised their data to improve consistency of the reporting or to correct for errors in initial reporting. As a result, the number of closed modifications due to reinstatement was dramatically reduced. While our first report highlighted the disparity between the "in process" and "closed" categories, the revised data in Table 2 show a much smaller gap between the two categories.

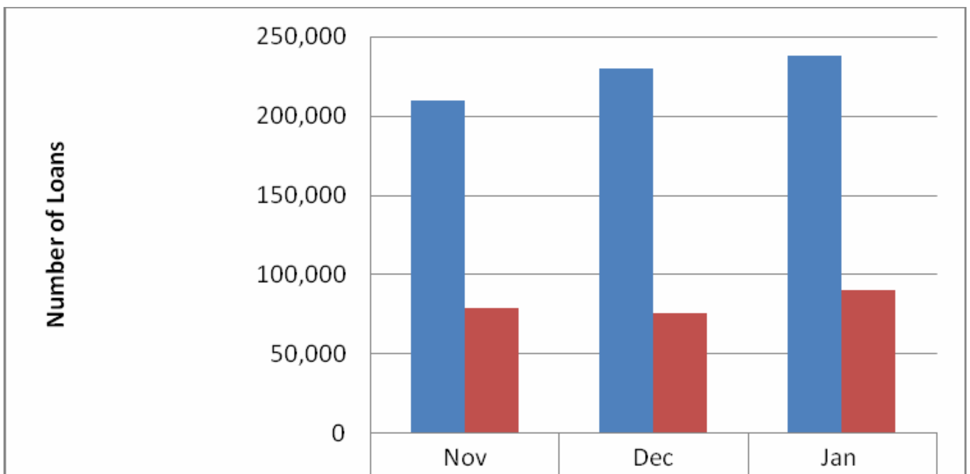
Table 2. Loss mitigation efforts in process versus loss mitigation efforts closed for month of January 2008.

Loss Mitigation Effort	In Process	Closed
Deed in lieu	1.4%	0.4%
Short sale	12.1%	4.4%
Forbearance	6.5%	3.9%
Repayment plan	19.0%	26.9%
Modification	53.4%	27.1%
Refinance or paid in full	2.0%	12.9%
Reinstatement	5.7%	24.4%
Total	100.0%	100.0%

While not as stark as our first report, the data still shows that a quarter of loss mitigation cases are closed due to borrowers catching up on past payments.

One explanation for the proportional differences between "in process" and "closed" modifications is the numbers of loss mitigations in process that fail to close. Through January 2008, closed loss mitigation efforts accounted for less than 40% of loss mitigations in process in the prior month. See Figure 3.

Figure 3. Comparison between loss mitigations closed and prior month's loss mitigations in process.



	Nov	Dec	Jan
Prior month's "in process"	209,520	229,682	237,583
Closed	78,525	74,898	89,548

This rate of fall-out is a significant concern. Loss mitigation proposals do not close for a variety of reasons; one reason is the level of paperwork required to close a loan modification. Servicers have told us that borrowers simply do not return the required documentation to complete the modification, and borrowers and counselors have reported that servicers lose paperwork they have sent in to the servicer. Regardless of where the problem arises, it appears that the level of paperwork required is a barrier to preventing unnecessary foreclosures.

Types of Loan Modifications

We are still working toward better reporting on types and duration of loan modifications, but we are able to make some general observations. First, we see a fairly even split between loan modifications that are permanent, life-of-loan changes and modifications that have a shorter duration. Freezing the interest rate at the starter/initial rate on an adjustable rate loan is the most common loan modification. There are significant numbers of interest rate modifications that fall below the starter/initial rate and a larger number that are above the starter rate (but below the reset rate). The majority of servicers are not reporting significant levels of modifications that reduce principal alone, although principal reductions may be combined with other modifications and therefore may not evidenced in our reporting.

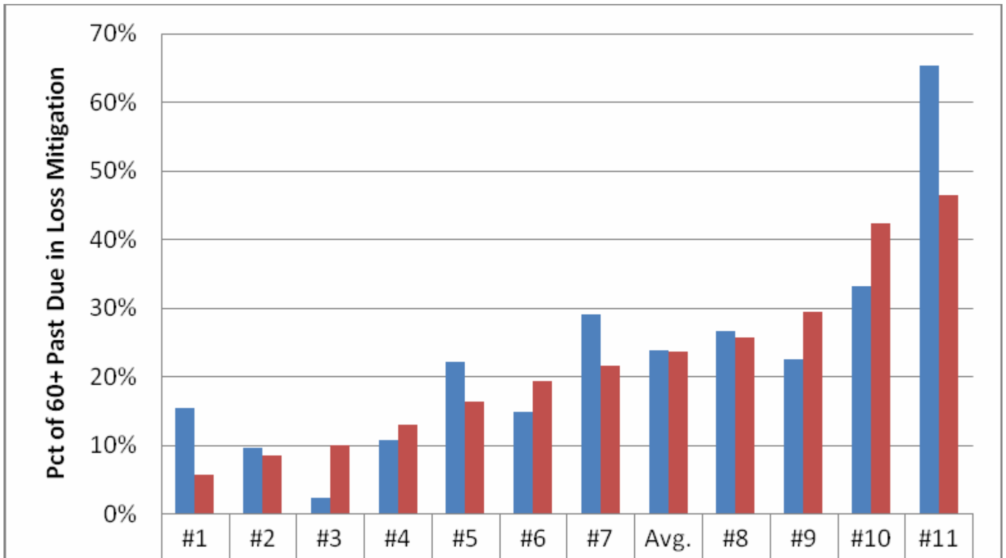
C. Variations Among Servicers

As noted in the first report, subprime servicing is not a monolith. Servicers differ as to their size, their level of specialization in subprime servicing, and their affiliations with mortgage originators. Our report found a significant variation among servicers in the types of modifications offered and the percentage of seriously delinquent borrowers in loss mitigation.

In January 2008, loan modifications were the most used loss mitigation technique for five of the 13 Reporting Servicers, closely followed by repayment plans by 4 of the 13 and reinstatement by 3 of the 13. This shows a slight shift toward loan modifications from the former use of repayment plans.

The data continue to show a wide disparity among levels of loss mitigations in process (Figure 4 below); however, there has been some compression of the disparity. Higher-performing servicers from October have some deterioration in their metrics and other servicers have raised their level of loss mitigation.

Figure 4: Loss mitigations in process for 11 Reporting Servicers in October 2007 versus January 2008, as a percentage of 60+ days past due



	#1	#2	#3	#4	#5	#6	#7	Avg.	#8	#9	#10	#11
Oct 07	15%	9%	2%	11%	22%	15%	29%	24%	27%	22%	33%	65%
Jan 08	6%	8%	10%	13%	16%	19%	21%	24%	26%	29%	42%	46%

<u>Trends in Key Metrics Among Individual Servicers</u>
With individual company data over this four month period, the State Working Group can begin to identify trends occurring at individual servicers.

Six of 11 servicers reporting loss mitigations in process saw a decline in seriously delinquent loans in loss mitigation between October 2007 and January 2008, with most of these being double-digit declines. At the same time, five servicers had impressive increases in their rates of loss mitigation. We have encouraged servicers to increase their loss mitigation capacity and it appears that some have made strides forward.

While almost every servicer saw an increase in subprime and Alt-A loans 90 or more days delinquent, the ones that had the largest increases in delinquency rates tended to show the biggest deterioration of borrower contact over this period.

Ten of the 11 servicers reporting loss mitigations in process showed increases in their use of loan modifications. Some of these increases were dramatic, with five servicers demonstrating increases of over 100% in loan modifications over the four month period.

Conclusion

Between October 2007 and January 2008, the mortgage industry established the HOPE NOW Alliance and devoted significant effort to increase public awareness of the resources to prevent foreclosures, to reach borrowers that had been difficult to reach, and to develop new approaches to modify loans more quickly. In addition, the HOPE NOW Alliance has developed a series of data collection projects that we hope will improve the ability to analyze servicer performance.

As of the end of January, these efforts have not yet made a major difference in preventing unnecessary foreclosures. The vast majority of homeowners with seriously delinquent loans are not on track for a loan work-out of any type. These loans are moving through the system toward foreclosure, leaving investors with increasing inventories of foreclosed homes. Servicers are increasing their use of loan modifications, but this increase is matched by increases in delinquency. Initial efforts to develop systemic approaches are far too limited to make a difference in preventable foreclosures.

In our previous report, we discussed the refusal of some national banks to provide servicing data, with two citing the advice of the Office of the Comptroller of the Currency (OCC). We called on the OCC to encourage national bank servicers to work voluntarily with the states in this foreclosure crisis. On February 29, 2008, the Comptroller announced that some of the largest national banks will be providing mortgage servicing data to the OCC on a monthly basis. We encourage the OCC to aggregate and publish data collected from national banks to complement the State Working Group's efforts.

The State Working Group will continue to work with servicers to promote systematic solutions to modify loans in a more streamlined and efficient manner. Without a systematic approach, we see little likelihood that ongoing efforts will make a serious dent in the level of unnecessary foreclosures.

APPENDIX A

CONSOLIDATED STATE REPORT FOR MORTGAGE SERVICERS
DATA AS OF JANUARY 31, 2008

Consolidated State Report for Mortgage Servicers

Consolidated Report as of January 31, 2008 for 13 Companies

All dollar amounts are the unpaid principal balance (UPB) and are in thousands (000's).
All numbers of loans are the actual number.

OPERATIONAL PROFILE	**Number**	**%**	**UPB**	**%**
Total Loans Serviced	15,470,743	100.00%	2,426,570,587	100.00%
Serviced loans originated and funded by an unaffiliated party	8,407,090	54.34%	1,369,435,887	56.44%
Serviced loans where originator or funder is affiliated with the servicer	7,063,653	45.66%	1,057,134,700	43.56%
Serviced loans secured by owner-occupied residence*	12,949,454	83.70%	2,080,500,681	85.74%
Serviced loans for investment or second residence property*	2,520,653	16.29%	344,452,211	14.20%
Loans which are secured by a first mortgage only*	11,390,558	73.63%	2,110,826,723	86.99%
Loans which are secured by a second mortgage only*	1,459,966	9.44%	75,538,990	3.11%
Loans which you service both the first and second mortgage*	2,706,156	17.49%	260,177,860	10.72%

*Reported data reconciles within 2%.

Prime Loans (8 servicers reporting)	10,266,475	100.00%	1,674,789,279	100.00%
Fixed rate, fully amortizing	7,288,708	71.00%	1,032,976,592	61.68%
Hybrid ARMs (2/28, 3/27s, or similar)	1,237,967	12.06%	324,340,123	19.37%
Adjustable rate, fully amortizing	919,100	8.95%	45,831,400	2.74%
Loans with interest only feature	435,318	4.24%	126,633,983	7.56%
Payment Option ARMs and other loans with negative amortization feature	384,111	3.74%	144,756,400	8.64%
Other	1,271	0.01%	250,780	0.01%
Subprime & Alt-A Loans (13 servicers reporting)	4,959,707	100.00%	781,393,399	100.00%
Fixed rate, fully amortizing	2,538,045	51.17%	300,620,148	38.47%
Hybrid ARMs (2/28, 3/27s, or similar)	1,527,204	30.79%	282,402,876	36.14%
Adjustable rate, fully amortizing	76,131	1.53%	16,399,259	2.10%
Loans with interest only feature	348,955	7.04%	96,367,730	12.33%
Payment Option ARMs and other loans with negative amortization feature	127,967	2.58%	47,591,008	6.09%
Other	341,405	6.88%	38,012,377	4.86%

DELINQUENCY BY QUARTER OF INITIAL RESET

Number of Prime Loans

		30+ Days Past Due		Individual Company %		
		Number	%	High	Low	Median
4th Quarter 2007	27,560	6,167	22.38%	24.23%	14.08%	20.39%
1st Quarter 2008	19,890	3,003	15.10%	15.59%	11.11%	14.34%
2nd Quarter 2008	24,110	2,343	9.72%	10.11%	5.00%	8.56%
3rd Quarter 2008	30,683	3,436	11.20%	21.74%	7.35%	13.75%
4th Quarter 2008	22,472	1,829	8.14%	8.15%	6.67%	8.08%
1st Quarter 2009	17,350	1,251	7.21%	16.67%	7.12%	7.68%
2nd Quarter 2009	31,476	1,540	4.89%	20.00%	3.06%	5.27%
3rd Quarter 2009	31,930	1,863	5.83%	8.33%	2.56%	4.80%
Eight Quarter Total	205,471	21,432	10.43%			
Percent of Total Serviced	2.00%					
Percent of non-fixed rate products	6.90%					

UPB of Prime Loans

		30+ Days Past Due		Individual Company %		
		UPB	%	High	Low	Median
4th Quarter 2007	7,829,075	1,706,244	21.79%	22.88%	16.40%	20.86%
1st Quarter 2008	5,045,128	815,638	16.17%	17.19%	7.91%	15.06%
2nd Quarter 2008	5,713,169	601,882	10.54%	11.06%	4.08%	9.30%
3rd Quarter 2008	7,243,717	881,514	12.17%	16.94%	7.88%	11.45%
4th Quarter 2008	5,121,770	454,590	8.88%	8.93%	6.85%	8.87%
1st Quarter 2009	3,929,751	317,272	8.07%	15.10%	7.87%	9.24%
2nd Quarter 2009	7,890,879	395,877	5.02%	28.07%	3.13%	5.39%
3rd Quarter 2009	7,653,209	484,401	6.33%	6.85%	2.15%	3.74%
Eight Quarter Total	50,426,698	5,657,418	11.22%			
Percent of Total Serviced	3.01%					
Percent of non-fixed rate products	7.86%					

DELINQUENCY BY QUARTER OF INITIAL RESET

Number of Sub-Prime & Alt-A Loans

		30+ Days Past Due		Individual Company %		
		Number	%	High	Low	Median
4th Quarter 2007	87,903	40,148	45.67%	61.28%	36.34%	48.44%
1st Quarter 2008	111,720	45,520	40.74%	54.36%	27.76%	41.32%
2nd Quarter 2008	141,486	52,256	36.93%	47.29%	26.34%	36.14%
3rd Quarter 2008	184,154	71,823	39.00%	48.97%	26.95%	38.88%
4th Quarter 2008	187,610	73,762	39.32%	52.95%	23.50%	38.49%
1st Quarter 2009	141,849	51,447	36.27%	45.91%	17.58%	36.42%
2nd Quarter 2009	93,161	27,955	30.01%	52.95%	17.96%	29.09%
3rd Quarter 2009	62,886	17,935	28.52%	45.32%	17.36%	30.05%
Eight Quarter Total	1,010,769	380,846	37.68%			
Percent of Total Serviced	20.38%					
Percent of non-fixed rate products	41.74%					

UPB of Sub-Prime & Alt-A Loans

		30+ Days Past Due		Individual Company %		
		Number	%	High	Low	Median
4th Quarter 2007	19,225,767	8,674,663	45.12%	63.45%	33.81%	51.10%
1st Quarter 2008	23,048,468	9,697,710	42.08%	57.57%	29.05%	43.85%
2nd Quarter 2008	28,787,426	11,145,312	38.72%	50.53%	25.92%	39.65%
3rd Quarter 2008	38,987,971	16,140,159	41.40%	52.53%	28.98%	40.72%
4th Quarter 2008	41,059,172	17,371,524	42.31%	56.42%	24.57%	41.33%
1st Quarter 2009	31,631,116	12,521,084	39.58%	59.45%	18.59%	39.29%
2nd Quarter 2009	20,601,372	6,552,705	31.81%	56.08%	18.83%	31.78%
3rd Quarter 2009	14,441,681	4,000,876	27.70%	46.55%	17.43%	26.94%
Eight Quarter Total	217,782,972	86,104,033	39.54%			
Percent of Total Serviced	27.87%					
Percent of non-fixed rate products	45.30%					

DELINQUENCY & DEFAULT

Number of Prime Loans	Number	Individual Company (% of Serviced) High	Low	Median
30 to 59 days	271,804	39.97%	0.22%	2.29%
60 to 89 days	104,091	18.95%	0.72%	1.01%
90 days or over	176,893	80.00%	1.22%	1.89%
Total	552,788			
Percentage of Prime Loans Serviced	*5.38%*	*132.04%*	*0.22%*	*4.70%*
Loans from above which were modified in the last 12 months.	5,822			
Percentage of total past due	*1.05%*	*6.28%*	*0.03%*	*1.68%*
Loans which entered delinquency within 3 payments of initial rate reset	362			
Percentage of total past due	*0.07%*	*3.87%*	*0.29%*	*2.08%*
Loans where notice of default sent	9,029			
Loans where formal foreclosure proceedings started	31,733			
Total Loans in Process of Foreclosure	40,762			
Percentage of total past due	*7.37%*	*79.23%*	*0.11%*	*16.61%*
Loans where foreclosure proceeding completed (ORE)	27,510			

UPB of Prime Loans	UPB	Individual Company (% of Serviced) High	Low	Median
30 to 59 days	39,279,638	4.29%	0.15%	1.39%
60 to 89 days	15,300,461	1.58%	0.20%	0.88%
90 days or over	19,921,597	75.87%	0.26%	1.32%
Total	74,501,696			
Percentage of Prime Loans Serviced	*4.45%*	*75.87%*	*0.15%*	*3.74%*
Loans from above which were modified in the last 12 months.	900,883			
Percentage of total past due	*1.21%*	*5.46%*	*0.00%*	*0.77%*
Loans which entered delinquency within 3 payments of initial rate reset	126,846			
Percentage of total past due	*0.17%*	*3.42%*	*0.15%*	*0.81%*
Loans where notice of default sent	3,546,386			
Loans where formal foreclosure proceedings started	6,499,468			
Total Loans in Process of Foreclosure	10,045,854			
Percentage of total past due	*13.48%*	*90.33%*	*0.27%*	*17.45%*
Loans where foreclosure proceeding completed (ORE)	5,980,112			

DELINQUENCY & DEFAULT

Number of Sub-Prime & Alt-A Loans	Number	Individual Company (% of Serviced) High	Low	Median
30 to 59 days	355,422	9.77%	4.04%	7.56%
60 to 89 days	190,795	5.70%	2.47%	3.65%
90 days or over	630,967	22.37%	3.89%	15.95%
Total	1,177,184			
Percentage of Sub-Prime & Alt-A Loans Serviced	*23.73%*	*37.84%*	*13.14%*	*27.95%*
Loans from above which were modified in the last 12 months.	32,148			
Percentage of total past due	*2.73%*	*25.67%*	*0.05%*	*1.10%*
Loans which entered delinquency within 3 payments of initial rate reset	37,072			
Percentage of total past due	*3.15%*	*11.74%*	*0.09%*	*2.61%*
Loans where notice of default sent	135,996			
Loans where formal foreclosure proceedings started	161,962			
Total Loans in Process of Foreclosure	297,958			
Percentage of total past due	*25.31%*	*59.33%*	*0.81%*	*24.27%*
Loans where foreclosure proceeding completed (ORE)	133,540			

UPB of Sub-Prime & Alt-A Loans	UPB	Individual Company (% of Serviced) High	Low	Median
30 to 59 days	54,936,175	10.21%	3.96%	6.88%
60 to 89 days	31,212,143	6.39%	2.56%	3.94%
90 days or over	100,543,239	25.99%	3.01%	18.09%
Total	186,691,556			
Percentage of Sub-Prime & Alt-A Loans Serviced	*23.89%*	*41.94%*	*12.07%*	*29.69%*
Loans from above which were modified in the last 12 months.	5,506,175			
Percentage of total past due	*2.95%*	*25.39%*	*0.05%*	*1.19%*
Loans which entered delinquency within 3 payments of initial rate reset	7,485,477			
Percentage of total past due	*4.01%*	*12.57%*	*0.14%*	*3.37%*
Loans where notice of default sent	23,982,676			
Loans where formal foreclosure proceedings started	28,664,809			
Total Loans in Process of Foreclosure	52,647,485			
Percentage of total past due	*28.20%*	*63.61%*	*0.75%*	*31.92%*
Loans where foreclosure proceeding completed (ORE)	27,138,584			

LOSS MITIGATION & MODIFICATIONS

Number of Loans In-Process	Number	%	Individual Company (% allocation) High	Low	Median
Deed in lieu	3,670	1.41%	2.47%	0.02%	0.55%
Short sale	31,450	12.05%	34.50%	3.39%	9.09%
Total in process with borrower losing home	35,120	13.46%			
*Percent of past due 60 days+**	*3.42%*		*7.02%*	*0.35%*	*1.72%*
Forbearance	16,947	6.50%	47.23%	0.31%	3.57%
Repayment plan	49,615	19.02%	54.49%	2.22%	17.93%
Modification (principal reduction, interest rate &/or term of debt)	139,191	53.35%	81.47%	9.14%	33.97%
Total in process of home retention	205,753	78.86%			
*Percent of past due 60 days+**	*20.06%*		*42.48%*	*1.80%*	*13.79%*
Refinance or paid in full	5,279	2.02%	48.10%	1.94%	2.45%
Reinstatement/Account to be made current	14,747	5.65%	69.74%	2.19%	2.76%
Total in process of being resolved by borrower	20,026				
*Percent of past due 60 days+**	*1.95%*		*7.70%*	*0.49%*	*2.26%*
Total loans in loss mitigation	260,899	100.00%			
*Percent of past due 60 days+**	*25.44%*		*46.46%*	*5.54%*	*19.30%*

UPB of Loans In Process	UPB	%	Individual Company (% allocation) High	Low	Median
Deed in lieu	884,842	1.73%	2.90%	0.01%	0.56%
Short sale	7,320,986	14.33%	37.81%	4.01%	10.73%
Total in process of borrower losing home	8,205,828	16.06%			
*Percent of past due 60 days+**	*5.19%*		*10.20%*	*0.48%*	*2.40%*
Forbearance	2,563,158	5.02%	46.61%	0.39%	3.15%
Repayment plan	8,866,965	17.35%	49.80%	3.11%	15.99%
Modification (principal reduction, interest rate &/or term of debt)	28,185,048	55.16%	81.21%	10.05%	36.47%
Total in process of home retention	39,615,171	77.54%			
*Percent of past due 60 days+**	*25.07%*		*46.52%*	*2.33%*	*14.90%*
Refinance or paid in full	1,008,996	1.97%	31.01%	0.06%	2.81%
Reinstatement/Account made current	2,262,896	4.43%	37.18%	1.38%	4.69%
Total in process of being resolved by borrower	3,271,891	6.40%			
*Percent of past due 60 days+**	*2.07%*		*8.41%*	*0.01%*	*2.34%*
Total loans in loss mitigation	51,092,890	100.00%			
*Percent of past due 60 days+**	*32.34%*		*52.48%*	*8.83%*	*24.03%*

**Denominator adjusted to remove two companies which do not currently track modifications in process.*

LOSS MITIGATION & MODIFICATIONS

Number of Loans Closed	Number	%	High	Low	Median
			Individual Company (% allocation)		
Deed in lieu	339	0.38%	2.79%	0.03%	0.41%
Short sale	3,943	4.40%	24.87%	0.18%	4.26%
Total closed with borrower losing home	4,282	4.78%			
Forbearance	3,459	3.86%	11.65%	0.39%	2.92%
Repayment plan	24,096	26.91%	76.19%	1.31%	22.70%
Modification (principal reduction, interest rate &/or term of debt)	24,264	27.10%	88.95%	4.30%	23.74%
Total closed solutions with home retention	51,819	57.87%			
Refinance or paid in full	11,579	12.93%	48.10%	0.67%	2.79%
Reinstatement/Account made current	21,868	24.42%	69.74%	2.19%	7.87%
Total closed with resolution by borrower	33,447	37.35%			
Total	89,548	100.00%			
Prepayment penalty waived (from any of the above)	335				

UPB of Loans Closed	UPB	%	High	Low	Median
			Individual Company (% allocation)		
Deed in lieu	75,852	0.55%	2.67%	0.03%	0.51%
Short sale	581,695	4.24%	26.85%	0.05%	4.01%
Total closed with borrower losing home	657,547	4.79%			
Forbearance	516,953	3.77%	13.64%	0.55%	2.60%
Repayment plan	3,901,565	28.42%	76.26%	0.95%	26.40%
Modification (principal reduction, interest rate &/or term of debt)	4,469,054	32.56%	90.47%	6.22%	25.65%
Total closed solutions with home retention	8,887,572	64.74%			
Refinance or paid in full	1,512,944	11.02%	44.85%	0.14%	2.07%
Reinstatement/Account made current	2,668,982	19.44%	68.29%	1.12%	6.42%
Total closed with resolution by borrower	4,181,926	30.46%			
Total	13,727,046	100.00%			
Prepayment penalty waived (from any of the above)	44,320				

	Individual Company			
	Number	High	Low	Median

PROFILE OF MODIFICATIONS BY NUMBER OF LOANS

Time horizon for **closed** loan modifications
Modification effective for less than life of loan (e.g. 2 years)
Modification effective for life of loan
Did not report

Types of modifications **closed**
Modification by freezing interest rate at the initial/start rate
Modification by reducing the interest rate below the initial/start rate
Modification by reducing the interest rate below scheduled reset rate, but above start rate
Modification with extension of term
Modification with reduction in principal balance
Modification using two or more of above modifications (e.g. rate reduction and term change)
Other modification

PROFILE OF MODIFICATIONS BY UPB OF LOANS

Time horizon for **closed** loan modifications
Modification effective for less than life of loan (e.g. 2 years)
Modification effective for life of loan
Did not report

Types of modifications **closed**
Modification by freezing interest rate at the initial/start rate
Modification by reducing the interest rate below the initial/start rate
Modification by reducing the interest rate below scheduled reset rate, but above start rate
Modification with extension of term
Modification with reduction in principal balance
Modification using two or more of above modifications (e.g. rate reduction and term change)
Other modification

This data is in process of being collected and will be available in future releases.

Notes

For the individual company data, the Low and Average do not include companies which reported a zero value.

Number of Companies reporting a zero value in the following significant reporting items:

Delinquent sub-prime/Alt-A loans which entered delinquency within 3 payments of initial rate reset		2
In Process:	Deed in lieu	3
	Short sale	2
	Forebearance	5
	Repayment plan	2
	Modification	2
	Refinance or paid in full	6
	Reinstatement / account made current	4
Closed:	Deed in lieu	4
	Short sale	0
	Forebearance	2
	Repayment plan	1
	Modification	0
	Refinance or paid in full	0
	Reinstatement / account made current	0

APPENDIX B

CONSOLIDATED STATE REPORT FOR MORTGAGE SERVICERS
TREND DATA FROM OCTOBER 2007 TO JANUARY 2008

Trend Data from Consolidated State Report for Mortgage Servicers

All dollar amounts are the unpaid principal balance (UPB) and are in thousands (000's).
All numbers of loans are the actual number.

	January	December	November	October	Oct to Jan	Dec to Jan	Nov to Dec	Oct to Nov
					Percentage Change			
Number of Servicers Reporting	13	13	13	13				
Initial Rate Reset & Delinquency								
Percentage of loans scheduled for initial rate reset in the next 8 quarters which are currently 30+ days delinquent								
Prime	10.43%	9.65%	8.45%	7.36%				
Sub-Prime & Alt- A	37.68%	36.57%	34.13%	30.74%				
DELINQUENCY & DEFAULT								
Number of Prime Loans								
30 to 59 days	271,804	297,434	245,242	238,446	13.99%	-8.62%	21.28%	2.85%
60 to 89 days	104,091	110,043	88,619	88,202	18.01%	-5.41%	24.18%	0.47%
90 days or over	176,893	185,104	128,608	62,073	184.98%	-4.44%	43.93%	107.19%
Total	552,788	592,581	462,469	388,721	42.21%	-6.72%	28.13%	18.97%
Percentage of Prime Loans Serviced	5.38%	5.78%	4.60%	3.78%				
Loans from above which were modified in the last 12 months.	5,822	6,659	5,848	5,348	8.86%	-12.57%	13.87%	9.35%
Percentage of total past due	1.05%	1.12%	1.26%	1.38%				
Loans which entered delinquency within 3 payments of initial rate reset	362	378	304	310	16.77%	-4.23%	24.34%	-1.94%
Percentage of total past due	0.07%	0.06%	0.07%	0.08%				
Loans where notice of default sent	9,029	11,269	8,921	9,538	-5.34%	-19.88%	26.32%	-6.47%
Loans where formal foreclosure procedings started	31,733	35,502	31,616	28,433	11.61%	-10.62%	12.29%	11.19%
Total Loans in Process of Foreclosure	40,762	46,771	40,537	37,971	7.35%	-12.85%	15.38%	6.76%
Percentage of total past due	7.37%	7.89%	8.77%	9.77%				
Loans where foreclosure preceding completed (ORE)	27,510	26,707	27,293	23,944	14.89%	3.01%	-2.15%	13.99%

DELINQUENCY & DEFAULT

UPB of Prime Loans	January	December	November	October	Oct to Jan	Dec to Jan	Nov to Dec	Oct to Nov
30 to 59 days	39,279,638	43,111,094	38,996,319	36,413,811	7.87%	-8.89%	10.55%	7.09%
60 to 89 days	15,300,461	16,357,821	14,720,023	14,258,173	7.31%	-6.46%	11.13%	3.24%
90 days or over	19,921,597	22,873,507	19,863,859	9,125,764	118.30%	-12.91%	15.15%	117.67%
Total	74,501,696	82,342,422	73,580,201	59,797,748	24.59%	-9.52%	11.91%	23.05%
Percentage of Prime Loans Serviced	4.45%	5.10%	4.64%	3.73%				
Loans from above which were modified in the last 12 months.	900,883	1,043,653	905,780	813,347	10.76%	-13.68%	15.22%	11.36%
Percentage of total past due	1.21%	1.27%	1.23%	1.36%				
Loans which entered delinquency within 3 payments of initial rate reset	126,846	134,092	106,337	112,468	12.78%	-5.40%	26.10%	-5.45%
Percentage of total past due	0.17%	0.16%	0.14%	0.19%				
Loans where notice of default sent	3,546,386	4,345,082	3,531,460	3,802,116	-6.73%	-18.38%	23.04%	-7.12%
Loans where formal foreclosure procedings started	6,499,468	7,351,150	6,465,924	5,783,470	12.38%	-11.59%	13.69%	11.80%
Total Loans in Process of Foreclosure	10,045,854	11,696,232	9,997,384	9,585,585	4.80%	-14.11%	16.99%	4.30%
Percentage of total past due	13.48%	14.20%	13.59%	16.03%				
Loans where foreclosure preceding completed (ORE)	5,980,112	6,011,207	5,922,818	5,165,182	15.78%	-0.52%	1.49%	14.67%

DELINQUENCY & DEFAULT	January	December	November	October	Oct to Jan	Dec to Jan	Nov to Dec	Oct to Nov
Number of Sub-Prime & Alt-A Loans								
30 to 59 days	355,422	379,068	374,411	356,849	-0.40%	-6.24%	1.24%	4.92%
60 to 89 days	190,795	199,286	192,709	186,695	2.20%	-4.26%	3.41%	3.22%
90 days or over	630,967	618,158	660,203	542,723	16.26%	2.07%	-6.37%	21.65%
Total	1,177,184	1,196,512	1,242,292	1,086,267	8.37%	-1.62%	-3.69%	14.36%
Percentage of Sub-Prime & Alt-A Loans Serviced	23.73%	23.60%	24.00%	21.25%				
Loans from above which were modified in the last 12 months.	32,148	35,722	26,762	22,522	42.74%	-10.01%	33.48%	18.83%
Percentage of total past due	2.73%	2.99%	2.18%	2.07%				
Loans which entered delinquency within 3 payments of initial rate reset	37,072	33,047	31,857	30,986	19.64%	12.18%	3.74%	2.81%
Percentage of total past due	3.15%	2.76%	2.60%	2.85%				
Loans where notice of default sent	135,996	135,325	121,366	135,024	0.72%	0.50%	11.50%	-10.12%
Loans where formal foreclosure procedings started	161,962	160,104	153,181	140,203	15.52%	1.16%	4.52%	9.26%
Total Loans in Process of Foreclosure	297,958	295,429	274,547	275,227	8.26%	0.86%	7.61%	-0.25%
Percentage of total past due	25.31%	24.69%	22.37%	25.34%				
Loans where foreclosure preceding completed (ORE)	133,540	125,402	115,233	102,538	30.23%	6.49%	8.82%	12.38%

DELINQUENCY & DEFAULT

UPB of Sub-Prime & Alt-A Loans	January	December	November	October	Oct to Jan	Dec to Jan	Nov to Dec	Oct to Nov
30 to 59 days	54,936,175	57,991,375	57,715,248	54,777,258	0.29%	-5.27%	0.48%	5.36%
60 to 89 days	31,212,143	32,280,167	31,269,978	30,275,397	3.09%	-3.31%	3.23%	3.29%
90 days or over	100,543,239	97,393,169	103,140,085	82,763,152	21.48%	3.23%	-5.57%	24.62%
Total	186,691,556	187,664,711	192,125,312	167,815,807	11.25%	-0.52%	-2.32%	14.49%
Percentage of Sub-Prime & Alt-A Loans Serviced	23.89%	23.43%	23.87%	20.91%				
Loans from above which were modified in the last 12 months.	5,506,175	6,041,625	4,338,864	3,562,013	54.58%	-8.86%	39.24%	21.81%
Percentage of total past due	2.95%	3.22%	2.26%	2.12%				
Loans which entered delinquency within 3 payments of initial rate reset	7,485,477	6,356,556	5,846,870	5,378,363	39.18%	17.76%	8.72%	8.71%
Percentage of total past due	4.01%	3.39%	3.04%	3.20%				
Loans where notice of default sent	23,982,676	23,458,517	21,168,389	25,219,053	-4.90%	2.23%	10.82%	-16.06%
Loans where formal foreclosure procedings started	28,664,809	28,201,039	31,512,264	28,715,404	-0.18%	1.64%	-10.51%	9.74%
Total Loans in Process of Foreclosure	52,647,485	51,659,556	52,680,654	53,934,457	-2.39%	1.91%	-1.94%	-2.32%
Percentage of total past due	28.20%	27.53%	27.42%	32.14%				
Loans where foreclosure preceding completed (ORE)	27,138,584	25,128,957	22,022,922	19,080,954	42.23%	8.00%	14.10%	15.42%

LOSS MITIGATION & MODIFICATIONS	January	December	November	October	Oct to Jan	Dec to Jan	Nov to Dec	Oct to Nov
Number of Loans In-Process								
Deed in lieu	3,670	4,711	4,451	3,663	0.19%	-22.10%	5.84%	21.51%
Short sale	31,450	31,009	29,475	24,365	29.08%	1.42%	5.20%	20.97%
Total in process with borrower losing home	35,120	35,720	33,926	28,028	25.30%	-1.68%	5.29%	21.04%
Percent of past due 60 days+	3.42%	3.43%	3.62%	3.42%				
Forbearance	16,947	17,855	18,102	16,222	4.47%	-5.09%	-1.36%	11.59%
Repayment plan	49,615	49,059	59,447	59,991	-17.30%	1.13%	-17.47%	-0.91%
Modification (principal reduction, interest rate &/or term c	139,191	117,051	99,692	89,147	56.14%	18.91%	17.41%	11.83%
Total in process of home retention	205,753	183,965	177,241	165,360	24.43%	11.84%	3.79%	7.18%
Percent of past due 60 days+	20.06%	17.68%	18.89%	20.17%				
Refinance or paid in full	5,279	6,414	7,167	3,206	64.66%	-17.70%	-10.51%	123.55%
Reinstatement/Account to be made current	14,747	11,484	11,348	12,926	14.09%	28.41%	1.20%	-12.21%
Total in process of being resolved by borrower	20,026	17,898	18,515	16,132	24.14%	11.89%	-3.33%	14.77%
Percent of past due 60 days+	1.95%	1.72%	1.97%	1.97%				
Total loans in loss mitigation	260,899	237,583	229,682	209,520	24.52%	9.81%	3.44%	9.62%
Percent of past due 60 days+	25.44%	22.84%	24.48%	25.56%				

LOSS MITIGATION & MODIFICATIONS

UPB of Loans In Process	January	December	November	October	Oct to Jan	Dec to Jan	Nov to Dec	Oct to Nov
Deed in lieu	884,842	1,143,585	1,078,053	883,044	0.20%	-22.63%	6.08%	22.08%
Short sale	7,320,986	7,122,576	6,504,175	5,260,935	39.16%	2.79%	9.51%	23.63%
Total in process of borrower losing home	8,205,828	8,266,161	7,582,228	6,143,980	33.56%	-0.73%	9.02%	23.41%
Percent of past due 60 days+	5.19%	5.15%	5.16%	4.73%				
Forbearance	2,563,158	2,842,774	2,992,909	2,618,905	-2.13%	-9.84%	-5.02%	14.28%
Repayment plan	8,866,965	8,830,697	10,517,134	10,139,747	-12.55%	0.41%	-16.04%	3.72%
Modification (principal reduction, interest rate &/or term c	28,185,048	23,632,958	19,274,083	16,080,207	75.28%	19.26%	22.62%	19.86%
Total in process of home retention	39,615,171	35,306,428	32,784,125	28,838,858	37.37%	12.20%	7.69%	13.68%
Percent of past due 60 days+	25.07%	21.98%	22.31%	22.18%				
Refinance or paid in full	1,008,996	1,144,067	1,239,074	704,512	43.22%	-11.81%	-7.67%	75.88%
Reinstatement/Account made current	2,262,896	1,804,164	1,756,235	2,052,634	10.24%	25.43%	2.73%	-14.44%
Total in process of being resolved by borrower	3,271,891	2,948,231	2,995,310	2,757,146	18.67%	10.98%	-1.57%	8.64%
Percent of past due 60 days+	2.07%	1.84%	2.04%	2.12%				
Total loans in loss mitigation	51,092,890	46,520,821	43,361,663	35,589,060	43.56%	9.83%	7.29%	21.84%
Percent of past due 60 days+	32.34%	28.96%	29.51%	27.37%				

LOSS MITIGATION & MODIFICATIONS	January	December	November	October	Oct to Jan	Dec to Jan	Nov to Dec	Oct to Nov
Number of Loans Closed								
Deed in lieu	339	317	275	356	-4.78%	6.94%	15.27%	-22.75%
Short sale	3,943	3,960	3,449	3,456	14.09%	-0.43%	14.82%	-0.20%
Total closed with borrower losing home	4,282	4,277	3,730	3,812	12.33%	0.12%	14.66%	-2.15%
Forbearance	3,459	3,413	3,124	3,136	10.30%	1.35%	9.25%	-0.38%
Repayment plan	24,096	19,564	19,625	21,843	10.31%	23.16%	-0.31%	-10.15%
Modification (principal reduction, interest rate &/or term of debt)	24,264	19,935	22,154	19,082	27.16%	21.72%	-10.02%	16.10%
Total closed solutions with home retention	51,819	42,912	44,903	44,061	17.61%	20.76%	-4.43%	1.91%
Refinance or paid in full	11,579	9,327	11,186	8,573	35.06%	24.14%	-16.62%	30.48%
Reinstatement/Account made current	21,868	18,382	18,712	19,601	11.57%	18.96%	-1.76%	-4.54%
Total closed with resolution by borrower	33,447	27,709	29,898	28,174	18.72%	20.71%	-7.32%	6.12%
Total	89,548	74,898	78,525	76,047	17.75%	19.56%	-4.62%	3.26%
Percentage of the previous month's in-process	37.69%	32.61%	37.48%					
Prepayment penalty waived (from any of the above)	335	344	279	236	41.95%	-2.62%	23.30%	18.22%
UPB of Loans Closed								
Deed in lieu	75,852	74,832	56,470	71,679	5.82%	1.36%	32.52%	-21.22%
Short sale	581,695	513,220	433,173	618,663	-5.98%	13.34%	18.48%	-29.98%
Total closed with borrower losing home	657,547	588,052	489,643	690,343	-4.75%	11.82%	20.10%	-29.07%
Forbearance	516,953	495,766	421,588	443,615	16.53%	4.27%	17.60%	-4.97%
Repayment plan	3,901,565	3,017,291	3,031,761	3,358,630	16.17%	29.31%	-0.48%	-9.73%
Modification (principal reduction, interest rate &/or term of debt)	4,469,054	3,569,723	4,217,612	3,340,759	33.77%	25.19%	-15.36%	26.25%
Total closed solutions with home retention	8,887,572	7,082,780	7,670,960	7,143,004	24.42%	25.48%	-7.67%	7.39%
Refinance or paid in full	1,512,944	1,273,470	1,152,006	1,814,769	-16.63%	18.80%	10.54%	-36.52%
Reinstatement/Account made current	2,668,982	2,387,497	2,399,345	2,521,715	5.84%	11.79%	-0.49%	-4.85%
Total closed with resolution by borrower	4,181,926	3,660,967	3,551,351	4,336,484	-3.56%	14.23%	3.09%	-18.11%
Total	13,727,046	11,331,800	11,711,954	12,169,830	12.80%	21.14%	-3.25%	-3.76%
Percentage of the previous month's in-process	29.51%	26.13%	32.91%					
Prepayment penalty waived (from any of the above)	44,320	37,821	19,691	14,500	205.65%	17.18%	92.07%	35.80%