Comptroller of the Currency
Administrator of National Banks
US Department of the Treasury

Office of Thrift Supervision
US Department of the Treasury

OCC and OTS Mortgage Metrics Report

Disclosure of National Bank and Federal Thrift Mortgage Loan Data

January—June 2008

Office of the Comptroller of the Currency
Office of Thrift Supervision
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Contents

Executive Summary

The *OCC and OTS Mortgage Metrics Report* presents performance data on first lien residential mortgages serviced by national banks and federally regulated thrifts, focusing on delinquencies, loss mitigation actions, and foreclosures.

This is the first joint report by the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS) and allows the agencies to present a more comprehensive picture of mortgage performance, loss mitigation, and foreclosures among federally regulated banks and thrifts. The combined report reflects the activities of many of the industry's largest mortgage servicers, and incorporates information on all mortgages serviced, not just subprime. The report presents loan-level data on each of the 34.7 million loans in this portfolio; none of the data is estimated.

The decision to issue a joint report also extends the effort of creating a common reporting framework by using standardized reporting terms and data elements. In particular, the report uses standard definitions for prime, Alt-A, and subprime mortgages relying on credit score ranges that are common across the industry. A common reporting framework allows for better comparison across the industry and over time. A joint report also reduces any possible confusion created by two separate reports that cover common ground but were issued independently at separate times.

The agencies collected data from the nine national banks (banks)[1] and the five savings associations (thrifts)[2] with the largest mortgage servicing portfolios. At the end of June 2008, the 34.7 million first lien mortgage loans serviced by these institutions totaled more than $6.1 trillion in principal balances. The combined servicing portfolio constituted more than 90 percent of all mortgages serviced by national banks and thrifts, and approximately 60 percent of all mortgages outstanding in the United States. Approximately 88 percent of the mortgages in the total servicing portfolio were held by third parties via securitization by government-sponsored enterprises and other financial institutions.

This report includes amended data for the first quarter of 2008 that has been resubmitted by the participating banks and thrifts, reflecting the continuing effort of the agencies and the lenders to improve the data collection effort.

Key findings of this report include:

- New loan modifications increased by more than 80 percent from January to June and increased by 56 percent from the first to second quarter. By comparison, new payment plans grew only 8 percent from January to June 2008, and increased just more than 2.7 percent from the first to second quarter. As a result, the mix of loss mitigation shifted toward loan modifications from the first to second quarter with the share of loan modifications increasing from 34.5 percent to 44.5 percent.

	First Quarter Total	Second Quarter Total
Loan modifications	71,883	112,353
Payment plans	136,367	140,155
Loss mitigation actions	208,250	252,508

[1] The nine banks are Bank of America, Citibank, First Horizon, HSBC, JPMorgan Chase, National City, USBank, Wachovia, and Wells Fargo.

[2] The five thrifts include Countrywide, IndyMac, Merrill Lynch, Wachovia FSB, and Washington Mutual.

- More than nine out of 10 mortgages remain current. However, credit quality declined during the second quarter across all risk categories. The overall percentage of current and performing mortgages in the combined portfolio declined from 93.35 percent at the end of the first quarter to 92.61 percent at the end of the second quarter.

- There were increases in early stage delinquencies (30-59 days past due) and seriously delinquent mortgages, defined as mortgages that are 60 or more days past due plus loans to bankrupt borrowers who are 30 or more days past due. Foreclosures also increased in the second quarter.

% of all Mortgage Loans in the Portfolio	End of the First Quarter 2008	End of the Second Quarter 2008
30-59 days delinquent	2.57%	2.85%
Seriously delinquent	2.67%	2.95%
Foreclosures in process	1.40%	1.60%

- New loss mitigation actions increased more quickly than new foreclosures during the second quarter. Overall, new loss mitigation actions relative to new foreclosures averaged more than 87 percent during the second quarter, about 12 percentage points higher than the first quarter.

	First Quarter 2008	Second Quarter 2008
Total number of new loss mitigation actions	208,250	252,508
Total number of new foreclosure actions	278,857	288,740
New loss mitigation actions relative to new foreclosures	75.68%	87.45%

Overview

The *OCC and OTS Mortgage Metrics Report* presents key performance data on first lien residential mortgages serviced by national banks and thrifts, focusing on delinquencies, loss mitigation actions, and foreclosures. The OCC and OTS collect these data from the nine national banks and five thrifts that have the largest mortgage servicing portfolios among all national banks and thrifts. This represents more than 90 percent of all mortgages serviced by national banks and thrifts, and approximately 60 percent of all mortgages outstanding. Approximately 88 percent of the mortgages in the total servicing portfolio are held by third parties via securitization by government-sponsored enterprises and other financial institutions. At the end of June 2008, these 14 institutions serviced more than 34.7 million first mortgage loans, totaling $6.1 trillion in outstanding balances.

The report is based on a data collection process covering 64 data elements for each of the mortgages held or serviced by the participating lenders from January through June 2008. The OCC and OTS use a data vendor to aggregate, validate, store, and generate reports, but the agencies retain ownership and control of the data.

In addition to providing important information to the public, the data gathered for this report support the supervision of national bank and thrift mortgage practices. This report provides an additional tool to help examiners assess emerging trends, identify anomalies, compare a lender with the rest of the industry, evaluate asset quality and loan loss reserve needs, and evaluate the effectiveness of loss mitigation actions.

Despite its relatively comprehensive coverage, readers should not use the data in this report to draw conclusions about overall conditions in mortgage lending. The portfolio of loans serviced by these banks and thrifts does not represent a statistically random sample of all mortgage loans. The characteristics of these loans differ in notable ways from the overall population of mortgages.

Additionally, there are known seasonal effects in mortgage lending. This report does not attempt to quantify those seasonal effects.

The OCC, OTS, and the participating institutions devoted significant resources to validating the data to ensure that the information was reliable, accurate, and consistent with information presented elsewhere. Steps to ensure the validity of the data included comparisons with institutions' quarterly call and thrift financial reports, and internal quality reviews conducted by the banks and thrifts and by the external vendor that compiled the data. However, data sets of this size and scope inevitably suffer from a degree of inconsistency, missing data, and other imperfections. The OCC and OTS expect future data submissions to be adjusted as errors and omissions are detected. As a result of this ongoing process, readers of this report should exercise caution when comparing the data presented for the first three months of 2008 with data released previously by the OCC and OTS independently. Data presented in this report, in some cases, reflect resubmissions from institutions that restate and correct earlier information.

Definitions and Methods

The *OCC and OTS Mortgage Metrics Report* uses standardized definitions for three categories of mortgage creditworthiness: prime, Alt-A, and subprime. These are defined using ranges of borrowers' credit scores at the time of origination, as follows: prime—660 and above; Alt-A—620 to 659; and subprime—below 620.

Roughly 15 percent of loans in the data were not accompanied by credit scores. The report classifies these loans "other." This group of loans includes a mix of prime, Alt-A, and subprime loans, and is, in large part, as the result of acquisitions of mortgage portfolios from third parties where scores were not readily available. The OCC and OTS are working with the participating banks and thrifts to obtain and include credit scores with future submissions to reduce the percentage of loans in this category.

Other standard definitions in the report include:

- **Seriously delinquent loans**—All mortgages that are 60 or more days past due and all mortgages held by bankrupt borrowers who are 30 or more days past due. Loan delinquencies are reported following the Mortgage Bankers Association (MBA) convention that a loan is past due when a scheduled payment is unpaid for 30 days or more.
- **Loss mitigation action—**Loan modification or payment plan.[3]
- **Loan modification**—Mortgage for which terms of the loan are contractually changed, usually with respect to interest rates or terms of the loan.
- **Payment plan**—Mortgage for which the servicer and a borrower have agreed to a short- to medium-term change in scheduled terms and payments to return the mortgage to a current and performing status.
- **New foreclosure**—Mortgage for which the servicer commences a formal foreclosure proceeding during the month (e.g., public notice, judicial filing).[4]

The statistics and calculated ratios in this report are based on the number of loans rather than on the dollar balance outstanding.

[3] In addition to the two loss mitigation actions captured in this report—payment plans and loan modifications—mortgage servicers reported several alternative loss mitigation actions, including HomeSaver Advance, FHASecure, partial claims, new subsidy programs, and refinances with principal forgiveness. The agencies plan to include a broader range of loss mitigation actions in future reports.

[4] Many new foreclosures never result in the ultimate foreclosure sale or loss of the borrower's home, because banks and thrifts simultaneously pursue other loss mitigation actions and borrowers may act to return their mortgages to current and performing status.

Overall Mortgage Portfolio

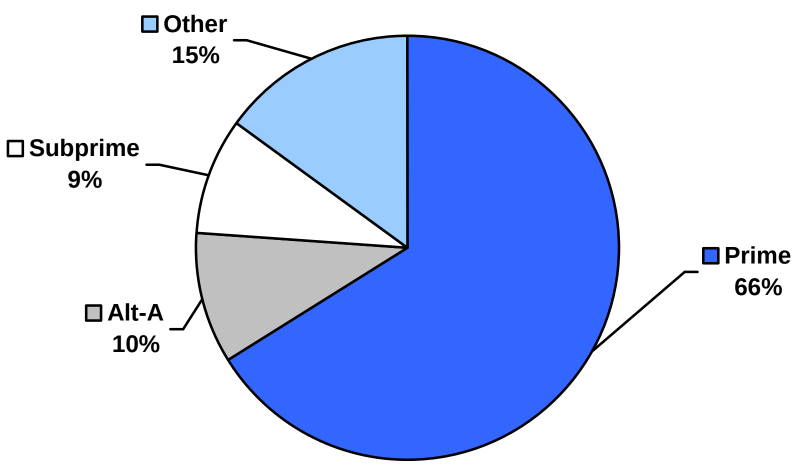
The size of the combined national bank and thrift servicing portfolio remained stable during the reporting period, ending with more than 34.7 million loans worth more than $6.1 trillion.

The portfolio composition also remained constant at about 66 percent prime, 10 percent Alt-A, 9 percent subprime, and 15 percent other.

The "other" category includes loans for which credit scores at origination of the mortgage were unavailable. Based on other observable criteria, these reflect a mix of prime, Alt-A, and subprime loans.

Overall Mortgage Portfolio						
	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Total servicing ($ millions)	$6,031,026	$6,049,884	$6,047,044	$6,089,222	$6,115,185	$6,122,862
Total servicing (number of loans)	34,468,955	34,527,552	34,470,248	34,626,470	34,757,663	34,757,314
Composition (% of all mortgage loans in the portfolio)						
Prime	66%	66%	66%	66%	66%	66%
Alt-A	10%	10%	10%	10%	10%	10%
Subprime	9%	9%	9%	9%	9%	9%
Other	15%	15%	15%	15%	15%	15%
Composition (Number of loans in each risk category of the portfolio)						
Prime	22,525,142	22,558,097	22,622,723	22,846,871	22,973,522	22,966,923
Alt-A	3,571,191	3,566,546	3,566,162	3,584,426	3,586,987	3,554,587
Subprime	3,111,409	3,101,852	3,095,522	3,103,941	3,097,197	3,057,029
Other	5,261,213	5,301,057	5,185,841	5,082,646	5,092,144	5,178,775

Portfolio Composition
(% of all mortgage loans in the portfolio)
June 2008



Overall Mortgage Performance

More than nine out of 10 mortgages remain current. However, credit quality declined during the second quarter across all risk categories. The overall percentage of current and performing mortgages in the combined portfolio declined from 93.35 percent at the end of the first quarter to 92.61 percent at the end of the second quarter.

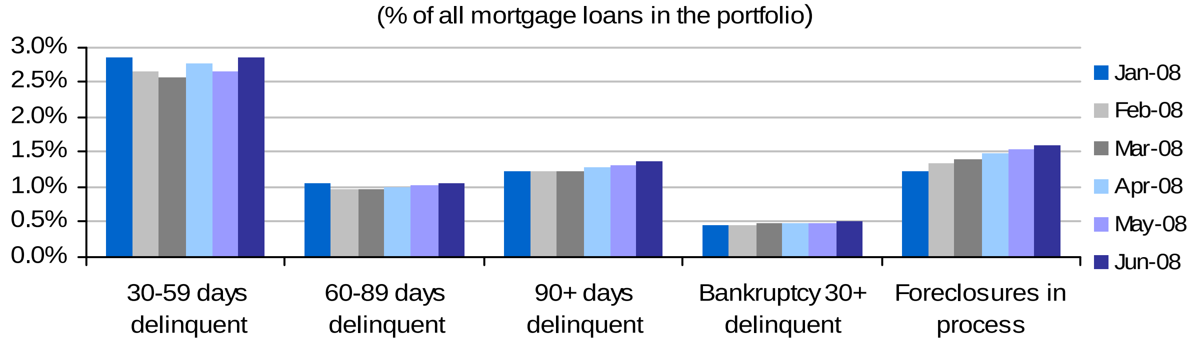
Loans 60-89 days delinquent increased during the second quarter from a low of 0.96 percent at the end of March to 1.06 percent at the end of June. Delinquencies of 90 days or more increased from 1.23 percent in March to 1.38 percent in June. Loans delinquent 60-89 days and 90 days or more increased in each month during the second quarter of 2008.

Foreclosures in process increased in each month of the second quarter from 483,375, or 1.40 percent of the total portfolio, in March to 555,680, or 1.60 percent, in June.

Total Mortgage Portfolio (% of all mortgage loans in the portfolio)						
	Jan-08	**Feb-08**	**Mar-08**	**Apr-08**	**May-08**	**Jun-08**
Current and performing	93.15%	93.36%	93.35%	92.99%	92.97%	92.61%
30-59 days delinquent	2.85%	2.65%	2.57%	2.76%	2.67%	2.85%
The following three categories are classified as seriously delinquent.						
60-89 days delinquent	1.07%	0.97%	0.96%	1.00%	1.02%	1.06%
90+ days delinquent	1.23%	1.23%	1.23%	1.28%	1.31%	1.38%
Bankruptcy 30+ days delinquent	0.47%	0.47%	0.48%	0.49%	0.50%	0.51%
Subtotal for seriously delinquent	*2.77%*	*2.66%*	*2.67%*	*2.77%*	*2.83%*	*2.95%*
Foreclosures in process	1.24%	1.33%	1.40%	1.48%	1.53%	1.60%
Total Mortgage Portfolio (Number of mortgage loans in the portfolio)						
Current and performing	32,107,266	32,235,790	32,179,572	32,199,990	32,314,069	32,187,260
30-59 days delinquent	980,836	914,123	886,194	955,558	928,730	990,488
The following three categories are classified as seriously delinquent.						
60-89 days delinquent	368,646	334,151	330,384	347,502	354,447	368,560
90+ days delinquent	425,033	423,204	425,076	443,117	455,427	478,459
Bankruptcy 30+ days delinquent	160,417	162,385	165,647	169,790	172,737	176,867
Subtotal for seriously delinquent	*954,096*	*919,740*	*921,107*	*960,409*	*982,611*	*1,023,886*
Foreclosures in process	426,757	457,899	483,375	510,513	532,253	555,680

Performance Overview

(% of all mortgage loans in the portfolio)



Seriously Delinquent Mortgages

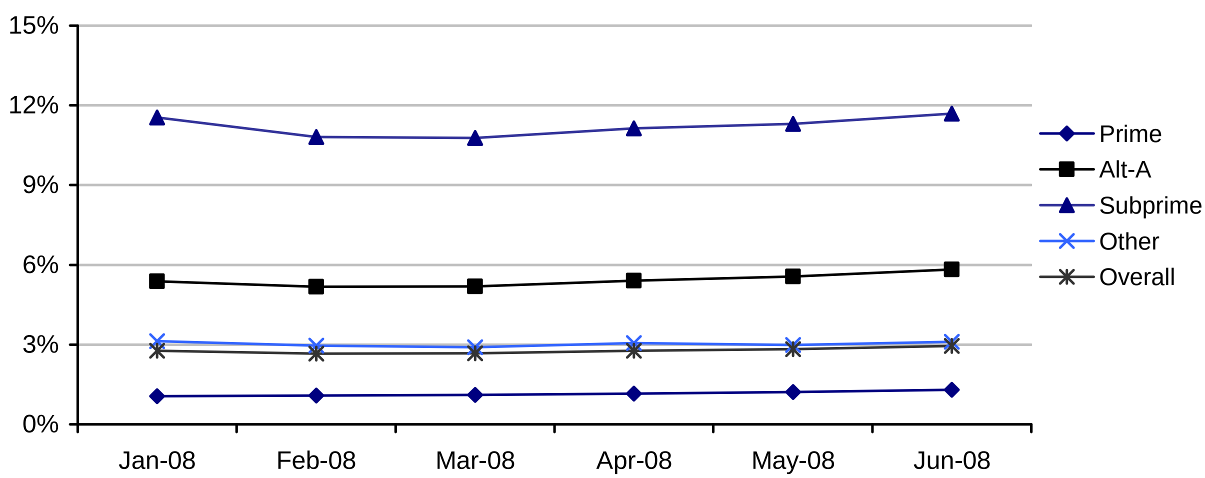
Seriously delinquent mortgages, defined as mortgages that are 60 or more days past due plus loans to bankrupt borrowers who are 30 or more days past due, rose in the second quarter from 2.67 percent at the end of March to 2.95 percent at the end of June.

Seriously delinquent mortgages increased across all risk categories during the reporting period. During the second quarter, seriously delinquent subprime loans increased by 0.91 percentage points (an 8.4 percent increase), while among prime loans the increase was 0.19 percentage points (a 17.1 percent increase).

At the end of June, the seriously delinquent rate for subprime mortgages at 11.69 percent was nearly four times the rate for the total portfolio and nine times the rate for prime mortgages, reflecting the higher overall risk profile of subprime borrowers.

Seriously Delinquent (% of all mortgage loans in each category)						
	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Prime	1.06%	1.08%	1.11%	1.16%	1.22%	1.30%
Alt-A	5.38%	5.18%	5.19%	5.40%	5.56%	5.83%
Subprime	11.55%	10.81%	10.78%	11.13%	11.31%	11.69%
Other	3.13%	2.96%	2.90%	3.06%	2.99%	3.10%
Overall	2.77%	2.66%	2.67%	2.77%	2.83%	2.95%
Seriously Delinquent (Number of loans in the portfolio)						
Prime	238,100	242,976	251,696	266,067	280,395	298,493
Alt-A	192,257	184,672	185,172	193,616	199,568	207,212
Subprime	359,244	335,390	333,702	345,316	350,262	357,497
Other	164,495	156,702	150,537	155,410	152,386	160,684
Overall	954,096	919,740	921,107	960,409	982,611	1,023,886

Seriously Delinquent
(% of all mortgage loans in each category)



Mortgages 30-59 Days Delinquent

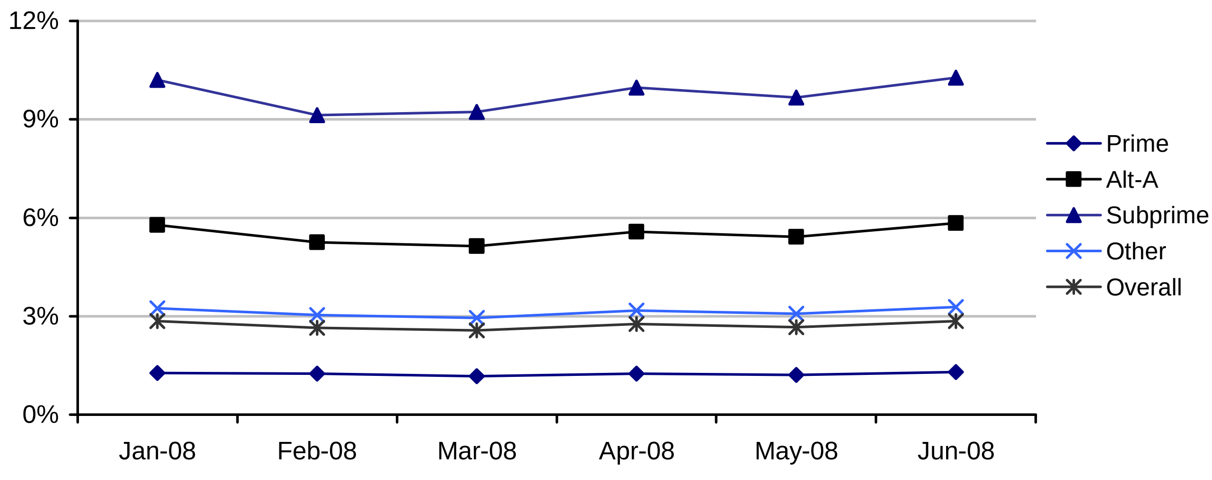
Mortgages delinquent 30-59 days increased during the second quarter across all risk categories. Overall, mortgages 30-59 days delinquent increased from 886,194, or 2.57 percent of the total portfolio, at the end of the first quarter to 990,488, or 2.85 percent, at the end of the second.

At the end of the second quarter, mortgages 30-59 days delinquent were highest for subprime borrowers at 10.27 percent and lowest for prime borrowers at 1.30 percent.

During the second quarter, mortgages 30-59 days delinquent increased 0.28 percentage points for the overall portfolio (a 10.9 percent increase). Increases ranged from 0.13 percentage points for prime loans (an 11.1 percent increase) to 1.04 percentage points for subprime loans (an 11.3 percent increase).

Mortgages 30-59 Days Delinquent (% of all mortgage loans in each category)						
	Jan-08	**Feb-08**	**Mar-08**	**Apr-08**	**May-08**	**Jun-08**
Prime	1.27%	1.25%	1.17%	1.25%	1.21%	1.30%
Alt-A	5.78%	5.25%	5.14%	5.58%	5.42%	5.84%
Subprime	10.20%	9.13%	9.23%	9.97%	9.67%	10.27%
Other	3.24%	3.04%	2.95%	3.17%	3.08%	3.28%
Overall	2.85%	2.65%	2.57%	2.76%	2.67%	2.85%
Mortgages 30-59 Days Delinquent (Number of loans in the portfolio)						
Prime	286,749	282,277	264,039	284,912	277,916	298,969
Alt-A	206,279	187,308	183,472	200,129	194,458	207,633
Subprime	317,413	283,245	285,697	309,457	299,631	313,875
Other	170,395	161,293	152,986	161,060	156,725	170,011
Overall	980,836	914,123	886,194	955,558	928,730	990,488

Mortgages 30-59 Days Delinquent
(% of all mortgage loans in each category)



Total End-of-Month Loss Mitigation Actions

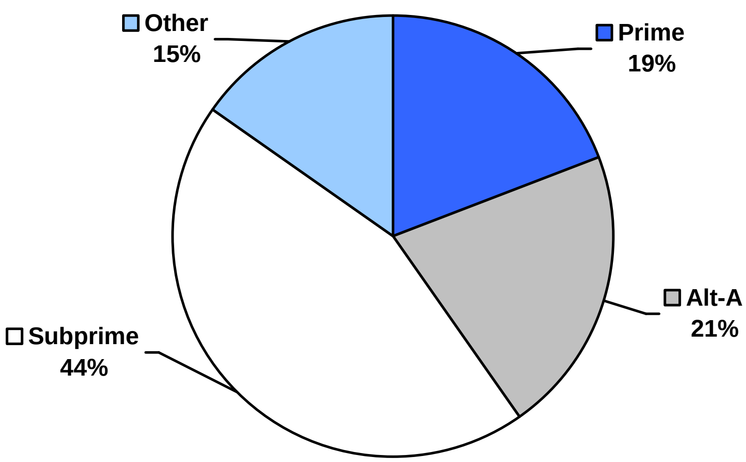
Loss mitigation actions totaled 294,262 at the end of June. Subprime borrowers received 130,709 loss mitigation actions, more than twice that of any other category.

Although subprime mortgages constitute less than 9 percent of the total portfolio, subprime loss mitigation actions constitute 44 percent of all loss mitigation actions. Conversely, prime loans constitute 66 percent of the portfolio and received 19 percent of all loss mitigation actions at the end of June.

This report includes data on only the two most common types of loss mitigation actions—loan modifications and payment plans. Payment plans are counted from the day the plan is initiated. Loan modifications are counted once accepted by the borrower and actually implemented.

Loss Mitigation Actions	Jun-08	% of Total Loss Mitigation Actions	% of Total Servicing Portfolio
Prime	57,302	19%	66%
Alt-A	61,646	21%	10%
Subprime	130,709	44%	9%
Other	44,605	15%	15%
Total loss mitigation actions	294,262		

Loss Mitigation Actions
(% of total)
June 2008



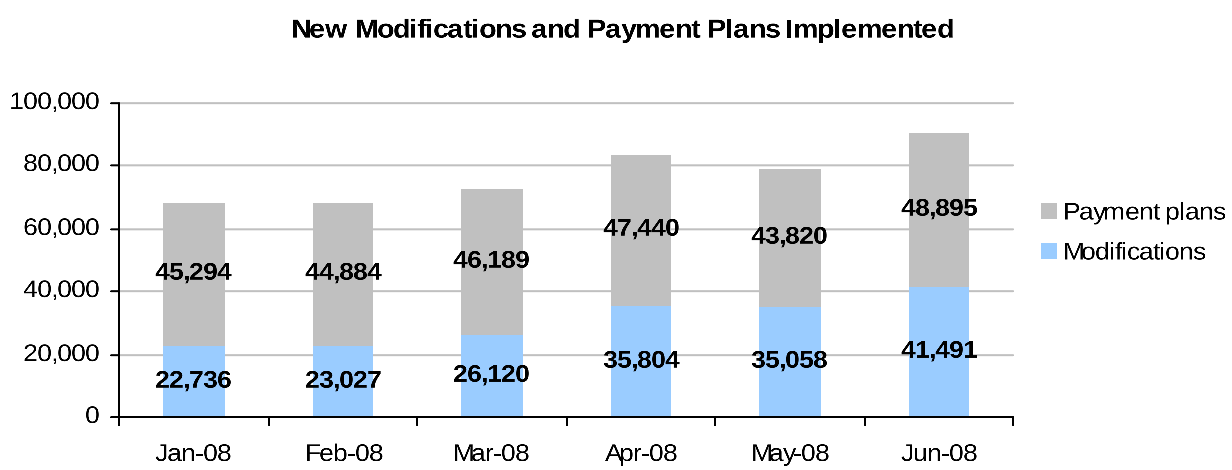
The total does not equal 100 percent because of rounding.

New Loan Modifications and Payment Plans Implemented

New loan modifications increased by more than 80 percent from January to June and, on a quarterly basis, increased by 56 percent from the first to second quarter. By comparison, new payment plans grew only 8 percent from January to June 2008, and increased just more than 2.7 percent from the first to second quarter. As a result, the mix of loss mitigation shifted toward loan modifications from the first to second quarter with the share of loan modifications increasing from 34.5 percent to 44.5 percent.

Total new loss mitigation actions, loan modifications and payment plans, totaled 252,508 during the second quarter, an increase of more than 21 percent over the first quarter. Total monthly loss mitigation actions reached more than 90,000 in June.

New Modifications and Payment Plans Implemented	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Loan modifications	22,736	23,027	26,120	35,804	35,058	41,491
Payment plans	45,294	44,884	46,189	47,440	43,820	48,895
Total loss mitigation actions	68,030	67,911	72,309	83,244	78,878	90,386



New Loss Mitigation Actions Relative to Seriously Delinquent Mortgages

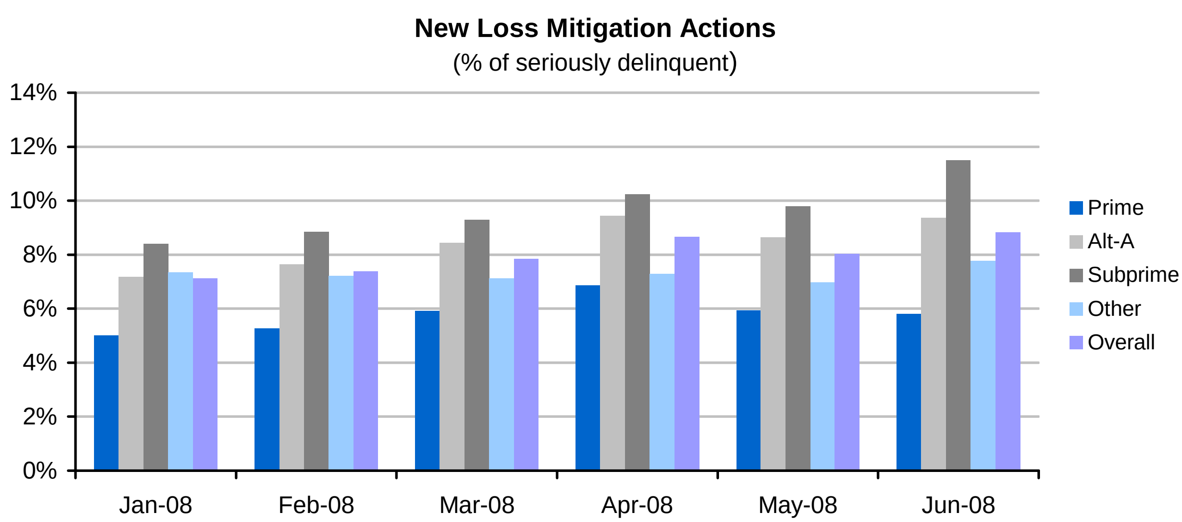
The following data compare loss mitigation actions initiated each month with the number of seriously delinquent loans. New loss mitigation actions are expressed as a percentage of seriously delinquent mortgages.

In each month during the period, a higher percentage of seriously delinquent subprime borrowers received loss mitigation actions than did other borrowers. Conversely, seriously delinquent prime loans consistently had the lowest relative percentage of new loss mitigation actions.

For the months of April, May, and June, loss mitigations actions as a percentage of seriously delinquent loans averaged 10.51 percent for subprime borrowers, 9.15 percent for Alt-A borrowers, 7.35 percent for other loans, 6.21 percent for prime loans, and 8.51 percent for the overall portfolio.

With the exception of prime mortgages, new loss mitigation actions relative to seriously delinquent loans increased in each risk category during the second quarter as loss mitigation actions increased faster than serious delinquencies.

New Loss Mitigation Actions (% of seriously delinquent)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	5.02%	5.27%	5.92%	6.86%	5.95%	5.81%
Alt-A	7.18%	7.65%	8.44%	9.44%	8.65%	9.36%
Subprime	8.40%	8.85%	9.30%	10.24%	9.79%	11.51%
Other	7.35%	7.22%	7.13%	7.30%	6.98%	7.78%
Overall	7.13%	7.38%	7.85%	8.67%	8.03%	8.83%



New Loss Mitigation Actions Relative to New Foreclosures

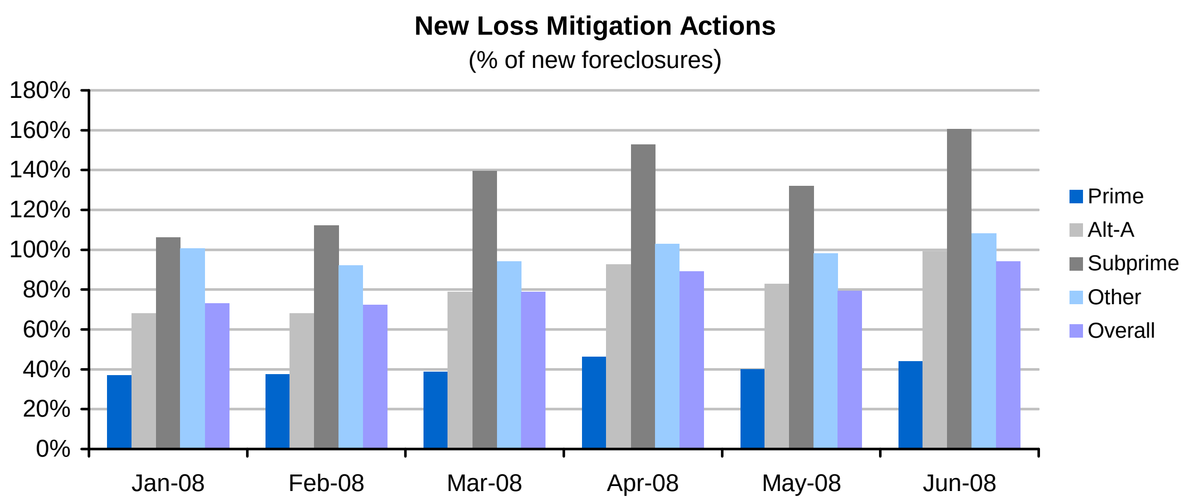
The following data show new loss mitigation actions during the month as a percentage of foreclosures initiated during the month. For any given risk category, a percentage exceeding 100 percent means there were more new loss mitigation actions than new foreclosures during the month.

New loss mitigation actions increased faster than new foreclosures during the second quarter. Overall, new loss mitigation actions relative to new foreclosures averaged more than 87 percent during the second quarter, about 12 percentage points higher than the first quarter.

Subprime mortgages consistently had the highest percentage of new loss mitigation actions to new foreclosures, well above 100 percent throughout the period. Prime mortgages consistently had the lowest percentage, averaging 43 percent over the last three months of the reporting period.

New foreclosures consist of all mortgages on which servicers commenced formal foreclosure proceedings during the month (e.g., public notice, judicial filing). New foreclosures often do not result in a foreclosure sale or loss of the borrowers' homes, because banks simultaneously pursue other mitigation strategies, or borrowers take action to return their mortgages to a current and performing status.

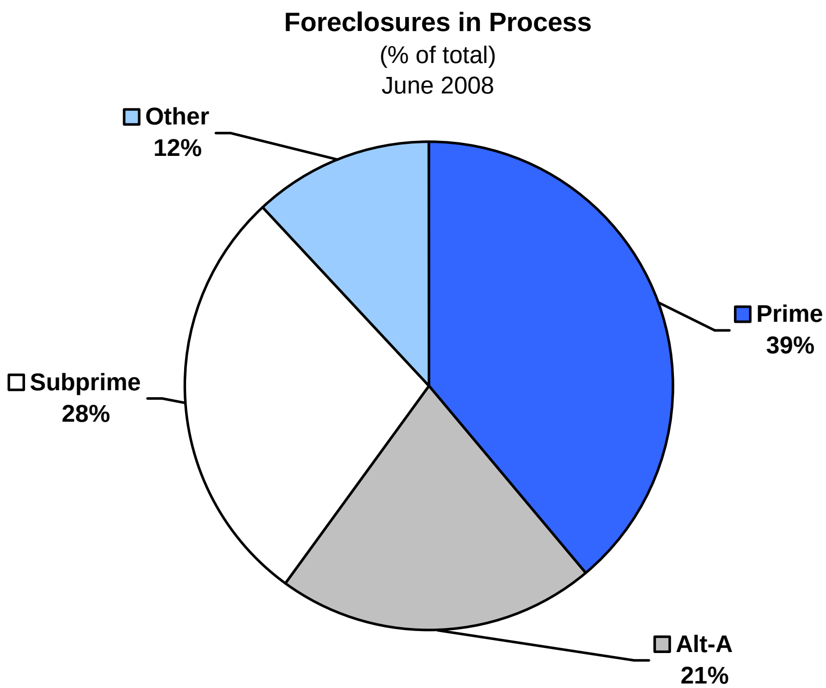
New Loss Mitigation Actions (% of new foreclosures)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	36.85%	37.30%	38.79%	46.29%	40.03%	44.06%
Alt-A	68.01%	68.01%	78.89%	92.73%	82.77%	99.12%
Subprime	106.07%	112.18%	139.56%	152.96%	132.10%	160.53%
Other	100.81%	92.21%	94.20%	102.96%	98.11%	108.20%
Overall	73.01%	72.40%	78.70%	89.24%	79.39%	94.04%



Total End-of-Month Foreclosures in Process

Foreclosures in process totaled 555,680 at the end of June. Subprime mortgages constitute almost 28 percent of total foreclosures in process, while representing less than 9 percent of the total number of mortgages. Prime mortgages constituted more than 39 percent of all foreclosures, while representing 66 percent of the total servicing portfolio.

Foreclosures in Process	Jun-08	% of Total Foreclosures in Process	% of Loans in Each Category	% of Total Servicing Portfolio
Prime	217,088	39%	0.95%	66%
Alt-A	118,018	21%	3.32%	10%
Subprime	154,955	28%	5.07%	9%
Other	65,619	12%	1.27%	15%
Total	555,680			



New Foreclosures

New foreclosures ranged from a low of 91,881 in March to a high of 99,350 in May, before declining to 96,110 in June. New foreclosures totaled 288,740 in the second quarter, 3.5 percent higher than the 278,857 reported in the first quarter.

During the second quarter, 42 percent of all new foreclosures were prime mortgages and 26 percent were subprime mortgages. Prime and subprime mortgages constitute 66 percent and 9 percent of the total portfolio, respectively.

New foreclosures as a percentage of loans in each category increased with the relative risk of each category. With the exception of subprime mortgages, the foreclosure rate has been relatively stable over the reporting period.

New Foreclosures	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	32,422	34,307	38,440	39,431	41,693	39,355
Alt-A	20,306	20,783	19,806	19,706	20,862	19,564
Subprime	28,452	26,444	22,243	23,126	25,954	25,634
Other	11,995	12,267	11,392	11,017	10,841	11,557
Overall	93,175	93,801	91,881	93,280	99,350	96,110

New Foreclosures (% of total loans in each category)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	0.14%	0.15%	0.17%	0.17%	0.18%	0.17%
Alt-A	0.57%	0.58%	0.56%	0.55%	0.58%	0.55%
Subprime	0.91%	0.85%	0.72%	0.75%	0.84%	0.84%
Other	0.23%	0.23%	0.22%	0.22%	0.21%	0.22%
Overall	0.27%	0.27%	0.27%	0.27%	0.29%	0.28%

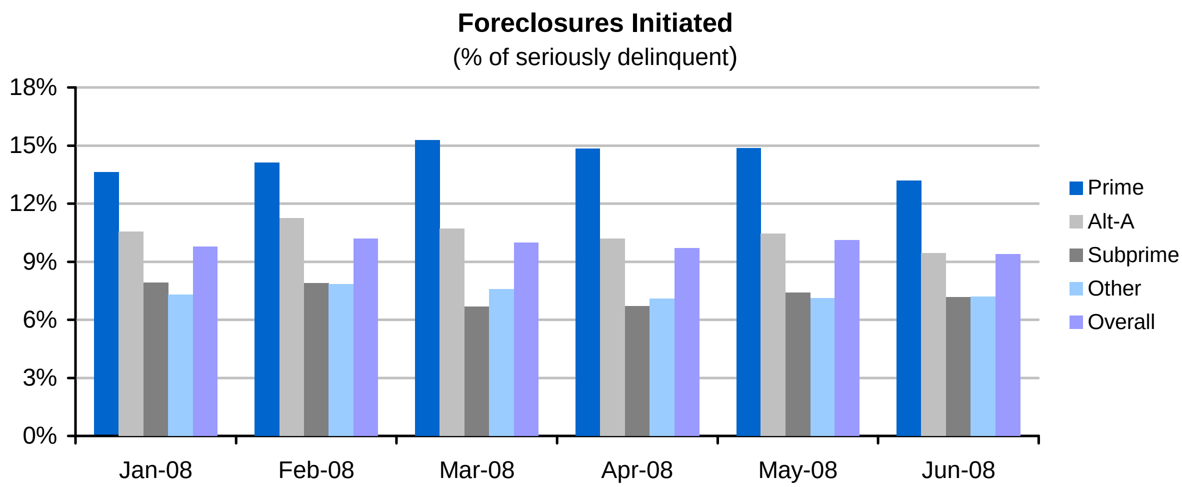
New Foreclosures Relative to Seriously Delinquent Mortgages

Foreclosures initiated as a percentage of seriously delinquent mortgages declined during the second quarter from 9.98 percent in March to 9.39 percent by the end of June.

With the exception of subprime mortgages, new foreclosures as a percentage of seriously delinquent mortgages declined across all risk categories during the second quarter.

The foreclosures initiated as a percentage of seriously delinquent mortgages ratio was consistently highest for prime mortgages, reflecting both the higher absolute number of new foreclosure actions as well as a lower percentage of seriously delinquent loans.

Foreclosures Initiated (% of seriously delinquent)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	13.62%	14.12%	15.27%	14.82%	14.87%	13.18%
Alt-A	10.56%	11.25%	10.70%	10.18%	10.45%	9.44%
Subprime	7.92%	7.88%	6.67%	6.70%	7.41%	7.17%
Other	7.29%	7.83%	7.57%	7.09%	7.11%	7.19%
Overall	9.77%	10.20%	9.98%	9.71%	10.11%	9.39%



Appendix A—Loan Modifications

Overview

Loan modifications are defined as mortgages for which terms of the loan are contractually changed, usually with respect to interest rates or amortization schedule and maturity.

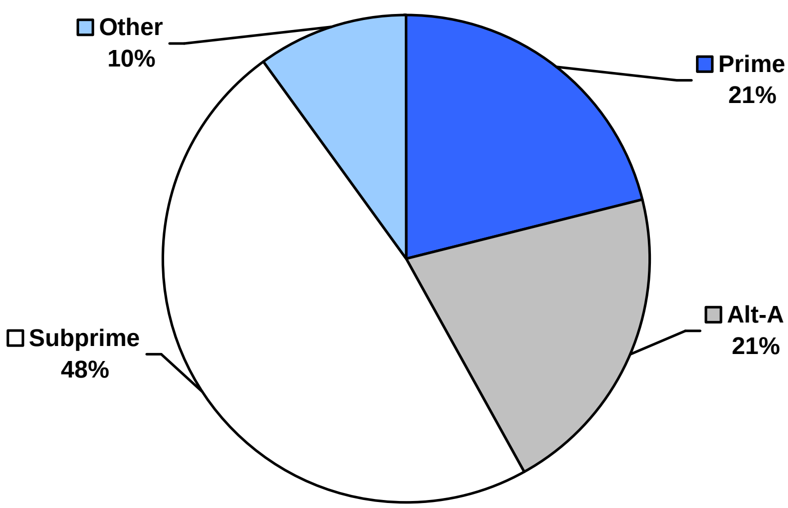
Total modified loans outstanding at the end June were 140,222, or 48 percent of all loans under loss mitigation.

Modifications were concentrated in subprime mortgages at more than 48 percent of all outstanding modifications, despite subprime mortgages constituting less than 9 percent of the total portfolio.

Conversely, prime mortgages constituted 66 percent of the total portfolio and comprised only 21 percent of all modified mortgages.

Loan Modification Actions	Jun-08	% of Total Modified Loans
Prime	28,991	21%
Alt-A	29,890	21%
Subprime	67,756	48%
Other	13,585	10%
Total loan modifications	140,222	

Modifications
(% of total modifications)
June 2008



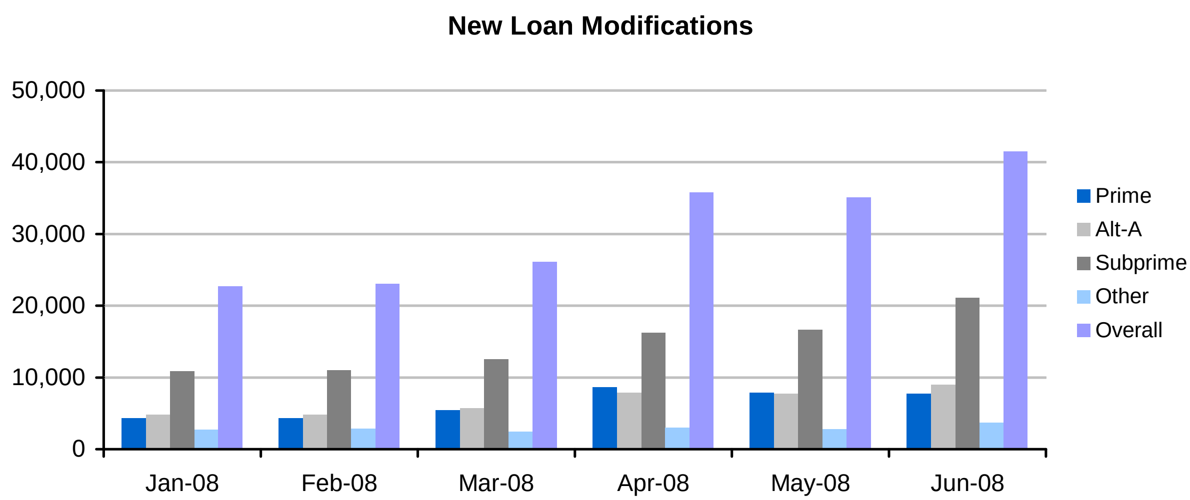
New Loan Modifications

Loan modification became a more prevalent loss mitigation action during the second quarter. The number of new loan modifications totaled 112,353 during the second quarter, an increase of 56 percent over the 71,883 modifications reporting during the first quarter.

Subprime mortgages received 48 percent of all new loan modifications during the second quarter, more than twice that of any other category.

While constituting more of the total portfolio, prime and Alt-A loans each received only 22 percent of new loan modifications during the second quarter, far fewer than subprime loans during the same period.

New Loan Modifications	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	4,307	4,302	5,434	8,656	7,878	7,688
Alt-A	4,827	4,819	5,725	7,904	7,743	8,973
Subprime	10,882	11,024	12,525	16,201	16,623	21,139
Other	2,720	2,882	2,436	3,043	2,814	3,691
Overall	22,736	23,027	26,120	35,804	35,058	41,491



New Loan Modifications Relative to Seriously Delinquent Mortgages

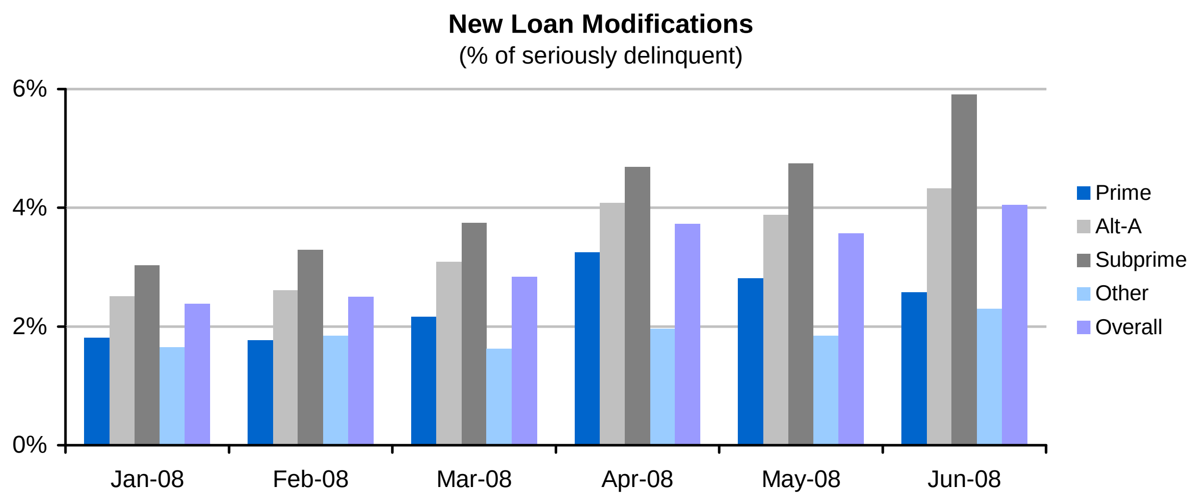
The increase in new loan modifications outpaced the increase in seriously delinquent mortgages during the reporting period.

New loan modifications as a percentage of seriously delinquent mortgages generally increased each month, from 2.38 percent at the end of January to 2.84 percent at the end of March and 4.05 percent at the end of June. The increase accelerated during the second quarter because of the significant increase in new modifications.

New loan modifications as a percentage of seriously delinquent mortgages were consistently highest for subprime loans, the highest risk segment of the serviced portfolio.

While the percentage of new loan modifications relative to seriously delinquent mortgages increased in every category during the reporting period, the increase was greatest for subprime loans at 2.88 percentage points, followed by Alt-A loans at 1.82 percentage points.

New Loan Modifications (% of seriously delinquent)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	1.81%	1.77%	2.16%	3.25%	2.81%	2.58%
Alt-A	2.51%	2.61%	3.09%	4.08%	3.88%	4.33%
Subprime	3.03%	3.29%	3.75%	4.69%	4.75%	5.91%
Other	1.65%	1.84%	1.62%	1.96%	1.85%	2.30%
Overall	2.38%	2.50%	2.84%	3.73%	3.57%	4.05%



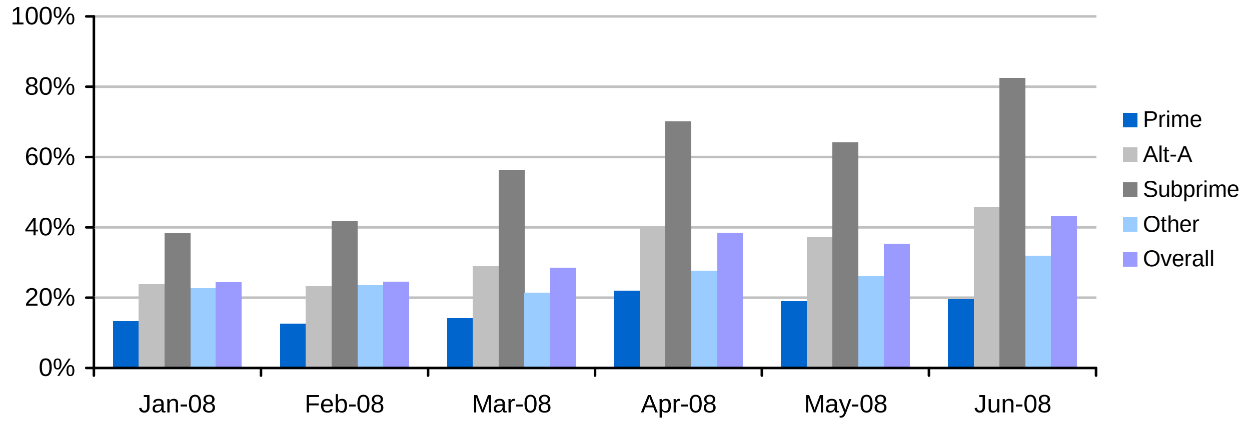
New Loan Modifications Relative to New Foreclosures

New loan modifications as a percentage of new foreclosures increased in all categories during the reporting period. The increase in the percentage accelerated during the second quarter as new loan modifications significantly outpaced new foreclosures.

New loan modifications as a percentage of new foreclosures varied directly with the risk of the loan. The ratio was consistently highest for subprime loans during the reporting period, followed by Alt-A mortgages. Prime mortgages consistently received the fewest loan modifications relative to new foreclosure actions.

New Loan Modifications (% of new foreclosures)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	13.28%	12.54%	14.14%	21.95%	18.90%	19.54%
Alt-A	23.77%	23.19%	28.91%	40.11%	37.12%	45.86%
Subprime	38.25%	41.69%	56.31%	70.06%	64.05%	82.46%
Other	22.68%	23.49%	21.38%	27.62%	25.96%	31.94%
Overall	24.40%	24.55%	28.43%	38.38%	35.29%	43.17%

New Loan Modifications
(% of new foreclosures)



Appendix B—Payment Plans

Overview

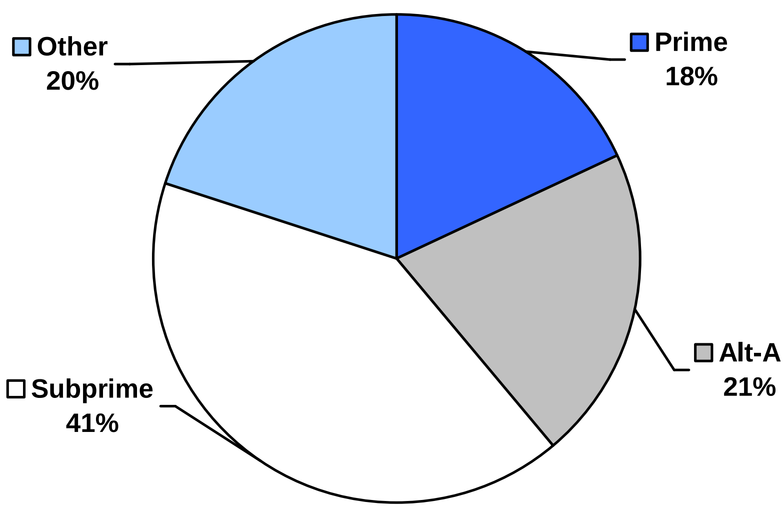
Payment plans included those mortgages for which the servicer and a borrower agreed to a short- to medium-term change in scheduled terms and payments to return a mortgage to a current and performing status.

At the end of June, 154,040 loans were under a payment plan. Payment plans were concentrated in subprime loans, which constituted 41 percent of all plans despite subprime loans constituting less than 9 percent of the total serviced portfolio.

In contrast, prime mortgages constituted the lowest percentage of total payment plans at 18 percent while constituting 66 percent of the total portfolio.

Payment Plans	Jun-08	% of Total Payment Plans
Prime	28,311	18%
Alt-A	31,756	21%
Subprime	62,953	41%
Other	31,020	20%
Total payment plans	154,040	

Payment Plans
(% of total)
June 2008



New Payment Plans

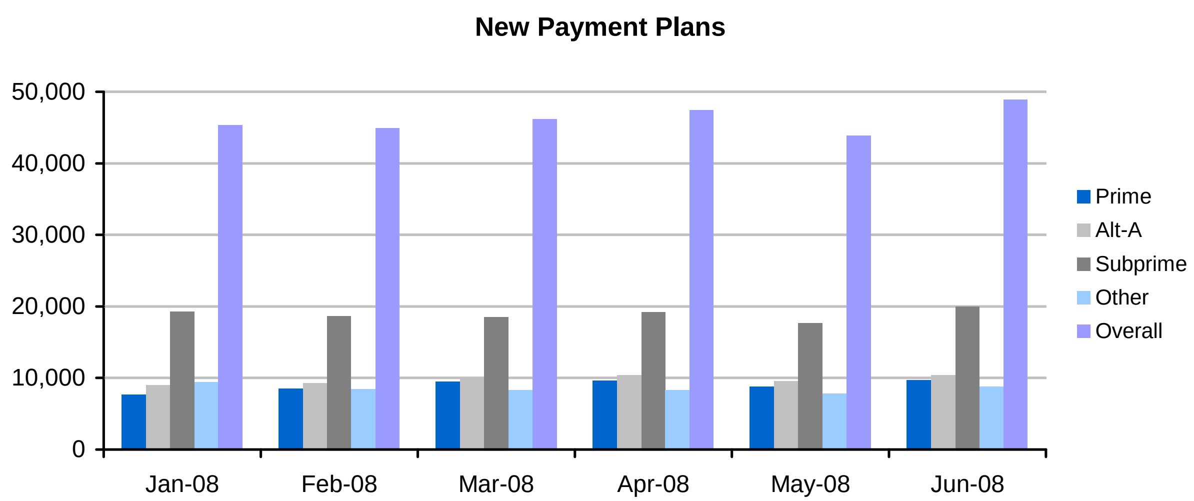
New payment plans averaged 46,718 per month during the second quarter, more than 2.7 percent greater than the 45,455 monthly average during the first quarter. While the number of payment plans continues to increase, loan modifications have increased at a faster pace.

New payment plans during the second quarter were concentrated in subprime loans, which received 41 percent of all new plans despite such loans constituting less than 9 percent of the total serviced portfolio.

In contrast, prime loans received 20 percent of all new payment plans during the second quarter, despite constituting 66 percent of the total portfolio.

Because of data availability limitations, some institutions could not report new payment plans implemented in January 2008. Therefore, January data should be interpreted carefully.

New Payment Plans	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	7,641	8,496	9,478	9,598	8,812	9,652
Alt-A	8,984	9,316	9,899	10,370	9,524	10,419
Subprime	19,297	18,642	18,517	19,172	17,662	20,010
Other	9,372	8,430	8,295	8,300	7,822	8,814
Overall	45,294	44,884	46,189	47,440	43,820	48,895



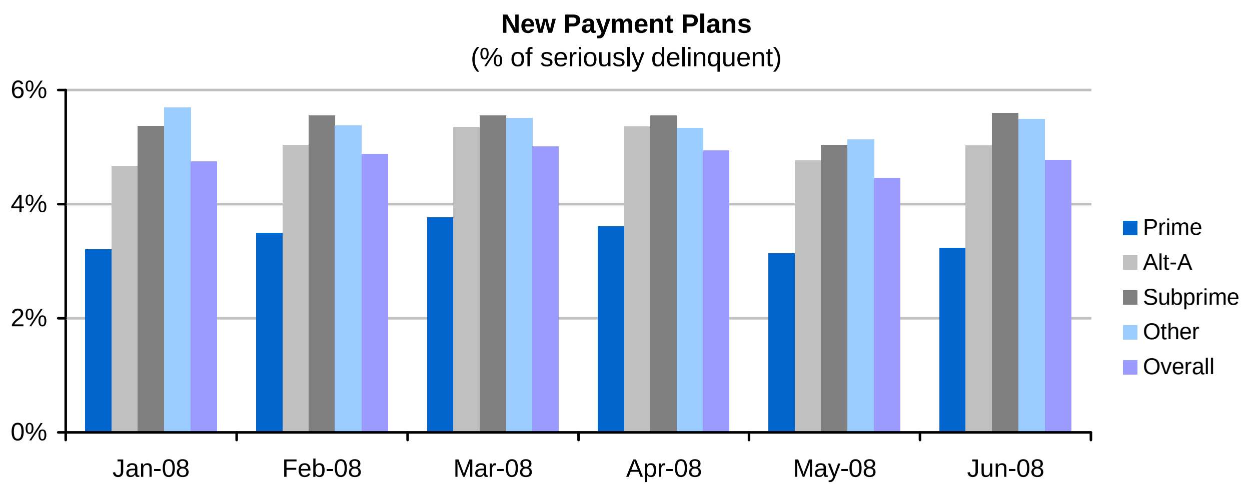
New Payment Plans Relative to Seriously Delinquent Mortgages

New payment plans as a percentage of seriously delinquent loans trended lower during the second quarter, reflecting both an increase in seriously delinquent mortgages and the shift toward loan modifications as a more prevalent loss mitigation action. The percentage peaked at 5.01 percent for the overall portfolio in March and then declined over the following three months to 4.78 percent at the end of June.

New payment plans as a percentage of seriously delinquent loans increased slightly for subprime loans during the second quarter but declined for all other categories.

In June, the percentage was highest for subprime loans at 5.60 percent, and lowest for prime loans at 3.23.

New Payment Plans (% of seriously delinquent)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	3.21%	3.50%	3.77%	3.61%	3.14%	3.23%
Alt-A	4.67%	5.04%	5.35%	5.36%	4.77%	5.03%
Subprime	5.37%	5.56%	5.55%	5.55%	5.04%	5.60%
Other	5.70%	5.38%	5.51%	5.34%	5.13%	5.49%
Overall	4.75%	4.88%	5.01%	4.94%	4.46%	4.78%



New Payment Plans Relative to New Foreclosures

New payment plans as a percentage of new foreclosures during each month increased slightly in the second quarter from 50.27 percent in March to 50.87 percent in June.

While the percentage increased for Alt-A and other loans, it declined for prime and subprime mortgages.

New payment plans as a percentage of new foreclosures were highest for subprime mortgages at the end of the reporting period at 53.26 percent and lowest for prime mortgages at 24.53 percent.

New Payment Plans (% of new foreclosures)	Jan-08	Feb-08	Mar-08	Apr-08	May 08	Jun-08
Prime	23.57%	24.76%	24.66%	24.34%	21.14%	24.53%
Alt-A	44.24%	44.83%	49.98%	52.62%	45.65%	53.26%
Subprime	67.82%	70.50%	83.25%	82.90%	68.05%	78.06%
Other	78.13%	68.72%	72.81%	75.34%	72.15%	76.27%
Overall	48.61%	47.85%	50.27%	50.86%	44.11%	50.87%