2008

ANALYSIS OF SUBPRIME MORTGAGE SERVICING PERFORMANCE

DATA REPORT NO. 3
SEPTEMBER 2008

STATE FORECLOSURE PREVENTION WORKING GROUP

Executive Summary

Nearly one year ago, the State Foreclosure Prevention Working Group met with the 20 largest servicers of subprime mortgage loans to discuss opportunities to prevent unnecessary foreclosures. Over the past year, the State Working Group, composed of state attorneys general and state banking regulators, has collected data monthly from 13 of these 20 servicers and published two reports on subprime servicing performance. While some progress has been made in preventing foreclosures, the empirical evidence is profoundly disappointing. Too many homeowners face foreclosure without receiving any meaningful assistance by their mortgage servicer, a reality that is growing worse rather than better, as the number of delinquent loans, prime and subprime, increases.

Our report shows servicers have increased their use of loan modifications as a tool to avoid foreclosure, but in recent months the number of loans on track for a loan modification has declined precipitously, while the use of short sales has increased. Servicers appear to have reached the "low hanging fruit" of subprime loans facing interest rate resets, while not developing effective approaches to address the bulk of subprime loans which are in default before interest rate resets. The mortgage industry's failure to develop systematic approaches to prevent foreclosures has only spurred declines in property values and further increased expected losses on mortgage loan portfolios. Based on the rising numbers of delinquent prime loans and projected numbers of payment option ARM loans facing reset over the next two years, we fear that continued reactive approaches will lead to another wave of unnecessary and preventable foreclosures.

Specific Findings:

1. **Nearly eight out of ten seriously delinquent homeowners are not on track for any loss mitigation outcome.** In our prior reports, seven out of ten homeowners were not on track for any loss mitigation outcome. This already disappointing ratio has become even worse, with 40,000 *fewer* loans in loss mitigation in May 2008 than in January 2008.

2. **New efforts to prevent foreclosures are on the decline, despite a temporary increase in loan modifications through the 2nd Quarter of 2008.** Unlike other data reports, we track both loan work-outs in process and those that have been finalized (closed). The number of homeowners working toward a loan modification has declined by 28% between January and May, falling to a level not seen since late in 2007. This decline stands in stark contrast to the 51% increase in loan modifications *closed* over this same period. This declining trend of new loans *in process* suggests that new loan modification approaches have been tailored to a limited group of homeowners. Instead of expanding loan modification options to reach a broader set of homeowners, more loss mitigation is being directed to selling homes short of foreclosure. In January, modifications in process outnumbered short sales in process by four to one; in May, that ratio had dropped to two to one.

3. **We estimate that one out of five loan modifications made in the past year are *currently* delinquent.** The high number of previously-modified loans currently delinquent indicates that significant numbers of modifications offered to homeowners have not been sustainable. Recent reports identify that many loan modifications are not providing any monthly payment relief to struggling homeowners.[1] While banks and Wall Street firms continue to report record write-downs of mortgage loan portfolios and securities, these losses do not appear to be flowing down to homeowners in the form of sustainable loan modifications. We are concerned that unrealistic or "band-aid" modifications have only exacerbated and prolonged the current foreclosure crisis.

4. **Three hundred thousand subprime loans are in the process of foreclosure as of the end of May 2008.** Thirty-eight percent (38%) of seriously delinquent subprime loans are in the process of foreclosure, with over 131,000 foreclosures completed on subprime loans in May 2008 alone. Delinquency and foreclosure rates remain high and have a ripple effect through housing, mortgage, and financial markets.

Given the inability of servicers and investors to adjust their approaches to meet this unprecedented challenge, the State Working Group continues to see a need for new and broader-based approaches to loss mitigation that are focused on homeowner sustainability. One such program is the FDIC's new approach for addressing delinquencies in IndyMac's servicing portfolio.[2] We hope other servicers will adopt similar proactive programs based on systematically revising loans to affordable levels.

The State Working Group hopes that recently-enacted federal legislation to provide a new federally-guaranteed refinance program (Hope for Homeowners) will increase the level of refinancing for poorly performing subprime loans; however, the ultimate impact of that program has not yet been seen. Recent federal government interventions in the mortgage and financial markets offer an opportunity to develop more options for homeowners and better systematic loan modification approaches. While the federal government struggles with the implications of the recent financial markets crisis, state

[1] See, e.g., *Rewriting Contracts, Wholesale: Data on Voluntary Mortgage Modifications from 2007 and 2008 Remittance Reports*, White, Alan M., (Aug. 26, 2008), available at SSRN: http://ssrn.com/abstract=1259538 (only 50% of 4,300 loan modifications reported reduced the monthly payment of the homeowner); and *Testimony of Massachusetts Attorney General Martha Coakley*, U.S. House Financial Services Committee (Sept. 17, 2008), available at: http://www.mass.gov/Cago/docs/press/testimony_ag_sept17_loan_modification_hearing.pdf ("virtually none" of 144 loan modifications registered in Massachusetts led to reduction in monthly payment for homeowner).

[2] In August, the FDIC began offering IndyMac borrowers with delinquent home loans the opportunity to have their loan modified to achieve an affordable and sustainable monthly payment. The program involves a variety of tools to achieve a mortgage payment for homeowners that does not exceed 38% of the homeowners' monthly income. *FDIC Implements Loan Modification Program for Distressed IndyMac Mortgage Loans*, FDIC Press Release, (Aug. 20, 2008), available at: http://www.fdic.gov/news/news/press/2008/pr08067.html.

and local governments continue to implement new and innovative approaches to slow the pace of foreclosures that are devastating their communities.

Updates and Trends between October 2007 and May 2008

Our first report[3] provided detailed discussion of the purposes and formation of the State Foreclosure Prevention Working Group and a discussion of the data collected in October 2007, the first month of data collection from 13 of the 20 largest subprime mortgage servicers. The second report highlighted trends from October 2007 through and including January 2008 for the same 13 servicers.[4]

This third report provides four additional months of data and follows the trends of these servicers through May 2008. The third report also provides trend comparisons from October 2007 and uses the data reported in January 2008 as a benchmark to which to compare the most recent collection of data in May 2008.

A. Summary of Servicing Activity

The third report includes data from the same 13 servicers providing data used in the first two reports. This data accounts for approximately 57% of the subprime market and encompasses just over 4.6 million subprime loans. As servicer reporting moves forward, revisions and improvements continue to be made in data reporting by the servicers. While revisions in data have not created material changes in trends reported, the third report includes updated and revised data from past months' reporting.

Payment Resets

The data collected to date reiterate the trend of delinquency occurring in adjustable rate subprime and Alt-A loans prior to the initial rate reset. Thirty-three percent (33%) of the subprime loans facing reset in the 3rd quarter of 2009 are already delinquent in May 2008, up from 29% in January 2008 and 22% in October 2007. This continuing trend of a significant portion of ARM loans being delinquent well in advance of the initial reset date confirms earlier assessments that unsound loan products, weak underwriting and mortgage origination fraud have been the primary causes of the crisis in subprime mortgage lending.

Moreover, relatively few subprime and Alt-A loans continue to enter default within three months following their initial rate reset. While this figure rose to 4.15% in May 2008, it nonetheless represents a relatively small proportion of loans where delinquency can be attributed directly to payment shock associated with an initial rate reset. As we stated in our second report, it appears that that weak underwriting and mortgage origination fraud, and not simply payment resets, have been the primary cause for elevated subprime loan delinquencies for loans originated through at least the middle of 2007.

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[3] *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.

[4] *Analysis of Subprime Mortgage Servicing Performance, Data Report No. 2*, State Foreclosure Prevention Working Group (Apr. 22, 2008), available at: http://www.csbs.org/Content/NavigationMenu/Home/StateForeclosureApril2008.pdf.

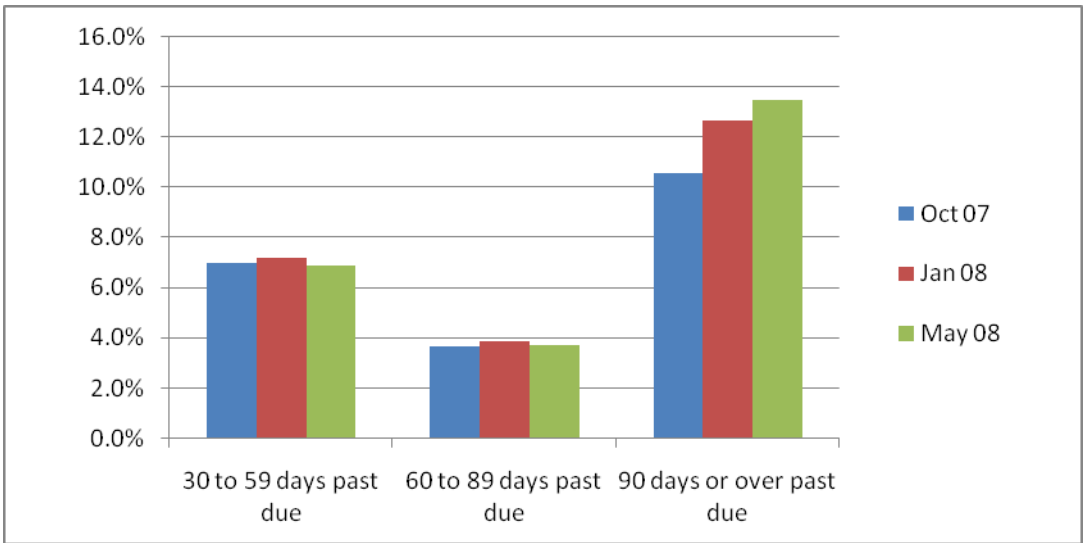
Table 1: Percent of Subprime and Alt-A Loans in Default by Date of Rate Reset

	Oct 07	Jan 08	May 08
Delinquent Loans with initial rate reset in Quarter 3 of 2009	21.59%	28.58%	33.01%
Percent of Delinquent Loans which entered default within 3 months after initial rate reset	2.96%	3.19%	4.15%

Delinquency and Default

By the end of May, over 1.1 million subprime and Alt-A loans were at least 30 days delinquent. This represents a delinquency rate of 24.1% of subprime and Alt-A loans serviced. Further, in May 2008 over 620,000 subprime and Alt-A loans were delinquent for more than 90 days. As shown in Figure 1 below, while the rates of delinquency from 30 to 59 days and 60 to 89 days remained relatively constant, delinquencies for 90 days or more past due increased between October 2007 and May 2008.

Figure 1. Subprime and Alt-A Delinquency Rates



While not the focus of the State Working Group, another concerning trend is the increasing rate of delinquency and default among prime loans. The number and rate of prime delinquencies has climbed throughout the data collection period, with 5.2% of prime loans at least 30 days delinquent in May 2008, compared with a 3.8% prime delinquency rate in October 2007.

Foreclosure Activity

In May 2008, 305,000 loans were in the process of foreclosure, up 2.3% from the January 2008 level and up 10.9% from October 2007. Loans in the process of foreclosure in May

2008 represent 27.5% of all delinquent subprime and Alt-A loans, up from a figure of 25.5% of delinquent loans in October 2007.

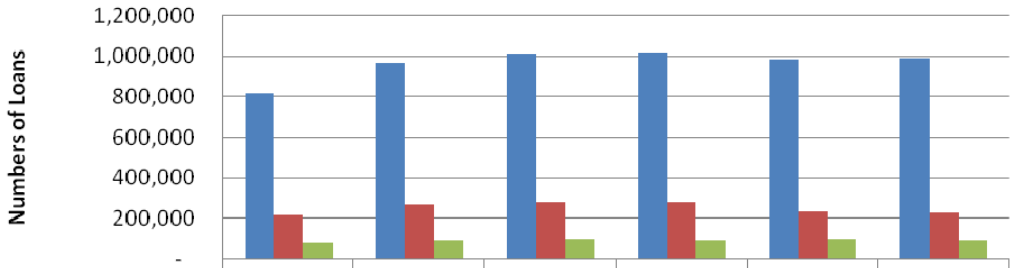
In May 2008, the 13 servicers reported 131,000 foreclosures completed on subprime and Alt-A loans, up 28.2% from foreclosures completed in October 2007. The highest number of foreclosures was reported in February 2008, which saw almost 146,000 foreclosures completed.

B. Loss Mitigation and Loan Modification

Our first two reports found that seven out of ten seriously delinquent borrowers were not in any type of loss mitigation. May 2008 data indicate that this proportion not receiving assistance has increased, with that number rising to nearly eight out of 10 seriously delinquent borrowers not involved in any loss mitigation efforts with their servicers.

Specifically, the data indicate that after increasing through January, February, and March 2008, the portion of loans in loss mitigation declined substantially in April and May. In fact, May 2008 represents the low point in the measurement period with 226,000 loans in loss mitigation. Throughout this period, loss mitigation efforts have not kept pace with the numbers of seriously delinquent borrowers. Only 23.0% of troubled borrowers in May 2008 were receiving any loss mitigation assistance.

Figure 2. Comparison of Severely Delinquent (60+ days) Loans and Loss Mitigation Efforts In-Process



	Oct 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08
Severely delinquent loans*	814,029	963,993	1,012,787	1,014,628	979,697	985,606
Loss mitigation in process	219,655	269,794	277,475	278,695	232,916	226,507
Loss mitigation closed	84,427	93,398	98,783	97,565	101,824	97,434

*Note: The data on severely delinquent loans has been adjusted downward to exclude data from two servicers who do not currently report loss mitigation in process.

We have divided loss mitigation activities into three broad categories: 1) mitigations where the borrower loses the home (short sale and deed-in-lieu); 2) mitigations where the borrower retains possession of the home (forbearance, repayment plan, and modification); and 3) mitigations where the borrower's effort leads to resolving delinquency (refinance and reinstatement). Table 2 below shows that, through May, an

increasing number of loss mitigation efforts result in the borrower losing possession of the home, while modifications where the borrower retains possession of the home have shrunk. The numbers of borrowers resolving delinquencies on their own declined moderately in this period.[5]

Table 2. Loss Mitigation Efforts as Percent of Severely Delinquent (60+ days) Loans

Loss Mitigation Efforts	Oct 07	Jan 08	May 08
Total in process with borrower losing home	3.74%	3.90%	5.77%
Total in process of home retention	21.30%	22.47%	15.96%
Total in process of being resolved by borrower	1.94%	1.62%	1.25%
Total proportion in loss mitigation	26.98%	27.99%	22.98%

More specifically, between January and May, the numbers of borrowers losing their homes through deeds-in-lieu increased and those losing their homes through short sales increased by 54%. During the same period, the numbers of borrowers retaining their homes through forbearance decreased modestly by 6%, borrowers retaining their home through repayment plans decreased by 34%, and borrowers retaining their homes through loan modifications decreased by 28%.

Compared to last year, homeowners struggling to make their mortgage payments are less likely to receive loss mitigation assistance or to be able to retain their home through their own efforts. More homeowners are working with their servicer on options that require them to sell their home. These trends highlight the need for new servicing tools and approaches to increase the percentage of homeowners receiving assistance and to keep more of them in their homes.

Closed Loss Mitigations

Despite the declining trend in the numbers of borrowers retaining their homes through loss mitigation, a majority of borrowers that receive loss mitigation are able to retain their homes, as seen in Table 3 below. Consistent with our prior reports, many more homeowners find a way to reinstate their loans than would be predicted by the initial loss mitigation indication. In addition, the percentage of short sales in process highlights the shift of loss mitigation efforts toward home loss. As noted earlier, we believe that the modification programs offered by servicers have reached only a limited pool of homeowners wanting to stay in their home, and instead of improving and expanding their programs to promote home retention, servicers have increased efforts directed to short sales, as a cheaper and quick alternative to foreclosure.

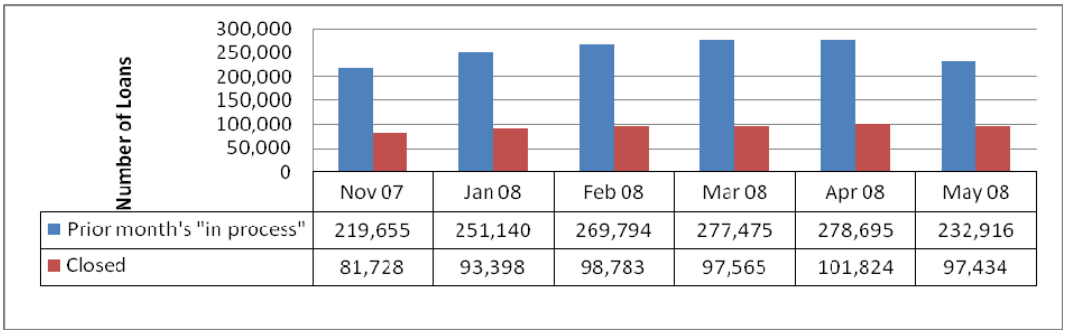
[5] A recent survey of major subprime lenders suggests that non-FHA subprime lending has almost disappeared, with only five major lenders making subprime loans. *Subprime Originations All But Vanished in 2nd Quarter of 2008*, Inside B&C Lending (Aug. 29, 2008) at p. 1.

Table 3. Loss Mitigation Efforts by Type In-Process vs. Closed in May 2008 as Percentage of All Loss Mitigation Efforts

Home Retention	Loss Mitigation Efforts	In Process	Closed
Borrower Loses Home	Deed in lieu	2.09%	0.37%
	Short sale	23.04%	6.83%
Borrower Retains Home	Forbearance	8.27%	2.54%
	Repayment plan	15.10%	28.82%
	Modification	46.07%	37.38%
Borrower Effort	Refinance or paid in full	1.45%	6.81%
	Reinstatement	3.97%	17.26%
Total Loss Mitigation Efforts		100.0%	100.0%

Through the reporting period, the proportion of closed loss mitigation efforts to the prior month's loss mitigation efforts in process has hovered around 40%. The inability to narrow the gap between in-process and closed loss mitigation efforts is a significant concern and is demonstrated in Figure 3 below. This is particularly discouraging in light of the substantial public and non-profit efforts that have gone into assisting borrowers and the increase in staffing at major servicers. The paperwork required for loss mitigation efforts is often cited as a reason for the failure of loss mitigation efforts to close. Servicers have raised concerns about borrowers failing to complete and return paperwork, while borrowers and foreclosure prevention counselors cite concerns over overwhelmed loss mitigation departments.

Figure 3. Loss Mitigation Closed Compared to Prior Month's Loss Mitigation In-Process

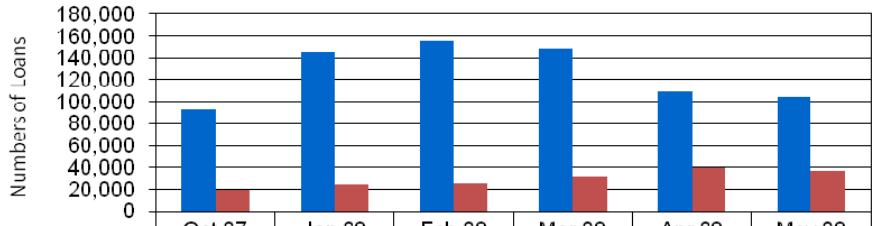


Loan Modifications

Loan modifications in process have declined significantly since January, while closed loan modifications have increased overall since January. As demonstrated in Figure 4, loan modifications in process rose dramatically in early 2008 and then fell off substantially in April and May. We believe that this trend reflects a period of servicers

increasing loss mitigation staff and implementing the ASF streamline modification program ("fast track" modification) in January and February 2008.

Figure 4. In-Process and Closed Modifications Reported by Month



	Oct 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08
In-Process Modifications Reported	92,699	145,124	155,559	148,910	109,746	104,357
Modifications Closed Reported	19,081	24,098	25,494	31,697	39,894	36,418

The number of closed loan modifications increased by 51% between January 2008 and May 2008, reflecting the fruit of the increase in loan modifications in process in the early part of this year. Based on the recent declining trend in loan modifications in process, we are concerned that loan modifications closed will inevitably begin to decline in the near term.

Types of Loan Modifications

The data on types and duration of loan modifications still fall short of our desired level of consistency; however, we can note some changes in the profile of loan modifications during this period. Although prior reporting found a nearly even split between permanent, life-of-loan modifications and modifications effective for less than the life of the loan, the May 2008 data indicate the closing of life-of-loan modifications at a rate three times higher than the closing of modifications effective for a shorter period. While freezing the interest rate at the start/initial rate for adjustable rate mortgages was previously the most common type of modification, currently more modifications involve setting the interest rate above the start/initial rate but below the reset rate. Servicers continue to report only a small number of modifications reducing principal balance or extending mortgage terms; however, some modifications with these features may be reported as modifications with multiple features.

Re-defaults

Between October 2007 and May 2008, the number of delinquent subprime and Alt-A loans that had been modified in the last 12 months increased by 160%. While this figure represents only 5.29% of past-due subprime and Alt-A loans, this increase indicates that a portion of recent loan modifications have not been sustainable. Through May 2008, we estimate that one out of five loans receiving a modification in the past year is *currently* delinquent. This suggests a widespread lack of sustainability in modifications made to date, consistent with anecdotal reports from counselors that many modifications have offered little, if any, payment reduction for homeowners. These band-aid modifications

provide an appearance of addressing the subprime crisis, when in fact, they may simply be setting homeowners up for future failure and investors for greater losses.

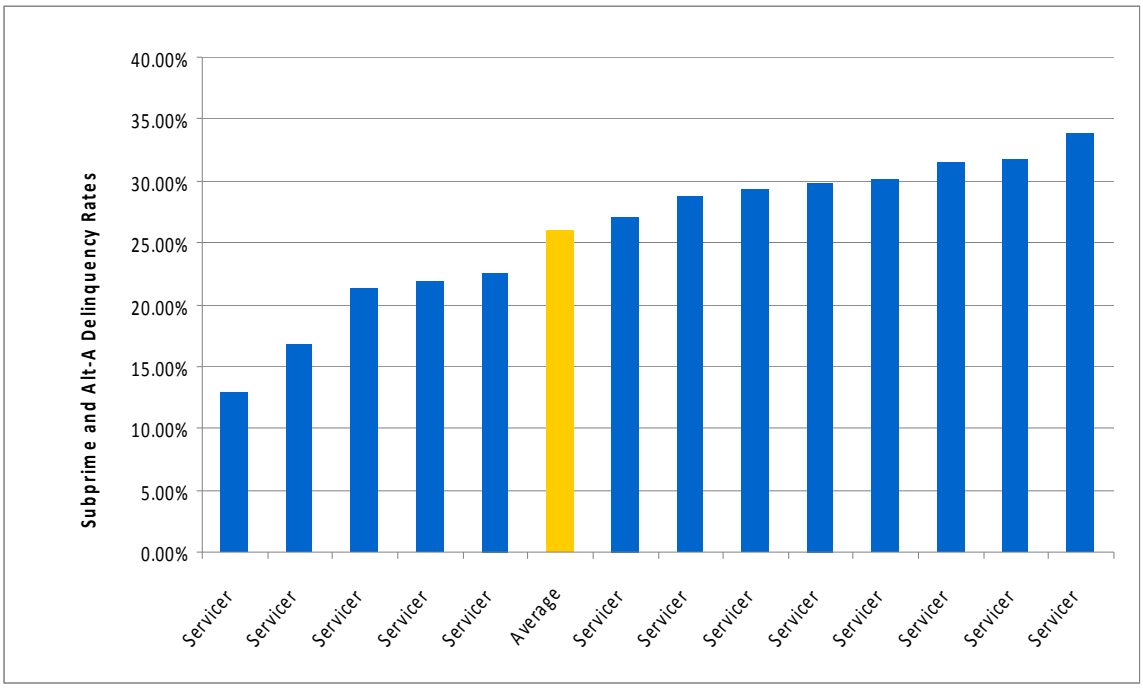
C. Variations Among Servicers

As noted in previous reports, servicers vary by size, specialization in subprime servicing, and affiliations with mortgage originators. As a result, reporting continues to indicate wide variation in the delinquency rates, foreclosure rates, and use and profile of loss mitigation tools.

Servicer Variation in May 2008

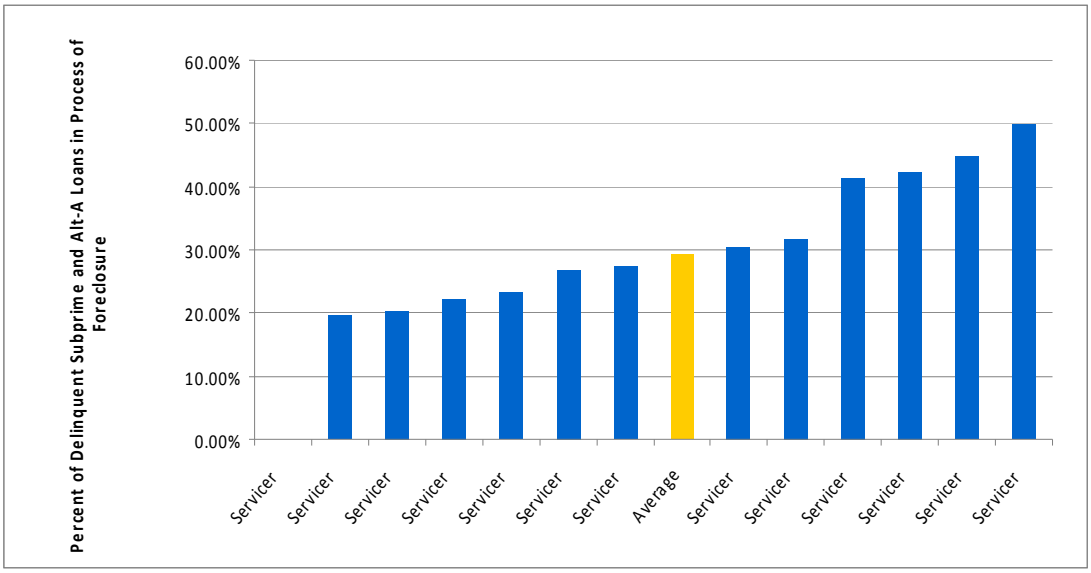
In May 2008, delinquency varied widely among the 13 servicers as demonstrated in Figure 5 below. Whereas one servicer reported a delinquency rate among subprime and Alt-A loans of 12.9%, another servicer reported a delinquency rate of 33.8%.

Figure 5. Delinquency Rates of Subprime and Alt-A Loans among Servicers in May 2008



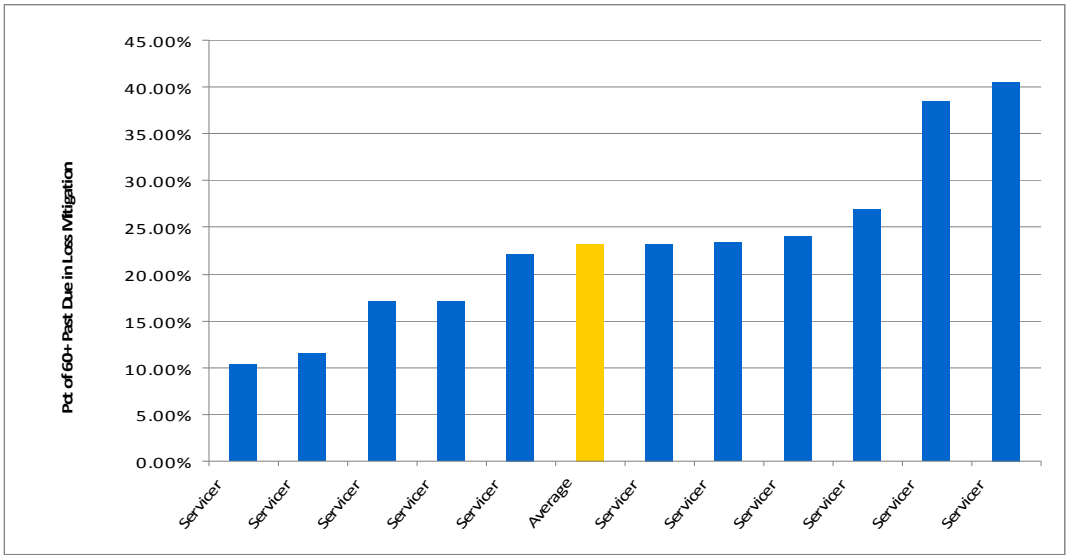
In addition, servicers differ by the proportion of delinquent loans that are in the process of foreclosure. As demonstrated in Figure 6 below, in May 2008, one servicer reported that only .03%, an unusually low proportion, of delinquent subprime and Alt-A loans in the process of foreclosure. On the other hand, another servicer reported that 49.8% of delinquent subprime and Alt-A loans were in the process of foreclosure.

Figure 6. Foreclosure Rates among Delinquent Subprime and Alt-A Loans among Servicers in May 2008



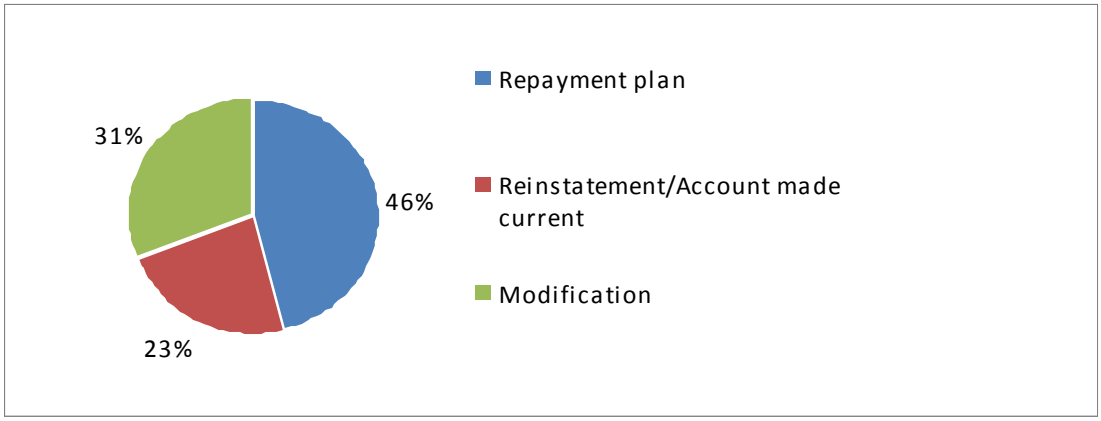
Moreover, the penetration of loss mitigation varies among servicers. While several servicers offered around 22% of severely delinquent borrowers loss mitigation during May 2008, one servicer reported only 10.4% of severely delinquent loans in loss mitigation. Further, one servicer reported 40.5% of severely delinquent loans in loss mitigation efforts. These trends are illustrated in Figure 7.

Figure 7. Loss Mitigation In-Process as Percent of Severely Delinquent (60+ days) Loans among Reporting Servicers in May 2008



Finally, servicers differ in the tools used most frequently in loss mitigation, as shown in Figure 8 below. In May 2008, repayment plans were the most used loss mitigation tool among six of 13 servicers. Following that were modifications, which were the most common tool for four of the servicers, and reinstatements, which were the most common tool among three servicers.

Figure 8. Breakdown of Most Commonly Used Loss Mitigation Tools among Servicers in May 2008

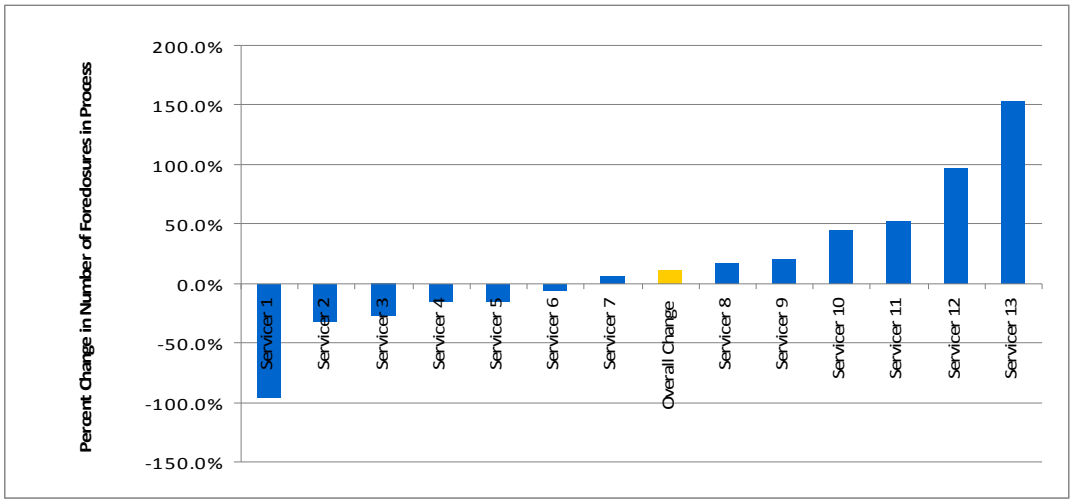


Trends among Individual Servicers

While our report focuses on the performance of the overall subprime servicing industry, there is great diversity among subprime servicers. Now that we have nine months of data, we can identify individual servicers' trends on key performance metrics. For example, the severe (90+) delinquency rate for subprime and Alt-A loans overall increased by 9.0% from October 2007 to May 2008, however, four servicers experienced moderate declines in this rate during this time. The servicer with the largest decline had a significant increase in numbers of foreclosures completed, suggesting that the reduction in seriously delinquent loans is the result of an aggressive (or efficient) foreclosure effort.

The overall number of subprime and Alt-A foreclosures in process has increased 10.9% since October 2007 and only slightly (2.4%) since January 2008. However, this trend varies greatly among servicers, as shown in Figure 9. About half the servicers experienced a drop in foreclosures in process, while the other half experienced an increase. These changes can be quite dramatic. For instance, one servicer experienced a decrease in foreclosures in process of 96% from October 2007 to May 2008, while another servicer experienced a 153% increase over the same time period.

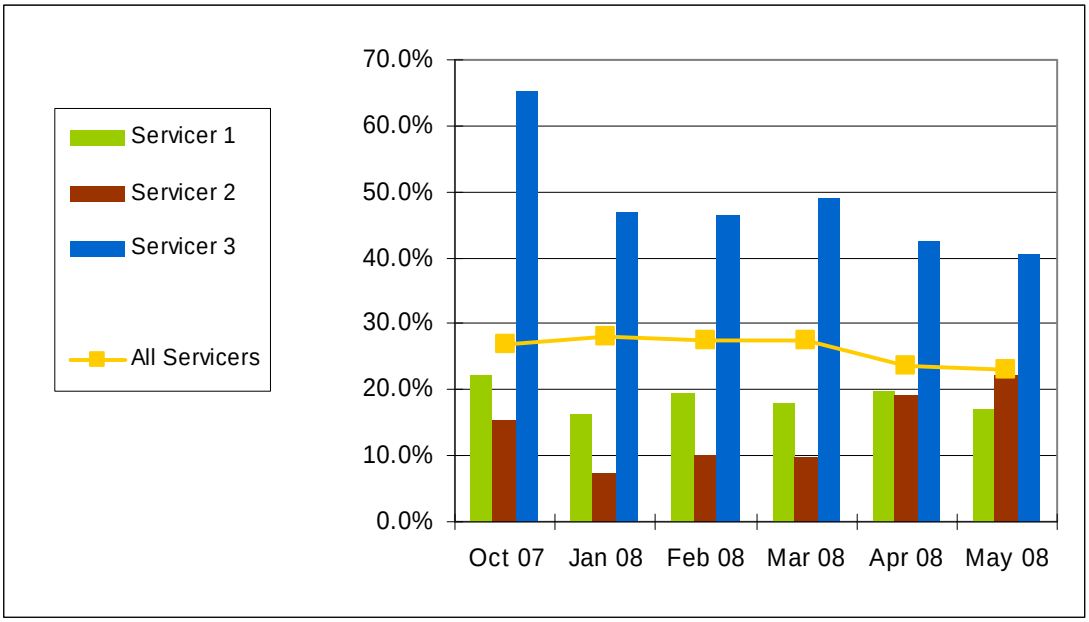
Figure 9. Percent Change in Number of Foreclosures in Process from October 2007 to May 2008



These trends, even for individual servicers, are not uniformly consistent in direction. For example, we noted that overall servicers increased loss mitigation in process in the early part of 2008, but that these efforts did not keep pace with the number of seriously delinquent loans. Figure 10 below shows the variability in individual servicer performance over this time.

Servicer 1 demonstrates a slightly below-average trend in loss mitigation in process throughout this period, with modest increases and decreases on a month-to-month basis. Servicer 2 is a low-performer in loss mitigation throughout the period, but shows a consistent upward trend in recent months to exceed Servicer 1 and reach the industry average. Servicer 3 consistently demonstrates well-above average loss mitigation penetration throughout the period, but the percentage of homeowners with severely delinquent loans declined from 65% in October 2007 to 41% in May 2008. This tale of three servicers demonstrates the significant variability of servicer performance during this mortgage turmoil.

Figure 10. Loss Mitigation Efforts in Process as Percent of Severely Delinquent (60+ days) Loans among Three Individual Servicers and All Servicers Reporting Loss Mitigation in Process



Similarly, servicers show great variation in the percentage of loan modifications in process. Overall, servicers increased their use of loan modifications between October 2007 and January 2008, followed by a decrease between January and May 2008; however, only three servicers had trends that followed the industry average. For example, while Servicer 5 in Table 4 below saw modest decreases in the use of modifications during both periods, Servicer 9 saw increases of nearly 200% during the same timeframe. Moreover, Servicer 6 posted a spectacular increase in the use of modifications from October to January, followed by a modest decrease from January to May.

Table 4. Percent Change in the Loan Modifications in Process from October 2007 to January 2008 and January 2008 to May 2008 among 11 Servicers Reporting Loss Mitigation in Process

	Oct to Jan	Jan to May
Servicer 1	59.9%	24.4%
Servicer 2	156.4%	-49.8%
Servicer 3	52.4%	-9.3%
Servicer 4	105.7%	130.2%
Servicer 5	-32.2%	-22.5%
Servicer 6	604.1%	-17.0%
Servicer 7	71.7%	4.3%
Servicer 8	324.7%	1.7%
Servicer 9	194.6%	197.1%
Servicer 10	50.0%	-44.0%
Servicer 11	11.0%	28.0%
All Servicers	56.6%	-28.1%

Finally, the majority of servicers demonstrated increases in the numbers of loan modifications closed during the period from October 2007 to May 2008. The most striking increase came from a servicer that increased its closed modifications from 15 in October to over 6,600 in May. Servicers completing larger numbers of modifications at the beginning of data collection in October also reported increases, though not as dramatic. In this period, only one servicer, Servicer 5 from Table 4 above, reported a decrease in the number of loan modifications closed.

Conclusion

Recent events on Wall Street have demonstrated the connection between the financial health of the American homeowner and the health of our financial markets. Over the past year, the State Working Group has focused on how the mortgage servicing system can reduce the numbers of unnecessary foreclosures as a way to benefit homeowners, investors, and local communities. The mortgage servicing system was not designed to work-out loans on this magnitude, and while progress has been made, that progress pales in comparison to the numbers of homeowners needing assistance. The need for systematic approaches and comprehensive solutions to current foreclosure levels is urgent. We believe that changing the approaches and the options for homeowners struggling to make their mortgage payments is essential to long-term health of not just homeowners and our communities, but also of our financial markets.

APPENDIX A

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

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 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	15,055,149	100.00%	2,377,609,435	100.00%
Serviced loans originated and funded by an unaffiliated party	7,853,090	52.16%	1,286,564,574	54.11%
Serviced loans where originator or funder is affiliated with the servicer	6,911,191	45.91%	1,045,195,834	43.96%
Serviced loans secured by owner-occupied residence*	12,768,799	84.81%	2,067,996,927	86.98%
Serviced loans for investment or second residence property*	2,270,591	15.08%	307,396,690	12.93%
Loans which are secured by a first mortgage only*	11,362,854	75.47%	2,098,717,870	88.27%
Loans which are secured by a second mortgage only*	1,142,819	7.59%	60,064,719	2.53%
Loans which you service both the first and second mortgage*	2,542,896	16.89%	218,430,216	9.19%
*Reported data reconciles within 2%.				
Prime Loans (8 servicers reporting)	10,203,127	100.00%	1,618,497,405	100.00%
Fixed rate, fully amortizing	7,403,613	72.56%	1,069,439,743	66.08%
Hybrid ARMs (2/28, 3/27s, or similar)	1,204,734	11.81%	263,209,537	16.26%
Adjustable rate, fully amortizing	859,398	8.42%	43,297,719	2.68%
Loans with interest only feature	419,851	4.11%	122,464,684	7.57%
Payment Option ARMs and other loans with negative amortization feature	315,438	3.09%	120,078,345	7.42%
Other	93	0.00%	7,378	0.00%
Subprime & Alt-A Loans (13 servicers reporting)	4,614,279	100.00%	730,104,695	100.00%
Fixed rate, fully amortizing	2,397,424	51.96%	288,221,306	39.48%
Hybrid ARMs (2/28, 3/27s, or similar)	1,304,654	28.27%	237,499,800	32.53%
Adjustable rate, fully amortizing	88,328	1.91%	17,618,251	2.41%
Loans with interest only feature	434,232	9.41%	113,690,493	15.57%
Payment Option ARMs and other loans with negative amortization feature	116,795	2.53%	43,905,768	6.01%
Other	272,846	5.91%	29,169,078	4.00%

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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DELINQUENCY BY QUARTER OF INITIAL RESET

Number of Prime Loans

		30+ Days Past Due		Individual Company %		
	Resetting Total	Number	%	High	Low	Median
4th Quarter 2007	16,671	5,467	32.79%	33.39%	15.63%	31.26%
1st Quarter 2008	12,918	3,171	24.55%	25.71%	20.93%	23.81%
2nd Quarter 2008	17,787	2,822	15.87%	20.00%	11.41%	16.94%
3rd Quarter 2008	26,388	3,675	13.93%	39.13%	1.62%	15.31%
4th Quarter 2008	20,283	1,974	9.73%	10.03%	0.00%	5.45%
1st Quarter 2009	15,773	1,427	9.05%	16.67%	1.74%	9.25%
2nd Quarter 2009	29,912	1,691	5.65%	17.39%	1.60%	4.91%
3rd Quarter 2009	29,733	1,997	6.72%	7.34%	3.61%	4.05%
Eight Quarter Total	169,465	22,224	13.11%			
Percent of Total Serviced	1.66%					
Percent of non-fixed rate products	6.05%					

UPB of Prime Loans

		30+ Days Past Due		Individual Company %		
	Resetting Total	UPB	%	High	Low	Median
4th Quarter 2007	4,173,906	1,264,409	30.29%	34.48%	19.35%	29.08%
1st Quarter 2008	2,909,075	802,385	27.58%	29.07%	23.50%	24.09%
2nd Quarter 2008	4,025,308	714,826	17.76%	18.93%	13.38%	16.02%
3rd Quarter 2008	6,199,295	957,156	15.44%	41.24%	1.12%	10.15%
4th Quarter 2008	4,659,350	500,748	10.75%	11.12%	0.00%	6.23%
1st Quarter 2009	3,583,387	368,985	10.30%	15.15%	1.41%	10.70%
2nd Quarter 2009	7,465,478	443,328	5.94%	20.85%	1.15%	5.07%
3rd Quarter 2009	7,147,419	527,733	7.38%	8.07%	3.25%	4.26%
Eight Quarter Total	40,163,218	5,579,572	13.89%			
Percent of Total Serviced	2.48%					
Percent of non-fixed rate products	7.31%					

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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DELINQUENCY BY QUARTER OF INITIAL RESET

Number of Sub-Prime & Alt-A Loans

		30+ Days Past Due		Individual Company %		
	Resetting Total	Number	%	High	Low	Median
4th Quarter 2007	70,792	35,067	49.54%	64.71%	41.08%	51.84%
1st Quarter 2008	68,546	33,869	49.41%	61.00%	41.24%	48.20%
2nd Quarter 2008	104,614	45,773	43.75%	65.71%	29.13%	46.02%
3rd Quarter 2008	174,470	74,087	42.46%	51.01%	28.69%	42.37%
4th Quarter 2008	188,804	81,470	43.15%	51.28%	26.91%	38.40%
1st Quarter 2009	153,468	62,985	41.04%	48.07%	24.28%	39.21%
2nd Quarter 2009	91,106	32,107	35.24%	45.31%	23.78%	34.40%
3rd Quarter 2009	59,387	19,602	33.01%	41.84%	23.73%	32.66%
Eight Quarter Total	911,187	384,960	42.25%			
Percent of Total Serviced	19.75%					
Percent of non-fixed rate products	41.10%					

UPB of Sub-Prime & Alt-A Loans

		30+ Days Past Due		Individual Company %		
	Resetting Total	Number	%	High	Low	Median
4th Quarter 2007	15,641,070	7,846,053	50.16%	70.70%	37.99%	56.00%
1st Quarter 2008	14,417,996	7,433,619	51.56%	67.81%	39.48%	53.64%
2nd Quarter 2008	21,551,603	10,078,662	46.77%	59.55%	31.30%	48.78%
3rd Quarter 2008	36,891,876	16,913,494	45.85%	55.65%	30.93%	44.60%
4th Quarter 2008	41,370,426	19,439,465	46.99%	55.89%	28.83%	44.27%
1st Quarter 2009	35,062,388	15,735,423	44.88%	49.79%	26.21%	43.82%
2nd Quarter 2009	20,242,267	7,671,957	37.90%	51.21%	25.16%	37.34%
3rd Quarter 2009	13,079,926	4,538,875	34.70%	43.51%	24.81%	34.30%
Eight Quarter Total	198,257,553	89,657,548	45.22%			
Percent of Total Serviced	27.15%					
Percent of non-fixed rate products	44.87%					

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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DELINQUENCY & DEFAULT

		Individual Company (% of Serviced)		
Number of Prime Loans	Number	High	Low	Median
30 to 59 days	245,202	3.53%	0.65%	1.80%
60 to 89 days	99,867	1.41%	0.08%	0.91%
90 days or over	183,601	100.00%	0.00%	1.57%
Total	528,670			
Percentage of Prime Loans Serviced	*5.18%*	*200.00%*	*0.77%*	*5.03%*
Loans from above which were modified in the last 12 months.	7,920			
Percentage of total past due	*1.50%*	*3.76%*	*0.08%*	*1.58%*
Loans which entered delinquency within 3 payments of initial rate reset	103			
Percentage of total past due	*0.02%*	*0.02%*	*0.00%*	*0.01%*
Loans where notice of default sent	25,395			
Loans where formal foreclosure proceedings started	54,415			
Total Loans in Process of Foreclosure	79,810			
Percentage of total past due	*15.10%*	*84.51%*	*0.00%*	*19.12%*
Loans where foreclosure proceeding completed (ORE)	37,566			

		Individual Company (% of Serviced)		
UPB of Prime Loans	UPB	High	Low	Median
30 to 59 days	39,758,091	100.00%	0.45%	2.01%
60 to 89 days	17,679,760	1.51%	0.00%	0.71%
90 days or over	31,081,161	100.00%	0.00%	1.47%
Total	88,519,012			
Percentage of Prime Loans Serviced	*5.47%*	*200.00%*	*0.49%*	*4.53%*
Loans from above which were modified in the last 12 months.	1,312,282			
Percentage of total past due	*1.48%*	*3.34%*	*0.08%*	*1.35%*
Loans which entered delinquency within 3 payments of initial rate reset	44,213			
Percentage of total past due	*0.05%*	*28.29%*	*0.00%*	*0.06%*
Loans where notice of default sent	10,142,921			
Loans where formal foreclosure proceedings started	12,783,005			
Total Loans in Process of Foreclosure	22,925,926			
Percentage of total past due	*25.90%*	*87.94%*	*0.00%*	*30.47%*
Loans where foreclosure proceeding completed (ORE)	8,920,717			

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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DELINQUENCY & DEFAULT

		Individual Company (% of Serviced)		
Number of Sub-Prime & Alt-A Loans	Number	High	Low	Median
30 to 59 days	317,097	9.77%	3.86%	7.47%
60 to 89 days	171,378	5.61%	2.35%	3.31%
90 days or over	621,588	23.80%	4.20%	15.79%
Total	1,110,063			
Percentage of Sub-Prime & Alt-A Loans Serviced	*24.06%*	*33.81%*	*12.90%*	*28.67%*
Loans from above which were modified in the last 12 months.	58,703			
Percentage of total past due	*5.29%*	*33.85%*	*0.10%*	*2.49%*
Loans which entered delinquency within 3 payments of initial rate reset	46,041			
Percentage of total past due	*4.15%*	*21.62%*	*0.33%*	*3.61%*
Loans where notice of default sent	117,229			
Loans where formal foreclosure proceedings started	187,905			
Total Loans in Process of Foreclosure	305,134			
Percentage of total past due	*27.49%*	*57.84%*	*0.03%*	*27.35%*
Loans where foreclosure proceeding completed (ORE)	131,431			

		Individual Company (% of Serviced)		
UPB of Sub-Prime & Alt-A Loans	UPB	High	Low	Median
30 to 59 days	49,057,102	9.95%	3.97%	6.92%
60 to 89 days	28,374,038	5.81%	2.39%	3.66%
90 days or over	101,003,350	28.18%	3.51%	18.09%
Total	178,434,491			
Percentage of Sub-Prime & Alt-A Loans Serviced	*24.44%*	*37.04%*	*12.27%*	*31.24%*
Loans from above which were modified in the last 12 months.	10,937,598			
Percentage of total past due	*6.13%*	*33.24%*	*0.12%*	*3.24%*
Loans which entered delinquency within 3 payments of initial rate reset	9,483,320			
Percentage of total past due	*5.31%*	*31.48%*	*0.61%*	*5.75%*
Loans where notice of default sent	23,326,997			
Loans where formal foreclosure proceedings started	42,247,661			
Total Loans in Process of Foreclosure	65,574,658			
Percentage of total past due	*36.75%*	*113.49%*	*0.02%*	*38.85%*
Loans where foreclosure proceeding completed (ORE)	28,688,380			

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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LOSS MITIGATION & MODIFICATIONS

Number of Loans In-Process	Number	**%**	Individual Company (% allocation) High	Low	Median
Deed in lieu	4,728	2.09%	4.64%	0.17%	0.50%
Short sale	52,181	23.04%	36.53%	4.14%	21.51%
Total in process with borrower losing home	56,909	25.12%			
*Percent of past due 60 days+**	*5.77%*		*9.96%*	*0.60%*	*3.90%*
Forbearance	18,735	8.27%	45.76%	0.15%	5.06%
Repayment plan	34,211	15.10%	40.99%	0.00%	12.33%
Modification (principal reduction, interest rate &/or term of debt)	104,357	46.07%	83.58%	9.43%	41.82%
Total in process of home retention	157,303	69.45%			
*Percent of past due 60 days+**	*15.96%*		*36.90%*	*6.19%*	*16.27%*
Refinance or paid in full	3,293	1.45%	41.44%	1.55%	1.85%
Reinstatement/Account to be made current	9,002	3.97%	53.24%	3.00%	3.78%
Total in process of being resolved by borrower	12,295	5.43%			
*Percent of past due 60 days+**	*1.25%*		*5.10%*	*0.07%*	*1.01%*
Total loans in loss mitigation	226,507	100.00%			
*Percent of past due 60 days+**	*22.98%*		*40.54%*	*10.39%*	*23.18%*

UPB of Loans In Process	UPB	%	Individual Company (% allocation) High	Low	Median
Deed in lieu	1,137,814	2.46%	5.20%	0.20%	0.59%
Short sale	12,460,587	26.96%	40.77%	5.16%	24.14%
Total in process of borrower losing home	13,598,401	29.43%			
*Percent of past due 60 days+**	*8.14%*		*15.55%*	*0.70%*	*4.75%*
Forbearance	3,239,904	7.01%	43.79%	0.10%	4.48%
Repayment plan	6,140,505	13.29%	37.67%	0.00%	10.14%
Modification (principal reduction, interest rate &/or term of debt)	20,840,461	45.10%	85.50%	10.66%	41.47%
Total in process of home retention	30,220,871	65.40%			
*Percent of past due 60 days+**	*18.10%*		*47.59%*	*6.98%*	*16.43%*
Refinance or paid in full	864,152	1.87%	20.49%	0.00%	0.84%
Reinstatement/Account made current	1,527,641	3.31%	29.26%	0.00%	1.96%
Total in process of being resolved by borrower	2,391,793	5.18%			
*Percent of past due 60 days+**	*1.43%*		*6.93%*	*0.05%*	*0.90%*
Total loans in loss mitigation	46,211,064	100.00%			
*Percent of past due 60 days+**	*27.68%*		*63.29%*	*11.79%*	*25.92%*

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

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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LOSS MITIGATION & MODIFICATIONS

Number of Loans Closed	Number	%	Individual Company (% allocation) High	Low	Median
Deed in lieu	357	0.37%	1.14%	0.00%	0.30%
Short sale	6,656	6.83%	30.39%	0.86%	7.11%
Total closed with borrower losing home	7,013	7.20%			
Forbearance	2,471	2.54%	9.64%	0.00%	0.96%
Repayment plan	28,079	28.82%	59.18%	0.01%	30.05%
Modification (principal reduction, interest rate &/or term of debt)	36,418	37.38%	90.27%	6.28%	38.45%
Total closed solutions with home retention	66,968	68.73%			
Refinance or paid in full	6,632	6.81%	41.44%	0.27%	2.15%
Reinstatement/Account made current	16,821	17.26%	53.24%	0.00%	5.87%
Total closed with resolution by borrower	23,453	24.07%			
Total	97,434	100.00%			
Prepayment penalty waived (from any of the above)	3,893	4.00%			

UPB of Loans Closed	UPB	%	Individual Company (% allocation) High	Low	Median
Deed in lieu	75,748	0.46%	1.07%	0.00%	0.31%
Short sale	1,025,629	6.24%	33.98%	0.05%	3.38%
Total closed with borrower losing home	1,101,377	6.70%			
Forbearance	377,391	2.30%	9.88%	0.00%	1.23%
Repayment plan	4,947,315	30.10%	58.79%	1.95%	27.71%
Modification (principal reduction, interest rate &/or term of debt)	6,911,500	42.05%	91.71%	8.97%	37.49%
Total closed solutions with home retention	12,236,206	74.44%			
Refinance or paid in full	810,987	4.93%	26.03%	0.00%	1.21%
Reinstatement/Account made current	2,288,475	13.92%	53.55%	0.00%	4.72%
Total closed with resolution by borrower	3,099,462	18.86%			
Total	16,437,045	100.00%			
Prepayment penalty waived (from any of the above)	587,273	3.57%			

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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PROFILE OF MODIFICATIONS BY NUMBER OF LOANS	Number	%	Individual Company (% allocation) High	Low	Median
Time horizon for **closed** loan modifications					
Modification effective for less than life of loan (e.g. 2 years)	5,117	13.31%	This data is in the process of being collected and will be included in future reports.		
Modification effective for life of loan	18,544	48.23%			
Did not report	14,787	38.46%			
Types of modifications **closed**					
Modification by freezing interest rate at the initial/start rate	5,685	14.88%			
Modification by reducing the interest rate below the initial/start rate	1,806	4.73%			
Modification by reducing the interest rate below scheduled reset rate, but above start rate	9,078	23.76%			
Modification with extension of term	46	0.12%			
Modification with reduction in principal balance	41	0.11%			
Modification using two or more of above modifications (e.g. rate reduction and term change)	5,623	14.72%			
Other modification	15,924	41.68%			

PROFILE OF MODIFICATIONS BY UPB OF LOANS	UPB	%	Individual Company (% allocation) High	Low	Average
Time horizon for **closed** loan modifications					
Modification effective for less than life of loan (e.g. 2 years)	1,040,241	14.01%	This data is in the process of being collected and will be included in future reports.		
Modification effective for life of loan	3,300,926	44.44%			
Did not report	3,085,946	41.55%			
Types of modifications **closed**					
Modification by freezing interest rate at the initial/start rate	1,109,066.82	15.47%			
Modification by reducing the interest rate below the initial/start rate	402,666.11	5.62%			
Modification by reducing the interest rate below scheduled reset rate, but above start rate	1,666,186.13	23.24%			
Modification with extension of term	6,993.24	0.10%			
Modification with reduction in principal balance	5,775.05	0.08%			
Modification using two or more of above modifications (e.g. rate reduction and term change)	1,231,401.34	17.17%			
Other modification	2,747,663.59	38.32%			

Consolidated State Report for Mortgage Servicers

Consolidated Report as of May 31, 2008 for 13 Companies

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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	2
	Short sale	2
	Forebearance	4
	Repayment plan	3
	Modification	6
	Refinance or paid in full	4
	Reinstatement / account made current	2
Closed:	Deed in lieu	2
	Short sale	0
	Forebearance	3
	Repayment plan	0
	Modification	0
	Refinance or paid in full	1
	Reinstatement / account made current	0

APPENDIX B

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

Trend Data from Consolidated State Report for Mortgage Servicers

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	May 08	April 08	March 08	February 08	January 08	October 07
Number of Servicers Reporting	13	13	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

	May 08	April 08	March 08	February 08	January 08	October 07
Prime	13.11%	12.31%	11.80%	10.99%	10.43%	7.36%
Sub-Prime & Alt- A	42.25%	41.05%	39.51%	36.94%	37.61%	30.74%

							Percentage Change		
DELINQUENCY & DEFAULT- PRIME	**May 08**	**April 08**	**March 08**	**February 08**	**January 08**	**October 07**	**Jan to May**	**Oct to Jan**	**Oct to May**
Number of Prime Loans									
30 to 59 days	245,202	252,111	236,452	246,469	246,585	238,445	-0.56%	3.41%	2.83%
60 to 89 days	99,867	99,338	95,563	95,388	91,973	88,202	8.58%	4.28%	13.23%
90 days or over	183,601	171,960	170,132	164,679	129,880	62,069	41.36%	109.25%	195.80%
Total	528,670	523,409	502,147	506,536	468,438	388,716	12.86%	20.51%	36.00%
Percentage of Prime Loans Serviced	5.18%	5.12%	4.89%	4.93%	4.56%	3.78%			
Loans from above which were modified in the last 12 months.	7,920	8,321	8,561	8,441	5,822	5,348	36.04%	8.86%	48.09%
Percentage of total past due	1.50%	1.59%	1.70%	1.67%	1.24%	1.38%			
Loans which entered delinquency within 3 payments of initial rate reset	103	188	421	325	362	310	-71.55%	16.77%	-66.77%
Percentage of total past due	0.02%	0.04%	0.08%	0.06%	0.08%	0.08%			
Loans where notice of default sent	25,395	21,602	17,619	13,110	9,029	9,538	181.26%	-5.34%	166.25%
Loans where formal foreclosure procedings started	54,415	52,588	45,903	39,832	31,733	28,433	71.48%	11.61%	91.38%
Total Loans in Process of Foreclosure	79,810	74,190	63,522	52,942	40,762	37,971	95.80%	7.35%	110.19%
Percentage of total past due	15.10%	14.17%	12.65%	10.45%	8.70%	9.77%			
Loans where foreclosure proceding completed (ORE)	37,566	35,212	33,061	32,265	27,510	23,944	36.55%	14.89%	56.89%

DELINQUENCY & DEFAULT- PRIME	**May 08**	**April 08**	**March 08**	**February 08**	**January 08**	**October 07**	**Jan to May**	**Oct to Jan**	**Oct to May**
UPB of Prime Loans									
30 to 59 days	39,758,091	40,900,048	38,994,856	40,844,050	39,278,862	36,413,539	1.22%	7.87%	9.18%
60 to 89 days	17,679,760	17,363,572	17,245,345	16,890,953	15,300,461	14,258,173	15.55%	7.31%	24.00%
90 days or over	31,081,161	29,193,858	29,244,301	28,147,874	19,920,639	9,124,887	56.02%	118.31%	240.62%
Total	88,519,012	87,457,479	85,484,502	85,882,877	74,499,962	59,796,599	18.82%	24.59%	48.03%
Percentage of Prime Loans Serviced	5.47%	5.41%	5.25%	5.30%	4.45%	3.73%			
Loans from above which were modified in the last 12 months.	1,312,282	1,402,933	1,463,358	1,430,436	900,883	813,347	45.67%	10.76%	61.34%
Percentage of total past due	1.48%	1.60%	1.71%	1.67%	1.21%	1.36%			
Loans which entered delinquency within 3 payments of initial rate reset	44,213	53,611	85,482	102,484	126,846	112,468	-65.14%	12.78%	-60.69%
Percentage of total past due	0.05%	0.06%	0.10%	0.12%	0.17%	0.19%			
Loans where notice of default sent	10,142,921	8,526,371	6,851,656	5,186,878	3,546,386	3,802,116	186.01%	-6.73%	166.77%
Loans where formal foreclosure procedings started	12,783,005	12,164,132	10,332,910	8,828,502	6,499,468	5,778,674	96.68%	12.47%	121.21%
Total Loans in Process of Foreclosure	22,925,926	20,690,503	17,184,566	14,015,380	10,045,854	9,580,790	128.21%	4.85%	139.29%
Percentage of total past due	25.90%	23.66%	20.10%	16.32%	13.48%	16.02%			
Loans where foreclosure proceding completed (ORE)	8,920,717	8,060,463	7,443,288	7,420,742	5,980,112	5,165,182	49.17%	15.78%	72.71%

Trend Data from Consolidated State Report for Mortgage Servicers

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DELINQUENCY & DEFAULT- SUBPRIME & ALT-A	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
Number of Sub-Prime & Alt-A Loans									
30 to 59 days	317,097	327,778	319,693	329,585	357,854	356,287	-11.39%	0.44%	-11.00%
60 to 89 days	171,378	172,325	170,340	175,535	192,302	186,208	-10.88%	3.27%	-7.96%
90 days or over	621,588	623,498	661,887	657,276	627,076	537,604	-0.88%	16.64%	15.62%
Total	1,110,063	1,123,601	1,151,920	1,162,396	1,177,232	1,080,099	-5.71%	8.99%	2.77%
Percentage of Sub-Prime & Alt-A Loans Serviced	24.06%	23.99%	24.12%	23.87%	23.69%	21.22%			
Loans from above which were modified in the last 12 months.	58,703	52,455	47,380	47,651	32,053	22,568	83.14%	42.03%	160.12%
Percentage of total past due	5.29%	4.67%	4.11%	4.10%	2.72%	2.09%			
Loans which entered delinquency within 3 payments of initial rate reset	46,041	43,871	42,854	34,076	37,518	32,001	22.72%	17.24%	43.87%
Percentage of total past due	4.15%	3.90%	3.72%	2.93%	3.19%	2.96%			
Loans where notice of default sent	117,229	113,044	131,880	129,067	134,209	133,940	-12.65%	0.20%	-12.48%
Loans where formal foreclosure procedings started	187,905	188,481	165,271	164,771	163,920	141,269	14.63%	16.03%	33.01%
Total Loans in Process of Foreclosure	305,134	301,525	297,151	293,838	298,129	275,209	2.35%	8.33%	10.87%
Percentage of total past due	27.49%	26.84%	25.80%	25.28%	25.32%	25.48%			
Loans where foreclosure proceding completed (ORE)	131,431	127,218	123,267	145,890	134,001	102,537	-1.92%	30.69%	28.18%

DELINQUENCY & DEFAULT- SUBPRIME & ALT-A	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
UPB of Sub-Prime & Alt-A Loans									
30 to 59 days	49,057,102	50,772,347	50,016,613	51,967,777	55,276,369	54,730,585	-11.25%	1.00%	-10.37%
60 to 89 days	28,374,038	28,601,882	28,545,137	29,272,344	31,431,562	30,230,433	-9.73%	3.97%	-6.14%
90 days or over	101,003,350	101,056,505	110,079,452	107,681,285	99,919,391	76,742,009	1.08%	30.20%	31.61%
Total	178,434,491	180,430,734	188,641,201	188,921,406	186,627,322	161,703,028	-4.39%	15.41%	10.35%
Percentage of Sub-Prime & Alt-A Loans Serviced	24.44%	24.32%	25.00%	24.59%	23.85%	20.29%			
Loans from above which were modified in the last 12 months.	10,937,598	9,625,162	8,654,151	8,580,160	5,422,219	3,519,093	101.72%	54.08%	210.81%
Percentage of total past due	6.13%	5.33%	4.59%	4.54%	2.91%	2.18%			
Loans which entered delinquency within 3 payments of initial rate reset	9,483,320	8,843,854	8,734,576	6,722,802	7,589,456	5,605,447	24.95%	35.39%	69.18%
Percentage of total past due	5.31%	4.90%	4.63%	3.56%	4.07%	3.47%			
Loans where notice of default sent	23,326,997	22,501,932	26,235,021	24,281,237	23,686,441	25,170,702	-1.52%	-5.90%	-7.32%
Loans where formal foreclosure procedings started	42,247,661	41,953,243	36,215,919	35,405,345	34,313,851	28,762,137	23.12%	19.30%	46.89%
Total Loans in Process of Foreclosure	65,574,658	64,455,174	62,450,939	59,686,582	58,000,292	53,932,839	13.06%	7.54%	21.59%
Percentage of total past due	36.75%	35.72%	33.11%	31.59%	31.08%	33.35%			
Loans where foreclosure proceding completed (ORE)	28,688,380	27,310,158	25,821,030	30,411,068	27,256,957	19,080,911	5.25%	42.85%	50.35%

Trend Data from Consolidated State Report for Mortgage Servicers

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LOSS MITIGATION & MODIFICATIONS- IN PROCESS	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
Number of Loans In-Process									
Deed in lieu	4,728	3,684	2,347	2,683	3,728	3,715	26.82%	0.35%	27.27%
Short sale	52,181	46,267	46,874	34,643	33,843	26,717	54.19%	26.67%	95.31%
Total in process with borrower losing home	56,909	49,951	49,221	37,326	37,571	30,432	51.47%	23.46%	87.00%
Percent of past due 60 days+	5.77%	5.10%	4.85%	3.69%	3.90%	3.74%			
Forbearance	18,735	18,157	19,489	18,976	20,003	19,029	-6.34%	5.12%	-1.55%
Repayment plan	34,211	40,579	46,707	49,819	51,472	61,673	-33.53%	-16.54%	-44.53%
Modification (principal reduction, interest rate &/or term of debt)	104,357	109,746	148,910	155,559	145,124	92,699	-28.09%	56.55%	12.58%
Total in process of home retention	157,303	168,482	215,106	224,354	216,599	173,401	-27.38%	24.91%	-9.28%
Percent of past due 60 days+	15.96%	17.20%	21.20%	22.15%	22.47%	21.30%			
Refinance or paid in full	3,293	3,708	3,417	3,303	3,207	3,104	2.68%	3.32%	6.09%
Reinstatement/Account to be made current	9,002	10,775	10,951	12,492	12,417	12,718	-27.50%	-2.37%	-29.22%
Total in process of being resolved by borrower	12,295	14,483	14,368	15,795	15,624	15,822	-21.31%	-1.25%	-22.29%
Percent of past due 60 days+	1.25%	1.48%	1.42%	1.56%	1.62%	1.94%			
Total loans in loss mitigation	226,507	232,916	278,695	277,475	269,794	219,655	-16.04%	22.83%	3.12%
Percent of past due 60 days+	22.98%	23.77%	27.47%	27.40%	27.99%	26.98%			

* Figures used for 60+ days past due in this section have been adjusted to remove delinquency data for two servicers not reporting loss mitigation in process.

LOSS MITIGATION & MODIFICATIONS- IN PROCESS	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
UPB of Loans In Process									
Deed in lieu	1,137,814	896,260	577,150	653,529	896,753	892,877	26.88%	0.43%	27.43%
Short sale	12,460,587	11,214,716	11,583,846	8,228,501	7,776,317	5,732,854	60.24%	35.64%	117.35%
Total in process of borrower losing home	13,598,401	12,110,977	12,160,997	8,882,030	8,673,070	6,625,731	56.79%	30.90%	105.24%
Percent of past due 60 days+	8.14%	7.32%	6.94%	5.06%	5.50%	5.35%			
Forbearance	3,239,904	3,048,409	3,274,055	3,027,976	3,138,235	3,140,969	3.24%	-0.09%	3.15%
Repayment plan	6,140,505	7,175,567	10,640,829	8,755,838	9,145,998	10,395,677	-32.86%	-12.02%	-40.93%
Modification (principal reduction, interest rate &/or term of debt)	20,840,461	21,842,125	30,891,097	32,044,055	29,418,392	16,738,507	-29.16%	75.75%	24.51%
Total in process of home retention	30,220,871	32,066,101	44,805,981	43,827,868	41,702,625	30,275,153	-27.53%	37.75%	-0.18%
Percent of past due 60 days+	18.10%	19.37%	25.58%	24.96%	26.46%	24.43%			
Refinance or paid in full	864,152	959,700	861,035	824,042	770,274	687,057	12.19%	12.11%	25.78%
Reinstatement/Account made current	1,527,641	1,754,780	1,812,400	2,021,641	1,970,743	2,017,828	-22.48%	-2.33%	-24.29%
Total in process of being resolved by borrower	2,391,793	2,714,481	2,673,436	2,845,683	2,741,017	2,704,885	-12.74%	1.34%	-11.58%
Percent of past due 60 days+	1.43%	1.64%	1.53%	1.62%	1.74%	2.18%			
Total loans in loss mitigation	46,211,064	46,891,559	59,640,413	55,555,581	53,116,712	39,605,769	-13.00%	34.11%	16.68%
Percent of past due 60 days+	27.68%	28.33%	34.05%	32.19%	33.71%	31.95%			

* Figures used for 60+ days past due in this section have been adjusted to remove delinquency data for two servicers not reporting loss mitigation in process.

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LOSS MITIGATION & MODIFICATIONS- CLOSED	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
Number of Loans Closed									
Deed in lieu	357	322	423	370	342	356	4.39%	-3.93%	0.28%
Short sale	6,656	5,927	5,734	4,201	3,900	3,456	70.67%	12.85%	92.59%
Total closed with borrower losing home	7,013	6,249	6,157	4,571	4,242	3,812	65.32%	11.28%	83.97%
Percent of month's total closed	7.20%	6.14%	6.31%	4.63%	4.54%	4.52%			
Forbearance	2,471	3,241	4,070	3,550	3,584	3,335	-31.05%	7.47%	-25.91%
Repayment plan	28,079	27,374	26,793	32,392	28,128	26,153	-0.17%	7.55%	7.36%
Modification (principal reduction, interest rate &/or term of debt)	36,418	39,894	31,697	25,494	24,098	19,081	51.12%	26.29%	90.86%
Total closed solutions with home retention	66,968	70,509	62,560	61,436	55,810	48,569	19.99%	14.91%	37.88%
Percent of month's total closed	68.73%	69.25%	64.12%	62.19%	59.76%	57.53%			
Refinance or paid in full	6,632	7,204	7,397	7,482	12,185	11,905	-45.57%	2.35%	-44.29%
Reinstatement/Account made current	16,821	17,862	21,451	25,294	21,161	20,141	-20.51%	5.06%	-16.48%
Total closed with resolution by borrower	23,453	25,066	28,848	32,776	33,346	32,046	-29.67%	4.06%	-26.81%
Percent of month's total closed	24.07%	24.62%	29.57%	33.18%	35.70%	37.96%			
Total loans closed	97,434	101,824	97,565	98,783	93,398	84,427	4.32%	10.63%	15.41%
Percentage of the previous month's in-process	41.83%	36.54%	35.16%	36.61%	37.19%				
Prepayment penalty waived (from any of the above)	3,893	4,584	3,917	3,347	3,831	2,647	1.62%	44.73%	47.07%
Percent of month's total closed	4.00%	4.50%	4.01%	3.39%	4.10%	3.14%			

LOSS MITIGATION & MODIFICATIONS- CLOSED	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
UPB of Loans Closed									
Deed in lieu	75,748	74,236	90,217	78,599	76,537	71,679	-1.03%	6.78%	5.68%
Short sale	1,025,629	948,929	951,232	1,360,737	548,640	609,845	86.94%	-10.04%	68.18%
Total closed with borrower losing home	1,101,377	1,023,165	1,041,449	1,439,336	625,177	681,524	76.17%	-8.27%	61.60%
Percent of month's total closed	6.70%	5.92%	6.54%	9.32%	4.30%	5.15%			
Forbearance	377,391	506,254	608,159	533,545	537,659	477,087	-29.81%	12.70%	-20.90%
Repayment plan	4,947,315	4,855,716	4,743,535	5,018,000	4,455,552	3,993,898	11.04%	11.56%	23.87%
Modification (principal reduction, interest rate &/or term of debt)	6,911,500	7,552,097	5,797,908	4,707,295	4,370,546	3,340,491	58.14%	30.84%	106.90%
Total closed solutions with home retention	12,236,206	12,914,067	11,149,602	10,258,840	9,363,757	7,811,475	30.68%	19.87%	56.64%
Percent of month's total closed	74.44%	74.78%	70.00%	66.43%	64.44%	58.97%			
Refinance or paid in full	810,987	882,184	927,300	659,210	1,960,238	2,184,936	-58.63%	-10.28%	-62.88%
Reinstatement/Account made current	2,288,475	2,450,878	2,810,642	3,084,559	2,581,609	2,567,542	-11.35%	0.55%	-10.87%
Total closed with resolution by borrower	3,099,462	3,333,062	3,737,942	3,743,768	4,541,847	4,752,478	-31.76%	-4.43%	-34.78%
Percent of month's total closed	18.86%	19.30%	23.47%	24.24%	31.26%	35.88%			
Total loans closed	16,437,045	17,270,294	15,928,992	15,441,944	14,530,781	13,245,478	13.12%	9.70%	24.10%
Percentage of the previous month's in-process	35.05%	28.96%	28.67%	29.07%	29.83%				
Prepayment penalty waived (from any of the above)	587,273	684,783	652,875	639,458	729,820	540,598	-19.53%	35.00%	8.63%
Percent of month's total closed	3.57%	3.97%	4.10%	4.14%	5.02%	4.08%			

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PROFILE OF CLOSED MODIFICATIONS	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
Number of Loans Closed									
Time horizon for **closed** loan modifications									
Modification effective for less than life of loan (e.g. 2 years)	5,117	7,045	7,528	6,705	5,550	3,850	-7.80%	44.16%	32.91%
Modification effective for life of loan	18,544	19,786	13,535	10,623	9,625	5,995	92.66%	60.55%	209.32%
Did not report	14,787	16,152	13,890	10,260	11,193	9,236	32.11%	21.19%	60.10%
Types of modifications **closed**									
Modification by freezing interest rate at the initial/start rate	5,685	8,681	4,659	5,765	5,039	2,399	12.82%	110.05%	136.97%
Modification by reducing the interest rate below the initial/start rate	1,806	1,501	2,994	1,258	1,679	292	7.56%	475.00%	518.49%
Modification by reducing the interest rate below scheduled reset rate, but above start rate	9,078	4,618	5,756	4,384	2,503	738	262.68%	239.16%	1130.08%
Modification with extension of term	46	141	98	85	134	327	-65.67%	-59.02%	-85.93%
Modification with reduction in principal balance	41	96	64	49	36	17	13.89%	111.76%	141.18%
Modification using two or more of above modifications (e.g. rate reduction and term change)	5,623	4,779	4,250	3,878	6,308	2,960	-10.86%	113.11%	89.97%
Other modification	15,924	22,645	16,449	10,728	9,877	12,051	61.22%	-18.04%	32.14%

PROFILE OF CLOSED MODIFICATIONS	May 08	April 08	March 08	February 08	January 08	October 07	Jan to May	Oct to Jan	Oct to May
UPB of Loans Closed									
Time horizon for **closed** loan modifications									
Modification effective for less than life of loan (e.g. 2 years)	1,040,241	1,444,836	1,488,443	1,341,137	1,159,738	815,013	-10.30%	42.30%	27.63%
Modification effective for life of loan	3,300,926	3,456,153	2,242,077	1,818,898	1,606,876	1,045,799	105.43%	53.65%	215.64%
Did not report	3,085,946	3,099,921	2,645,962	1,873,027	1,954,280	1,479,666	57.91%	32.08%	108.56%
Types of modifications **closed**									
Modification by freezing interest rate at the initial/start rate	1,109,067	1,737,326	920,926	1,099,367	991,981	582,158	11.80%	70.40%	90.51%
Modification by reducing the interest rate below the initial/start rate	402,666	314,019	413,331	211,662	274,194	66,239	46.85%	313.95%	507.90%
Modification by reducing the interest rate below scheduled reset rate, but above start rate	1,666,186	991,945	1,136,430	813,480	495,422	135,759	236.32%	264.93%	1127.31%
Modification with extension of term	6,993	21,912	16,591	11,631	19,958	41,638	-64.96%	-52.07%	-83.20%
Modification with reduction in principal balance	5,775	15,187	9,695	8,924	6,732	1,464	-14.22%	359.86%	294.48%
Modification using two or more of above modifications (e.g. rate reduction and term change)	1,231,401	939,623	799,466	701,855	1,060,613	478,842	16.10%	121.50%	157.16%
Other modification	2,747,664	3,850,137	2,904,153	2,033,060	1,676,579	1,945,672	63.89%	-13.83%	41.22%