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ORAL STATEMENT OF  
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OFFICE OF THE COMPTROLLER OF THE CURRENCY  
BEFORE THE  
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY  
OF THE  
COMMITTEE ON FINANCIAL SERVICES  
OF THE  
U.S. HOUSE OF REPRESENTATIVES  
FEBRUARY 24, 2009

Chairwoman Waters, Ranking Member Capito, and members of the Subcommittee, on behalf of the Office of the Comptroller of the Currency, thank you for holding this hearing and inviting the OCC to testify on this important topic.

My name is Joe Evers. I am a National Bank Examiner and I currently serve as a Deputy Comptroller for Large Bank Supervision. In that capacity, I am responsible for large bank data and analytics. Over the past year, I have led the OCC's project to develop more comprehensive and timely data on mortgage lending and servicing activities of national banks. This project, known as "Mortgage Metrics," is now a joint undertaking of the OCC and the Office of Thrift Supervision.

Since as early as 2005, the OCC has encouraged national banks to work with troubled homeowners to prevent avoidable foreclosures and meet the needs of creditworthy borrowers. Since then, the OCC has joined other regulators to urge banks to continue to implement effective programs to prevent avoidable foreclosures and minimize potential losses.

Several years ago, we realized the importance of obtaining more detailed information about the performance of mortgages held in the national banking system. This was done both to aid our supervisory activities and to incent servicers to implement effective programs to prevent avoidable foreclosures and minimize potential losses. We have continued these efforts, particularly with respect to increasing affordable and sustainable mortgage modifications, and the improved information we are obtaining is helping in that effort.

Clearly, more must be done to address this challenge. The OCC supports the Administration's Homeowner Affordability and Stability Plan. This new plan takes significant steps toward addressing these issues, and we are taking additional steps as well.

The Mortgage Metrics project represents an unprecedented effort to collect detailed information on the performance of loans serviced by institutions supervised by the OCC and the OTS. Our quarterly *Mortgage Metrics Report* was first published in 2008. The *Mortgage Metrics Report* now covers approximately 90 percent of the first-lien mortgages serviced by national banks and thrifts, and represents over 60 percent of all mortgages in the United States.

Our *Report* for the third quarter of 2008 gathered a vast amount of data on the effectiveness of loan modifications. The data showed that an unexpectedly high percentage of borrowers receiving loan modifications in the first and second quarters of 2008 were past due on the new loan modification payment terms. An examination of these results led to our decision that more detailed information was required.

Since then, we have been working to collect additional details on how different types of modifications have changed monthly principal and interest payments. We plan to present expanded information on actual changes in monthly principal and interest payments resulting from loan modifications in the next quarterly *Mortgage Metrics Report* due out in March. Further details on modifications are planned for subsequent *Reports*.

My written testimony addresses these efforts in more detail and the specific issues raised in your letter of February 17, 2009, by describing: (1) our efforts to improve the understanding of loan modification performance through our mortgage metrics data collection effort; (2) findings from our most recent *Mortgage Metrics Report* including what we have learned about loan modifications; (3) current challenges facing effective loan modifications; and (4) our ongoing efforts to encourage responsible lending and appropriate loss mitigation activities, particularly achieving affordable and sustainable loan modifications.

Again, thank you for holding this important hearing. I look forward to answering your questions.