

## Press Releases

---

December 22, 2008

### OTS 08-064 - Agencies Release Joint Mortgage Metrics Report For the Third Quarter of 2008

---

#### Joint Release

Office of the Comptroller of the Currency  
Office of Thrift Supervision

---

For Immediate Release  
December 22, 2008

**WASHINGTON** — The Office of the Comptroller of the Currency and the Office of Thrift Supervision issued their second report on mortgage performance today showing continued increases in delinquencies and foreclosures in process.

While delinquencies, foreclosures in process, and other actions leading to home forfeiture continued to rise, newly initiated foreclosures dropped by 2.6 percent from the second to the third quarter of 2008.

Loan modifications continued to grow more quickly than other loss mitigation strategies, as banks and thrifts worked with borrowers to keep them in their homes while minimizing losses. The number of new loan modifications increased 16 percent in the third quarter to more than 133,000.

New in this report are re-default rates on modified loans. The number of loans modified in the first quarter that were 30 or more days delinquent was more than 37 percent after three months and more than 55 percent after six months. The number of loans modified in the first quarter that were 60 or more days delinquent was more than 19 percent at three months and nearly 37 percent after six months.

“One very troubling point is that, whether measured using 30-day or 60-day delinquencies, re-default rates increased each month and showed no signs of leveling off after six months and even eight months,” said Comptroller of the Currency John C. Dugan. “This trend of increasing delinquencies underscores the need to understand why these modifications have not been more sustainable.”

OTS Director John Reich credited financial institutions for their continued cooperation and the depth of the data they provided.

“This report once again provides valuable insights into foreclosure prevention efforts in this country,” Reich said. “We hope future reports will continue to yield information on how best to modify troubled mortgages to preserve homeownership over the long term.”

Other key findings include:

- The number of delinquent loans increased during the third quarter across all loan categories—prime, Alt-A, and subprime. More than nine out of 10 mortgages remained current, but the percentage of current and performing mortgages fell from 93.33 percent at the end of the first quarter to 91.47 percent at the end of the third quarter.
- Banks and thrifts continued to work with borrowers to mitigate losses and help borrowers retain their homes. The number of newly initiated home retention actions—loan modifications and payment plans—increased by 13 percent from the second quarter to the third quarter.
- Loans held on the books of servicing banks and thrifts had the lowest re-default rates at 35.06 percent after three months, and 50.86 percent after six months, compared with loans serviced on behalf of third parties. The lower re-default rate for loans held by servicers may suggest that there is greater flexibility to modify loans in more sustainable ways when loans are held on a servicer's own books than when loans have been sold to third parties.

The report provides loan-by-loan data in a standardized format for 35 million first-lien mortgages—worth more than \$6.1 trillion—held or serviced by national banks and thrifts. Despite its broad industry coverage, the data in the report should not be used to draw conclusions about overall conditions in mortgage lending.

# # #

Attachment

Media Contacts:

OCC Bryan Hubbard (202) 874-5770  
OTS William Ruberry (202) 906-6677

## Related Files

- **08-064A Mortgage Metrics Report 3rd Q 2008** - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-64a.pdf>