

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: March 2008 **LETTER NO.: 08-CU-05**

TO: Federally Insured Credit Unions

SUBJ: Statement on Reporting Loss Mitigation Efforts of Securitized Subprime Residential Mortgages

Dear Board of Directors,

The purpose of this letter is to encourage federally insured credit unions servicing securitized subprime adjustable rate residential mortgages to utilize the HOPE NOW¹ alliance's loan modification standards² to report foreclosure prevention efforts.

This recently developed reporting format will assist industry efforts of measuring foreclosure prevention activity by standardizing data fields regarding modifications of subprime adjustable rate residential real estate loans, and will help to foster more transparency throughout the securitization market as the financial industry moves forward collectively through this current mortgage crisis.

The NCUA supports the data collection efforts related to the HOPE NOW alliance and believes prudent workout arrangements are generally in the long-term best interest of both the credit union and the borrower. This statement builds on previous statements issued by the NCUA and the other federal banking agencies to encourage financial institutions to work constructively with residential borrowers who are financially unable to make contractual payment obligations on their home loans.³

¹ HOPE NOW, www.HOPENOW.com, is an alliance between counselors, servicers, investors, and other mortgage market participants formed under the direction of the Department of Treasury and the Department of Housing and Urban Affairs in the fall of 2007. This alliance serves to maximize outreach efforts to homeowners in distress to help them stay in their homes and operates under a unified coordinated plan to reach and help as many homeowners as possible.

² Questions on the loan modification reporting standards should be directed to HOPE NOW, or McDash Analytics at 904-285-6620 or tbarnes@mcdash.com.

³ Refer to Interagency Statement on Loss Mitigation Strategies for Servicers of Residential Mortgages (September 2007), found at http://www.ncua.gov/news/press_releases/2007/JR07-0904.pdf, and NCUA Letter to Credit Unions #07-CU-06, Working with Residential Mortgage Borrowers (April 2007), found at <http://www.ncua.gov/letters/2007/CU/07-CU-06.pdf>.

I also want to encourage federally insured state chartered credit unions to be responsive to other data and information requests designed to track loss mitigation efforts, including the State Foreclosure Prevention Working Group.⁴

If you have any questions, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/s/
JoAnn Johnson
Chairman

⁴ The State Foreclosure Prevention Working Group was formed in the summer of 2007 by the offices of 37 state attorneys general and several state banking regulators to encourage solutions to the growing foreclosure crisis. The group's latest report on subprime mortgage servicing is available at www.csbs.org.