



Office of Thrift Supervision
Department of the Treasury

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MEMORANDUM FOR: Chief Executive Officers

FROM: Grovetta N. Gardineer *G. N. Gardineer*
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SUBJECT: Statement on Reporting of Securitized Subprime Adjustable Rate Residential Mortgages

The Office of Thrift Supervision (OTS) encourages savings association¹ mortgage servicers to utilize the HOPE NOW² alliance loan modification reporting standards for subprime adjustable rate mortgages. A standard reporting format will help investors in securitization trusts, including financial institutions, to monitor foreclosure prevention efforts related to subprime mortgage loans. Consistent loan modification reporting will foster transparency in the securitization market and provide standardized data across the mortgage industry.

The OTS supports the HOPE NOW alliance and other such initiatives that address the rising level of home foreclosures. OTS believes that long-term sustainable loss mitigation techniques that preserve homeownership are generally in the best interest of borrowers, servicers, and investors because such strategies are typically less costly than foreclosure, particularly when applied before default.

This statement builds on other previously issued statements³ by OTS and the other federal banking agencies that encourage financial institutions to work constructively with residential borrowers who are financially unable to make their contractual payments on their home loans. Prudent workout arrangements are generally in the long-term best interest of both the financial institution and the borrower.

For further information, please contact your OTS regional office or William Magrini, Senior Project Manager, at (202) 906-5744.

¹ For purposes of this Statement, the term “savings association” refers to savings associations, their subsidiaries, savings and loan holding companies, and their subsidiaries.

² HOPE NOW is an alliance between counselors, mortgage market participants and mortgage servicers to create a unified, coordinated plan to reach and help as many homeowners as possible. The Department of the Treasury and the Department of Housing and Urban Development encouraged the formation of this alliance. HOPE NOW, and its latest report on loan modification activity, is on the web at www.hopenow.com.

³ See, for example, The Statement on Working with Mortgage Borrowers, April 17, 2007, found at <http://www.ots.treas.gov/docs/7/777025.html>; and, the Statement on Loss Mitigation Strategies for Servicers of Residential Mortgages, September 4, 2007, found at: <http://www.ots.treas.gov/docs/7/777062.html>