



Monthly Bulletin

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Commissioner's Regional Roundtable Meetings

The Department of Financial Institutions (DFI), in conjunction with the Conference of State Bank Supervisors (CSBS), is planning to host a series of regional roundtable meetings between department management and bank licensees in 2008. These meetings will be held in several convenient locations throughout California. The first meeting was held in San Diego on February 28, 2008 with 17 regional bank CEOs in attendance. Similar roundtable meetings are planned with other Department licensee groups.

The purpose of these small, informal forums is to share information about DFI operations and to discuss common issues and concerns such as regulatory issues, legislation, examination procedures and trends, housing and economic conditions, competition, accounting issues and/or any other topic of mutual interest. The meetings will be kept to 2 ½ hours to enable attendance and accommodate everyone's busy schedule.

Invitations to upcoming meetings will be sent out to CEOs in advance of the meetings to keep the group size small. Should you have any questions about the upcoming meetings, please contact Rita Avalos at 916-322-5967 or ravalos@dfi.ca.gov.

Management Change Information Procedure

All licensees are requested to advise DFI of changes to the executive management team by sending an email to licensing@dfi.ca.gov. This will ensure that correct contact information is maintained in the department's database and on the directories of licensees on the DFI Web site. Financial Code section 1945 requires that banks are required to notify DFI of any change in the managing officer of the bank. We appreciate your assistance in helping us keep the lines of communication open between the department and its licensees.

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1810—13th Street, Sacramento, CA 95814-7118
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Consumer Compliance

(415) 263-8500
(213) 897-2085
(916) 322-5966
(619) 682-7227
(800) 622-0620

State Foreclosure Group Releases Mortgage Servicing Loss Mitigation Performance Report

The State Foreclosure Prevention Working Group, a multi-state task force organized last summer by Iowa Attorney General Tom Miller to work with subprime mortgage loan servicers to reduce the number of unnecessary foreclosures by encouraging loan modifications and other sustainable, long-term solutions, released its first subprime mortgage servicing performance data report on February 7.

The report, which summarizes data from a group of the largest mortgage servicers through October, outlined five key findings, as follows:

- Seven out of ten seriously delinquent borrowers are not on track for any loss mitigation option. The lack of interaction between mortgage servicers and homeowners remains a major problem. While servicers have developed creative outreach efforts and increased staffing, the data shows a large gap between the number of homeowners needing loss mitigation and the number currently receiving assistance. Our data suggests that a rising number of loan delinquencies are outpacing the increase in loss mitigation efforts.
- Servicers have increased their use of loan modifications and other home retention options. For those delinquent homeowners in contact with servicers, almost half (45%) are working toward a loan modification. Servicers are increasing their use of longer-term changes to the mortgage loan versus their earlier reliance on short-term repayment or forbearance agreements.
- Payment resets on hybrid ARMs have not yet been a driving force in foreclosures. A significant percentage of subprime adjustable rate loans are delinquent before they experience payment shock from their first adjustment, reflecting weak underwriting or fraud in the origination of the loan. With so many homeowners struggling to stay afloat prior to rate resets, we need to act quickly to address these hybrid ARM loans before the payment shock due to the rate reset triggers further foreclosures.
- Homeowners are helping themselves. Most delinquent loans resolved in October 2007 occurred due to the homeowner catching up on back payments. As of October, actions by homeowners, not servicers, have prevented the most foreclosures. This, however, may be a temporary development.
- The refinance option has nearly evaporated. Historically, serial refinancing was the primary way that the mortgage industry and homeowners managed delinquencies in subprime loans. Despite recent interest rate cuts, the mortgage industry will not be able to refinance its way out of this crisis absent dramatic changes in available loan products or a reversal in home price declines.

The Group, made up of state attorneys general and state banking regulators, collaborated with industry and federal regulators to develop a uniform data reporting format to collect comparative data to measure the extent of the foreclosure problem and the servicers' efforts to respond to it. Consistent and objective data is necessary to make informed policy decisions and to promote initiatives that could reduce foreclosures.

Thirteen of the top 20 servicers provided the requested data for the month of October 2007. These servicers represent approximately 58% of the total subprime servicing market. Reporting companies serviced 5,110,678 subprime and Alt-A loans. The Group, while emphasizing that the data collection initiative is a voluntary and cooperative effort, continues to seek cooperation from the servicers that did not participate in the initial report.

Overall, over 150,000 delinquent loans were in the process of receiving a loan modification or other home retention accommodation at the end of October.

The State Working Group anticipates future reporting on the data collected from servicers. The State Working Group will continue to collect monthly data from reporting servicers in order to provide public information on trends in the servicing industry as we move through this foreclosure crisis.

As this first report was going to press, the State Working Group had collected data for November 2007 servicing activity. A preliminary review of that data suggests that subprime delinquency rates continued to rise in November.

The Group calls for systematic, long-term solutions to efficiently deal with subprime loans originated in recent years.

To access the October report, go to

<http://www.csbs.org/Content/NavigationMenu/Home/StateForeclosurePreventionWorkGroupDataReport.pdf>

For more information, contact Robert Brammer, Press Secretary, Iowa Attorney General's Office, rbrammer@ag.state.ia.us 515-281-6699 or Ha Nguyen, Executive Assistant to Deputy Commissioner of Banks Mark Pearce, North Carolina Office of Commissioner of Banks, hnguyen@nccob.org, 919-733-0576.

Commercial Bank Activity

New Bank

Mega Bank

245 West Valley Boulevard, San Gabriel, Los Angeles County

(626) 282-3000

(626) 282-9333 (fax)

Officers: Edward Lo, President / Chief Executive Officer

Wilson Ngai, Executive Vice President / Chief Operating Officer

Donald Volkman, Senior Vice President / Chief Credit Officer

Eddie Wada, Senior Vice President / Chief Financial Officer

Capitalization: \$23,310,000.00

Website: <http://www.megabankusa.com>

Opened: 2/5/08

New Bank (Continued)

Pacific Bank
11010 Artesia Boulevard, Cerritos, Los Angeles County
Correspondent: Russell W. Bushore
Carpenter & Company
Five Park Plaza, Suite 950
Irvine, CA 92614
(949) 261-8888
Withdrawn: 2/4/08

Purchase of Partial Business Unit

Nara Bank, Los Angeles, California, to acquire the New Jersey branch office of The Provident Bank,
Brick Township, New Jersey
Effected: 2/29/08

Change of Name

Golden State Business Bank, Upland, to change its name to Golden State Bank
Notified: 2/29/08

Premium Finance Company Activity

Voluntary Surrender of License

G.A.S. Premium Finance, Inc.
Effected: 2/11/08

Imperial Premium Finance, Inc.
Effected: 2/4/08

Premium Finance, Inc.
Effected: 2/11/08

Summit Premium Finance Company
Effected: 2/11/08

Foreign (Other Nation) Bank Activity

Voluntary Surrender of License

Barclays Bank PLC
Effective: 2/10/08

Foreign (Other State) Bank Activity

New Facility

American Enterprise Bank (Facility – Insured Bank)
8775 Sierra College Boulevard, Granite Bay, Placer County
Opened: 2/15/08

Credit Union Activity

Field of Membership

One credit union received approval to add three new fields of membership during January 2008.

Bylaw Amendment

Three credit unions received approval for three bylaw amendments during January 2008.

Merger

Glass Containers Credit Union, Antioch, to merge with and into California Pacific Federal Credit Union, Concord
Effected: 1/29/08

Transmitter of Money Abroad Activity

New Transmitter

Trans-Fast Remittance, Inc.
Approved: 2/29/08

Issuer of Travelers Checks Activity

Voluntary Surrender of License

Interpayment Services, Limited
Effective: 12/31/07

CAROL D. CHESBROUGH
Interim Commissioner of Financial Institutions

Bulletin for Month ended
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to Financial Code section 258



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