

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

First Quarter 2016

Office of the Comptroller of the Currency
Washington, D.C.

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About Mortgage Metrics

The Office of the Comptroller of the Currency (OCC) collects data on the volume of mortgage modifications completed on first-lien residential mortgage loans serviced by seven national banks with large mortgage-servicing portfolios.¹ The *OCC Mortgage Metrics Report* is published quarterly to promote broader understanding of mortgage portfolio performance in the federal banking system, to support supervision of regulated institutions, and to fulfill section 104 of the Helping Families Save Their Homes Act of 2009 (codified at 12 USC 1715z-25).

- This report presents performance data for the first quarter of 2016.
- This report reflects a change in the number of institutions included in the Mortgage Metrics data collection—CIT Bank/OneWest is no longer a participant.²
- The data in this report reflect a large portion of first-lien residential mortgages in the United States, but the characteristics of the loans included here may differ from the overall population. The loans included are not a statistically representative, random sample.
- The loans include those owned by the reporting banks, as well as loans that the banks serviced for others as a fee-based business. At quarter's end, about 90 percent of these loans were serviced for others.
- This report includes enhancements to logic used in calculating changes in principal and interest for table 3. This enhanced logic more closely aligns with the legal requirements of the *Mortgage Metrics Report*.

This report uses reporting elements standard in the residential mortgage industry. Please see “Appendix A—Definitions and Method” for defined terms and method.

¹ The seven national banks are Bank of America, Citibank, HSBC, JPMorgan Chase, PNC, U.S. Bank, and Wells Fargo.

² Previous quarters' data reflect all national bank and federal savings association participants as of the quarter-end. Data from prior quarters include results from CIT Bank/One West.

Executive Summary

Overall Mortgage Portfolio and Performance

- As of March 31, 2016, the reporting banks serviced approximately 21.1 million first-lien mortgage loans with \$3.6 trillion in unpaid principal balances (see figures 1 and 2). This \$3.6 trillion was 38 percent of all first-lien residential mortgage debt outstanding in the United States.
- The overall performance of mortgages in this report remained relatively unchanged from the previous quarter but improved from a year earlier. The percentage of mortgages that were current and performing at the end of the first quarter of 2016 was 94.9 percent, compared with 94.2 percent a year earlier (see figure 6).
- Servicers initiate foreclosure actions at defined stages of loan delinquency. Foreclosure actions progress to sale of the property only if servicers and borrowers cannot arrange a permanent loss mitigation action, modification, home sale, or alternate workout solution. Servicers initiated 58,921 new foreclosures in the first quarter of 2016, a decrease of 7.0 percent from the previous quarter and 29.1 percent from a year earlier (see figure 7). Home forfeiture actions during the quarter—completed foreclosure sales, short sales, and deed-in-lieu-of-foreclosure actions—decreased 19.0 percent from a year earlier, to 38,429 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 34,481 modifications during the first quarter of 2016.

- Of these 34,481 modifications, 91 percent were “combination modifications”—modifications that included multiple actions affecting affordability and sustainability of the loan, such as an interest rate reduction and a term extension. An additional 2,681 loan modifications received only a single action (see table 1).
- Among the 31,450 combination modifications completed during the quarter, 93 percent included capitalization of delinquent interest and fees, 81 percent included an interest rate reduction or freeze, 88 percent included a term extension, 8 percent had principal reduced, and 13 percent had principal deferred (see table 2).
- Among the 34,481 modifications completed during the quarter, 30,028, or 87 percent, reduced the loan’s pre-modification monthly payment (see table 3).

Modified Loan Performance

The third quarter of 2015 is the first quarter for which all loans modified during the quarter could have aged at least six months by March 31, 2016. Among modifications that were completed during the third quarter of 2015, servicers reported that 6,058 were 60 or more days past due or in the process of foreclosure at the end of the month that they became six months old (see table 4).

Figure 1. Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions

Figure 1 reports the outstanding principal balance of reported loans and shows the declining amount of unpaid balance from the first quarter of 2014 through the first quarter of 2016.

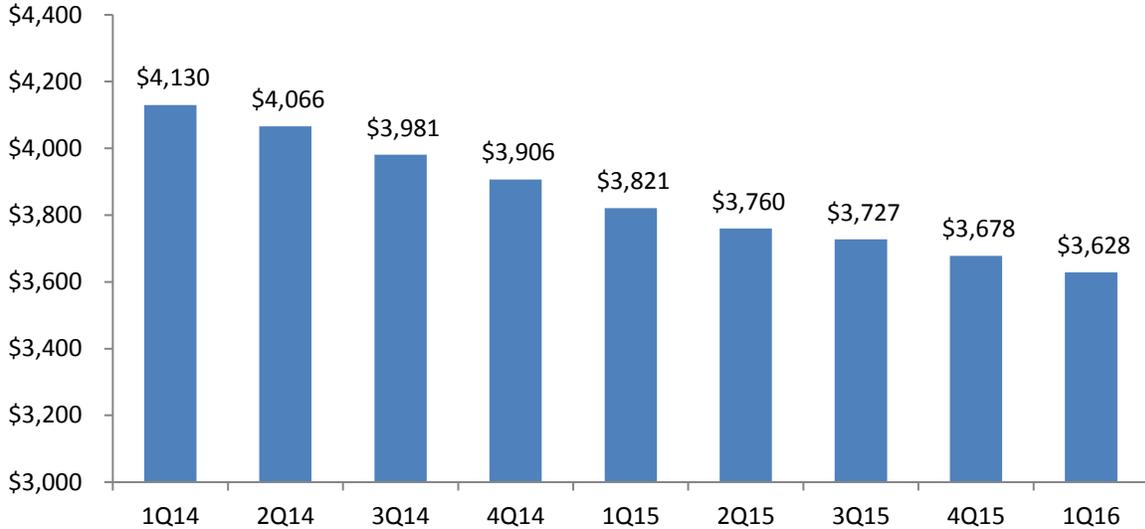


Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands

Figure 2 reports the aggregate number of the first-lien residential mortgages serviced by the seven reporting banks and illustrates the decline in reporting banks' servicing portfolio from the first quarter of 2014 through the first quarter of 2016.

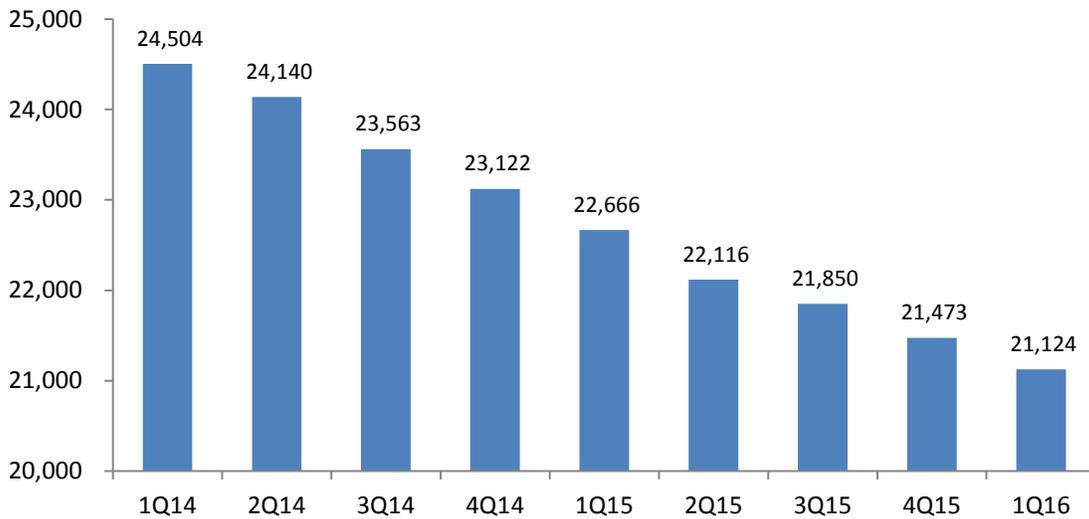


Figure 3. Composition—Loans in Thousands by Borrower Risk Category

Figure 3 shows the number of loans in each risk category from the first quarter of 2014 through the first quarter of 2016.

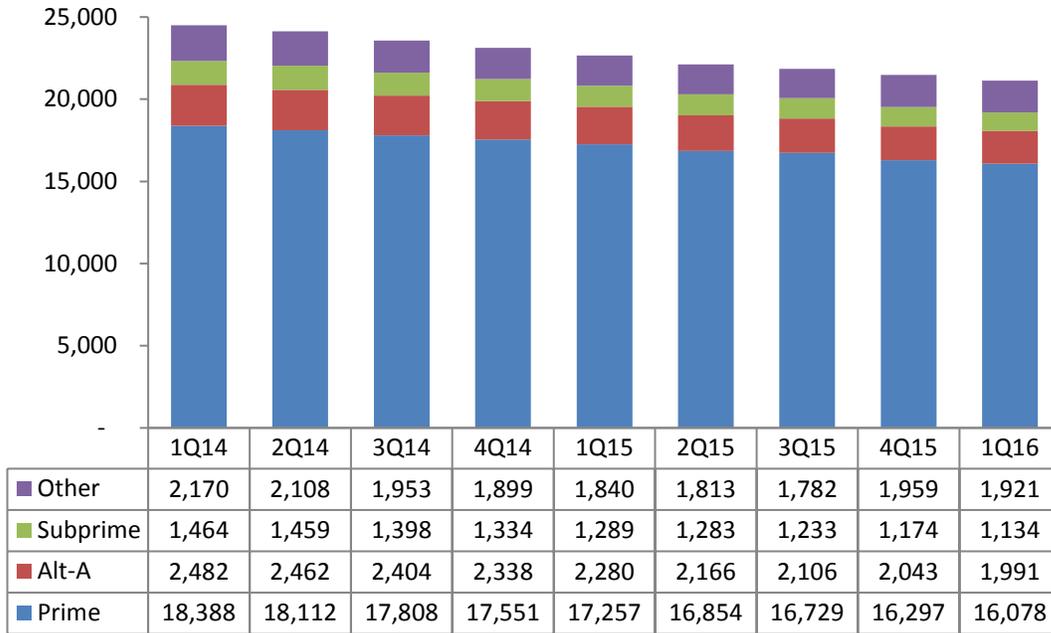


Figure 4. Composition—Percentage of Mortgages by Borrower Risk Category

Figure 4 reports the percentage of loans in each risk category, which shows the composition has remained relatively stable from the first quarter of 2014 through the first quarter of 2016.

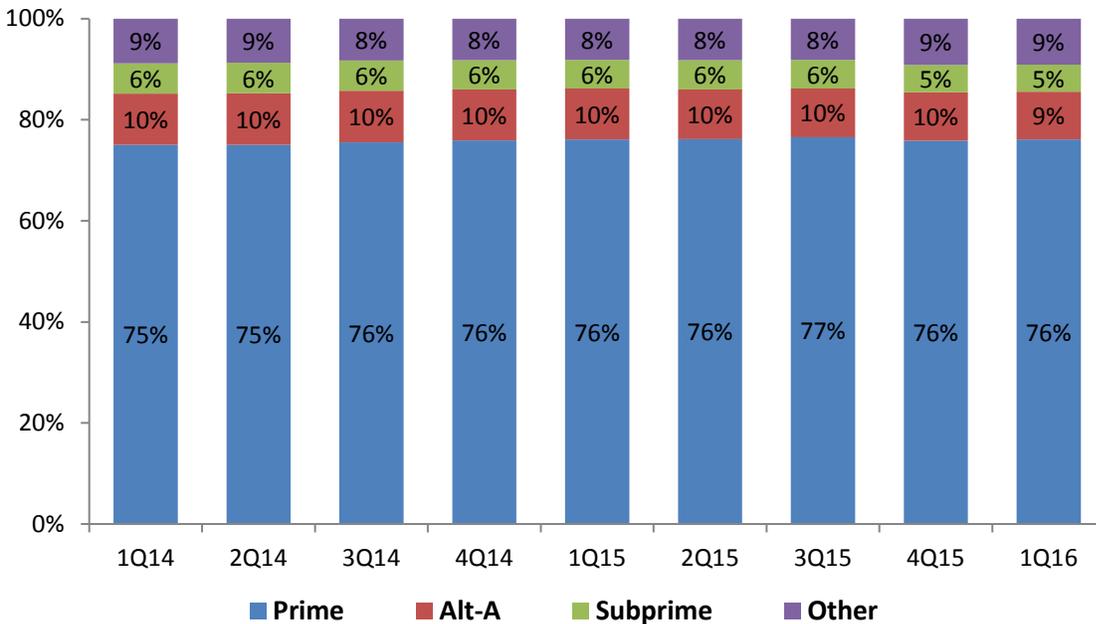


Figure 5. Number of Loans in Delinquency and Foreclosures in Process

Figure 5 provides the quarterly number of loans in each category of delinquency from the first quarter of 2014 through the first quarter of 2016. Data show delinquencies have declined gradually during that period.

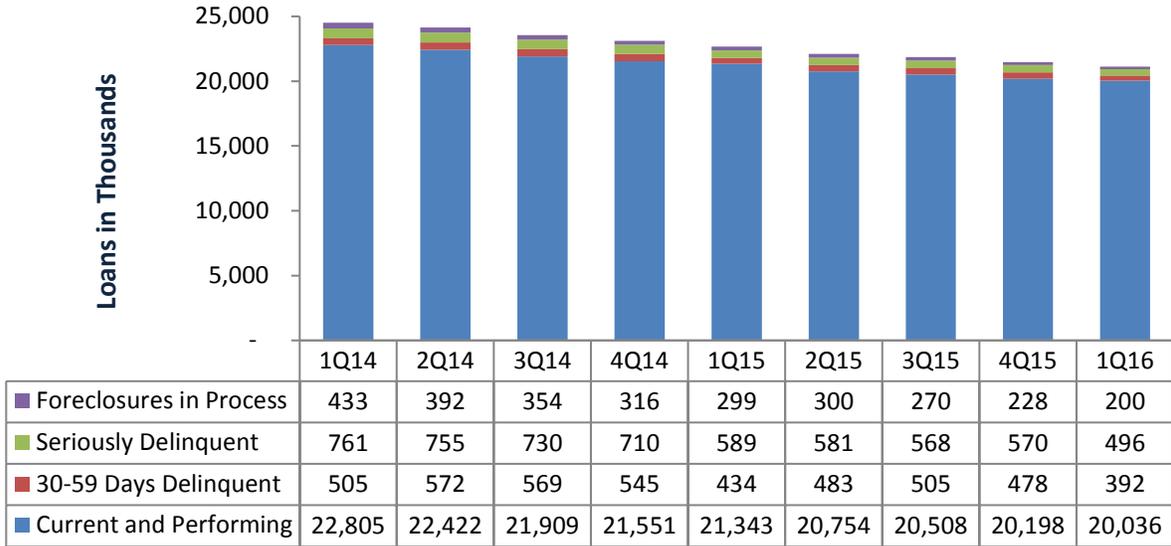


Figure 6. Percentage of Loans Current and Performing and in Delinquency

Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the first quarter of 2014 through the first quarter of 2016. Data show the composition of delinquencies has been relatively stable over that period.

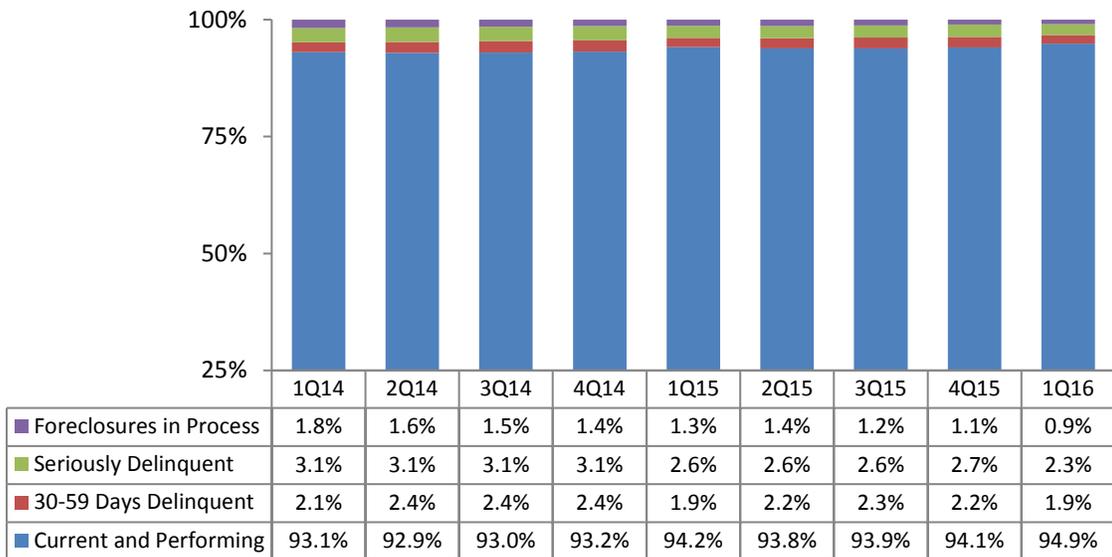


Figure 7. Newly Initiated Foreclosures—Loans in Thousands

Figure 7 reports the number of new foreclosure actions initiated quarterly from the first quarter of 2014 through the first quarter of 2016.

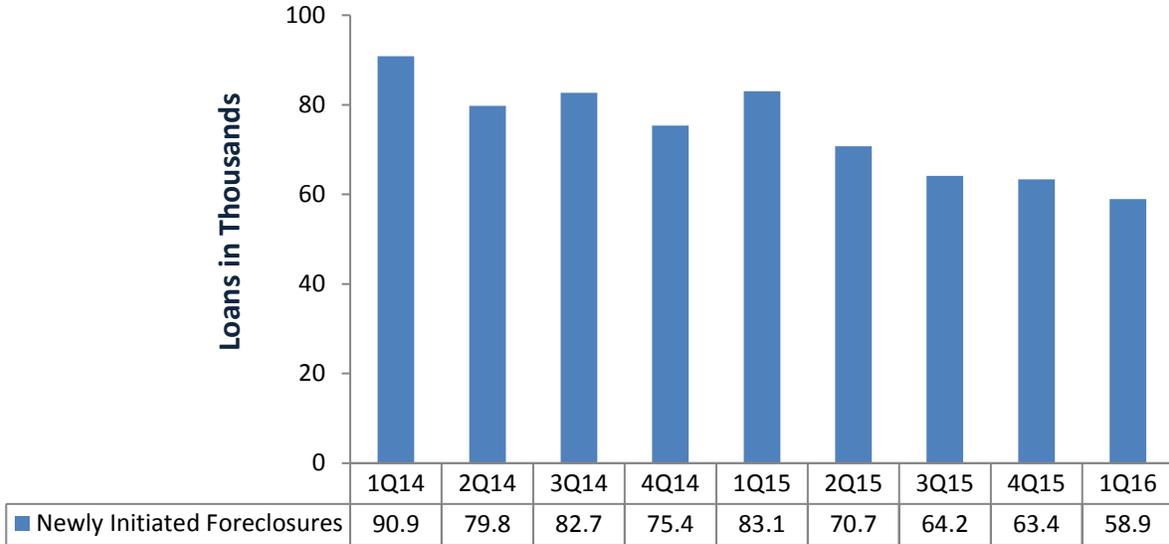


Figure 8. Completed Foreclosures and Other Home Forfeiture Actions—Loans in Thousands

Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the first quarter of 2014 through the first quarter of 2016

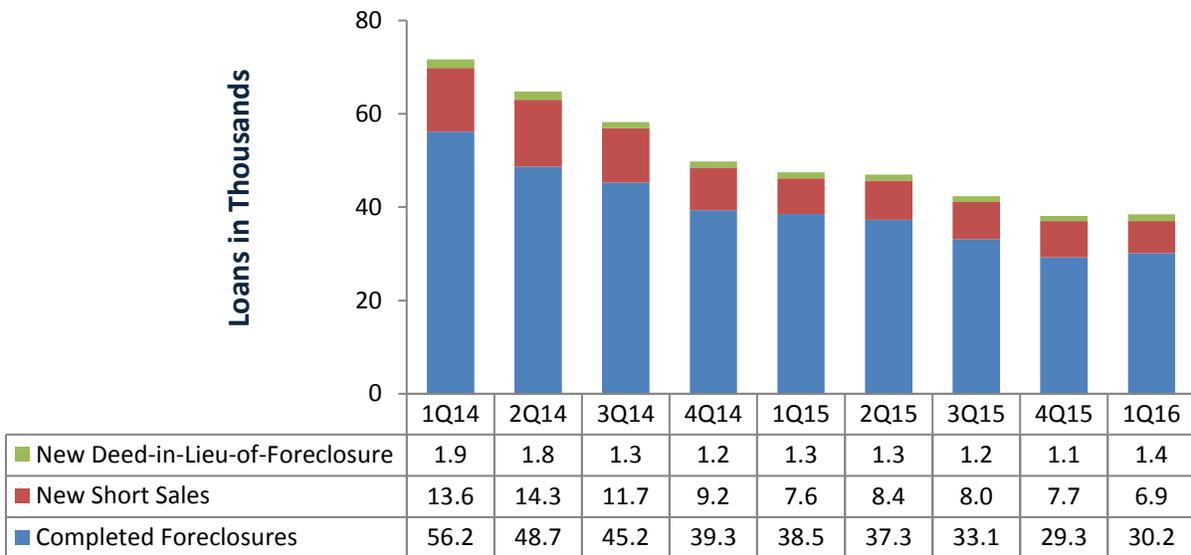


Table 1. Number of Mortgage Modification Actions Implemented in the First Quarter of 2016								
States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	1,369	90	1,006	5	211	31,450	350	34,481
Alabama	28	1	12	0	5	493	1	540
Alaska	1	0	1	0	0	28	1	31
Arizona	38	2	22	0	7	599	5	673
Arkansas	14	0	6	0	1	254	2	277
California	121	19	114	0	25	2,610	44	2,933
Colorado	17	0	13	0	2	344	0	376
Connecticut	18	0	21	0	1	455	7	502
Delaware	7	0	9	0	3	159	1	179
District of Columbia	1	0	1	1	0	64	0	67
Florida	86	15	59	1	13	2,535	27	2,736
Georgia	104	1	53	1	11	1,387	31	1,588
Hawaii	9	0	0	0	1	69	0	79
Idaho	1	0	4	0	1	108	0	114
Illinois	48	6	60	0	7	1,873	25	2,019
Indiana	30	1	20	0	4	735	4	794
Iowa	7	0	6	0	2	171	1	187
Kansas	8	1	4	0	0	204	3	220
Kentucky	13	0	9	0	1	282	4	309
Louisiana	26	0	11	0	9	540	7	593
Maine	7	0	5	0	0	127	0	139
Maryland	60	6	59	0	11	1,082	11	1,229
Massachusetts	23	0	25	0	3	569	6	626
Michigan	28	2	15	1	5	705	9	765
Minnesota	15	1	25	0	11	491	5	548
Mississippi	18	1	7	0	1	255	3	285
Missouri	21	1	13	1	2	561	5	604
Montana	7	0	1	0	1	51	1	61
Nebraska	5	0	0	0	4	133	1	143
Nevada	13	1	4	0	1	264	1	284
New Hampshire	8	0	7	0	0	115	0	130
New Jersey	54	1	51	0	3	1,620	18	1,747
New Mexico	6	1	7	0	2	183	5	204
New York	47	2	60	0	9	2,221	29	2,368
North Carolina	63	1	41	0	2	1,107	9	1,223
North Dakota	1	0	0	0	1	5	0	7
Ohio	47	4	24	0	8	1,246	10	1,339
Oklahoma	14	0	6	0	3	288	2	313
Oregon	10	1	4	0	5	286	8	314
Pennsylvania	53	7	50	0	8	1,404	9	1,531
Rhode Island	6	0	6	0	1	134	0	147
South Carolina	30	1	10	0	4	541	3	589
South Dakota	0	0	1	0	1	28	1	31
Tennessee	27	2	17	0	6	582	5	639
Texas	122	6	73	0	5	2,197	20	2,423
Utah	14	0	10	0	1	218	7	250
Vermont	1	0	2	0	0	41	0	44
Virginia	50	3	32	0	6	867	4	962
Washington	29	2	12	0	10	617	10	680
West Virginia	5	0	2	0	2	84	3	96
Wisconsin	8	1	11	0	2	424	2	448
Wyoming	0	0	1	0	0	35	0	36
Other	0	0	0	0	0	59	0	59

Table 2. Number of Modification Actions in Combination Actions Implemented in the First Quarter of 2016						
States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	29,211	25,550	27,553	2,352	4,037	31,450
Alabama	465	411	437	27	42	493
Alaska	27	20	23	2	5	28
Arizona	561	478	503	60	66	599
Arkansas	245	226	212	4	20	254
California	2,423	2,038	2,036	280	608	2,610
Colorado	310	276	310	10	19	344
Connecticut	415	361	410	58	84	455
Delaware	150	123	135	11	19	159
District of Columbia	60	44	58	2	9	64
Florida	2,400	2,095	2,131	364	518	2,535
Georgia	1,273	1,148	1,226	84	121	1,387
Hawaii	68	54	56	3	10	69
Idaho	99	76	94	8	8	108
Illinois	1,724	1,577	1,685	182	512	1,873
Indiana	695	640	667	22	36	735
Iowa	163	134	149	9	13	171
Kansas	195	172	190	3	7	204
Kentucky	264	235	250	6	13	282
Louisiana	503	483	451	25	25	540
Maine	124	101	105	2	5	127
Maryland	978	889	914	117	151	1,082
Massachusetts	528	433	495	40	75	569
Michigan	668	580	626	42	61	705
Minnesota	467	406	439	20	42	491
Mississippi	234	229	211	18	24	255
Missouri	535	461	511	42	48	561
Montana	48	39	50	1	2	51
Nebraska	130	97	123	7	6	133
Nevada	247	205	217	44	57	264
New Hampshire	110	84	100	9	10	115
New Jersey	1,466	1,266	1,452	198	340	1,620
New Mexico	174	154	163	11	19	183
New York	2,071	1,661	2,018	158	350	2,221
North Carolina	1,027	883	992	60	94	1,107
North Dakota	4	5	4	0	0	5
Ohio	1,165	1,083	1,137	62	90	1,246
Oklahoma	274	238	249	6	8	288
Oregon	266	226	248	10	19	286
Pennsylvania	1,289	1,099	1,264	73	130	1,404
Rhode Island	115	110	114	16	22	134
South Carolina	503	428	472	28	40	541
South Dakota	27	22	24	0	0	28
Tennessee	546	511	500	34	32	582
Texas	1,983	1,897	2,012	56	45	2,197
Utah	195	179	205	4	8	218
Vermont	40	27	39	1	5	41
Virginia	811	676	774	49	93	867
Washington	576	492	541	39	64	617
West Virginia	80	66	71	6	3	84
Wisconsin	400	333	381	29	50	424
Wyoming	33	29	30	0	0	35
Other	57	50	49	10	9	59

Table 3. Changes in Monthly Principal and Interest Payments by State							
Modifications Implemented in the First Quarter of 2016							
States	Decreased by 20% or More	Decreased by 10% to Less Than 20%	Decreased by Less Than 10%	Unchanged	Increased	Not Reported	Total Modifications
Total - All States	17,688	7,243	5,097	255	4,113	85	34,481
Alabama	251	140	88	6	55	0	540
Alaska	11	8	8	0	4	0	31
Arizona	348	135	108	4	76	2	673
Arkansas	125	50	47	2	53	0	277
California	1,591	649	394	23	269	7	2,933
Colorado	186	91	47	5	47	0	376
Connecticut	274	108	67	2	50	1	502
Delaware	77	48	27	2	24	1	179
District of Columbia	39	15	9	0	4	0	67
Florida	1,424	510	374	17	403	8	2,736
Georgia	830	342	208	12	186	10	1,588
Hawaii	37	19	9	1	13	0	79
Idaho	63	25	15	1	10	0	114
Illinois	1,233	316	255	7	207	1	2,019
Indiana	353	186	144	3	108	0	794
Iowa	91	40	27	4	25	0	187
Kansas	110	47	34	0	29	0	220
Kentucky	137	68	54	3	47	0	309
Louisiana	277	112	93	5	100	6	593
Maine	52	32	28	0	27	0	139
Maryland	616	237	214	9	152	1	1,229
Massachusetts	326	134	93	1	71	1	626
Michigan	417	166	117	4	59	2	765
Minnesota	280	118	77	7	62	4	548
Mississippi	138	63	41	2	41	0	285
Missouri	319	118	99	7	60	1	604
Montana	23	18	11	1	8	0	61
Nebraska	70	34	17	3	17	2	143
Nevada	168	48	33	0	35	0	284
New Hampshire	69	28	16	1	16	0	130
New Jersey	931	376	227	10	200	3	1,747
New Mexico	99	45	38	2	19	1	204
New York	1,181	514	318	15	332	8	2,368
North Carolina	622	282	192	5	122	0	1,223
North Dakota	2	1	1	0	2	1	7
Ohio	690	245	226	13	156	9	1,339
Oklahoma	116	71	61	5	60	0	313
Oregon	164	69	46	5	30	0	314
Pennsylvania	40	8	7	3	1	0	59
Rhode Island	812	338	208	9	160	4	1,531
South Carolina	77	31	20	0	19	0	147
South Dakota	283	133	88	9	74	2	589
Tennessee	12	7	5	2	5	0	31
Texas	343	123	87	10	76	0	639
Utah	1,233	513	388	13	272	4	2,423
Vermont	119	66	36	2	26	1	250
Virginia	23	13	5	0	3	0	44
Washington	441	226	175	7	113	0	962
West Virginia	289	161	116	7	105	2	680
Wisconsin	40	22	15	1	15	3	96
Wyoming	217	87	81	5	58	0	448
Other	19	7	3	0	7	0	36

Table 4. Number of Re-Defaults for Loans Modified Six Months Previously							
Modified Loans 60 or More Days Delinquent After Six Months by Changes in Principal and Interest Payments							
States	Decreased by 20% or More	Decreased by 10% to Less Than 20%	Decreased by Less Than 10%	Unchanged	Increased	Not Reported	Total Modifications
Total - All States	2,235	1,350	1,153	62	1,249	9	6,058
Alabama	47	29	24	3	20	0	123
Alaska	2	0	1	0	2	0	5
Arizona	33	26	19	3	17	0	98
Arkansas	19	17	4	0	18	0	58
California	140	79	44	4	53	0	320
Colorado	23	19	10	2	11	0	65
Connecticut	37	19	13	0	15	1	85
Delaware	15	10	11	0	6	0	42
District of Columbia	6	7	2	0	4	0	19
Florida	159	74	71	6	96	1	407
Georgia	123	71	65	4	58	3	324
Hawaii	2	1	2	0	4	0	9
Idaho	7	4	5	0	9	0	25
Illinois	128	66	57	1	69	0	321
Indiana	43	39	36	0	38	0	156
Iowa	19	14	5	0	14	0	52
Kansas	22	7	8	1	9	0	47
Kentucky	24	10	15	2	16	0	67
Louisiana	38	17	29	3	36	0	123
Maine	8	0	4	0	7	0	19
Maryland	82	48	61	2	44	1	238
Massachusetts	40	21	20	0	22	0	103
Michigan	68	25	22	0	21	0	136
Minnesota	26	26	14	2	19	0	87
Mississippi	23	12	10	0	17	1	63
Missouri	33	16	29	4	25	0	107
Montana	3	3	0	0	1	0	7
Nebraska	8	9	6	0	4	0	27
Nevada	20	12	6	1	7	0	46
New Hampshire	12	1	3	0	4	0	20
New Jersey	99	61	45	1	60	1	267
New Mexico	14	8	8	0	2	0	32
New York	157	113	84	7	71	1	433
North Carolina	80	44	46	3	47	0	220
North Dakota	0	0	1	0	0	0	1
Ohio	70	56	44	1	54	0	225
Oklahoma	31	11	12	0	23	0	77
Oregon	8	10	3	0	9	0	30
Pennsylvania	119	71	54	2	44	0	290
Rhode Island	8	4	3	0	4	0	19
South Carolina	32	22	37	2	38	0	131
South Dakota	3	3	5	0	1	0	12
Tennessee	55	26	16	2	24	0	123
Texas	191	132	125	2	116	0	566
Utah	17	10	11	1	9	0	48
Vermont	3	0	0	0	0	0	3
Virginia	64	45	30	1	31	0	171
Washington	26	28	16	2	30	0	102
West Virginia	12	5	6	0	2	0	25
Wisconsin	30	18	8	0	13	0	69
Wyoming	1	0	2	0	4	0	7
Other	5	1	1	0	1	0	8

Appendix A—Definitions and Method

The *OCC Mortgage Metrics Report* relies on reporting elements and conventions standard in the residential mortgage industry.

- **Alt-A**—Mortgages whose credit scores at the time of origination range from 620 to 659.
- **Capitalization**—Actions that increase the unpaid principal balance of the loan by the amount of any delinquent payments and fees.
- **Combination modifications**—Modifications that include more than one type of modification action. Most modifications generally require changes to more than one term of a loan to bring a loan current and reduce monthly payments to an amount that is affordable and sustainable.
- **Foreclosures in process**—Mortgages for which servicers have begun formal foreclosure proceedings but have not yet completed the foreclosure process. The foreclosure process varies by state. Many foreclosures in process never result in the loss of borrowers' homes because servicers simultaneously pursue other loss mitigation actions, and borrowers may return their mortgages to current and performing status.
- **Interest reductions and freezes**—Actions that reduce or freeze the contractual interest rate of the loan that was in effect prior to the modification action.
- **Loan modifications**—Actions that contractually change the terms of mortgages with respect to interest rates, maturity, principal, or other terms of the loan.
- **Other**—Mortgages in the portfolio that do not reflect the borrowers' credit scores at origination.
- **Prime**—Mortgages whose credit scores at the time of origination are 660 and above.
- **Principal deferral modifications**—Modifications that remove a portion of the unpaid principal from the amount used to calculate monthly principal and interest payments for a set period. The deferred amount becomes due at the end of the loan term.
- **Principal reduction modifications**—Modifications that permanently reduce the unpaid principal owed on a mortgage.
- **Re-default**—For purposes of this report, a loan is defined as in re-default if it was 60 or more days past due as of the end of the month at which the modification was six months old. For example, a loan that was modified as of November 1, 2014, would be defined as in re-default if it was 60 or more days past due or 30 or more days past due and in the process of foreclosure as of its May 31, 2015, reporting date.
- **Seriously delinquent loans**—Mortgages that are 60 or more days past due, and all mortgages held by bankrupt borrowers whose payments are 30 or more days past due.
- **Subprime**—Mortgages whose credit scores at the time of origination are less than 620.
- **Term extensions**—Actions that delay the final maturity date of the loan that was in effect prior to the modification action.

Loan delinquencies are reported using the Mortgage Bankers Association convention that a loan is past due when a scheduled payment has not been made by the due date of the following scheduled payment. The statistics are based on the number of loans, unless stated otherwise.

Percentages are rounded to one decimal place unless the result is less than 0.1 percent, which is rounded to two decimal places. The report uses whole numbers when approximating. Values in tables may not total 100 percent because of rounding.

Results are not seasonally adjusted.