

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

First Quarter 2019

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 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 and modification activity in the federal banking system, support supervision of regulated institutions, and fulfill section 104 of the Helping Families Save Their Homes Act of 2009 (codified at 12 USC 1715z-25), as amended by section 1493(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- This report presents performance data for the first quarter of 2019 for loans in which the reporting banks own or service for others as a fee-based business.
- The data in this report reflect a portion of first-lien residential mortgages in the country. The characteristics of the loans included here may differ from the overall population. The loans included are not a statistically representative, random sample.
- This report covers the performance of first-lien home mortgages in the portfolios of reporting banks. It excludes junior liens, home equity lines of credit (HELOC), and home equity conversion mortgages (reverse mortgages).

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

Executive Summary

Overall Mortgage Portfolio and Performance

- As of March 31, 2019, the reporting banks serviced approximately 16.7 million first-lien residential mortgage loans with \$3.2 trillion in unpaid principal balances (see figures 1 and 2). This \$3.2 trillion was 31 percent of all residential mortgage debt outstanding in the United States.²
- The overall performance of mortgages this quarter improved slightly from a year ago. The percentage of mortgages that were current and performing at the end of the first quarter of 2019 was 96.2 percent compared with 95.8 percent the previous year (see figure 6).
- Servicers initiate foreclosure actions at defined stages of loan delinquency. Foreclosure actions progress to sale of the property only when servicers and borrowers cannot arrange a permanent loss mitigation action, modification, home sale, or alternate workout solution. Servicers initiated 27,610 new foreclosures in the first quarter of 2019, a decrease of 6.5 percent from the previous quarter and a decrease of 26 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 30.3 percent from a year earlier to 13,486 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 17,561 modifications during the first quarter of 2019, a 13.3 percent decrease from the prior quarter's 20,256 modifications.

- Of these 17,561 modifications, 15,352, or 87.4 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. Of the remaining 2,209 loan modifications, 2,074 received a single action and 135 modifications were not assigned a modification type (see table 1).
- Among the 15,352 combination modifications completed during the quarter, 97.4 percent included capitalization of delinquent interest and fees, 35.8 percent included an interest rate reduction or freeze, 96.6 percent included a term extension, 1.2 percent included principal reduction, and 11.5 percent included principal deferral (see table 2).
- Of the 17,561 modifications completed during the quarter, 12,744, or 72.6 percent, reduced the loan's pre-modification monthly payment (see table 3).

Modified Loan Performance

The third quarter of 2018 is the first quarter for which all loans modified during that quarter could have aged at least six months by March 31, 2019. Of the 25,701 modifications that were

² Residential mortgage debt is determined using the quarterly Federal Reserve Statistical Release, “Z.1: Financial Accounts of the United States,” table L.218, “Home Mortgages,” household sector liabilities. Data as of March 31, 2019.

completed during the third quarter of 2018, servicers reported that 3,719, or 14.5 percent, 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 reports the outstanding principal balance of reported loans and shows the declining amount of unpaid balance from the first quarter of 2017 through the first quarter of 2019.

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



Figure 2 reports the number of first-lien residential mortgages serviced by the seven reporting banks and illustrates the reduction in their servicing portfolios from the first quarter of 2017 through the first quarter of 2019.

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



Figure 3 shows the number of loans in each risk category from the first quarter of 2017 through the first quarter of 2019.

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



Figure 4 reports the percentage of loans in each risk category and shows that composition has remained relatively stable since the first quarter of 2017.

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

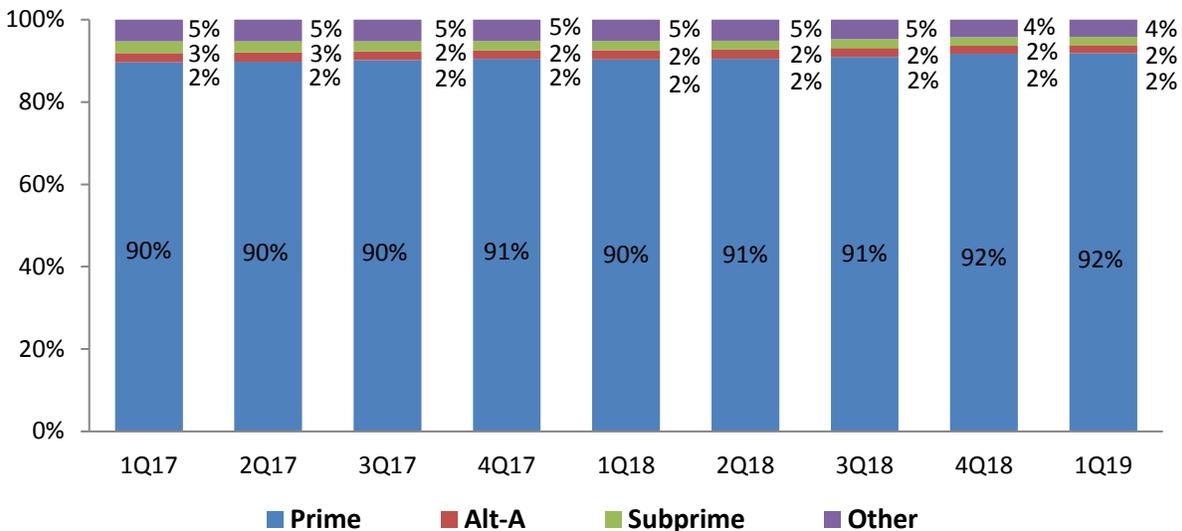


Figure 5 provides the quarterly number of loans in each category of delinquency from the first quarter of 2017 through the first quarter of 2019.

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

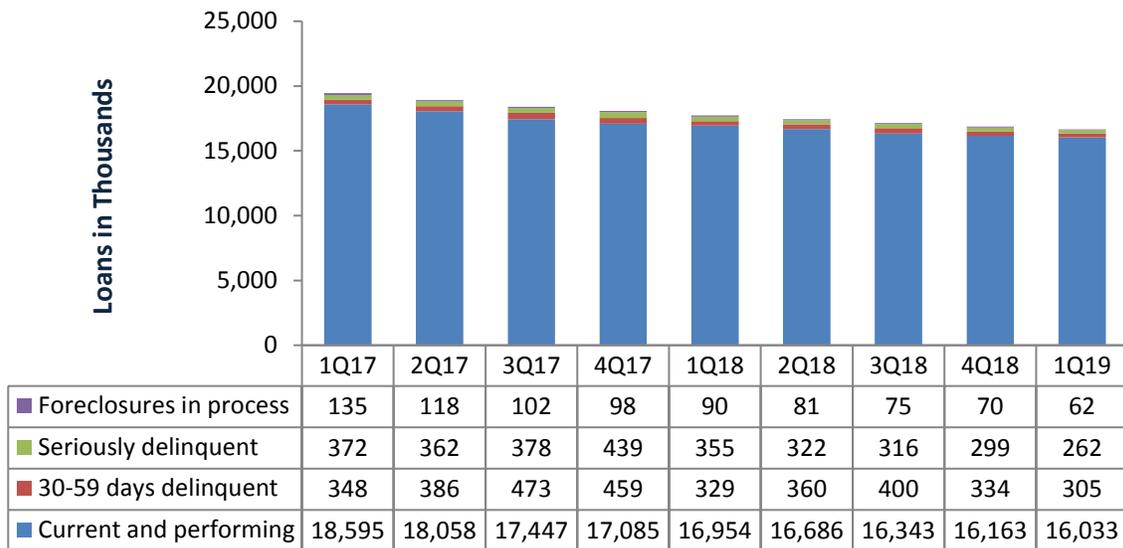


Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the first quarter of 2017 through the first quarter of 2019. Data show that the concentration of seriously delinquent loans and foreclosures in process remains relatively low.

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

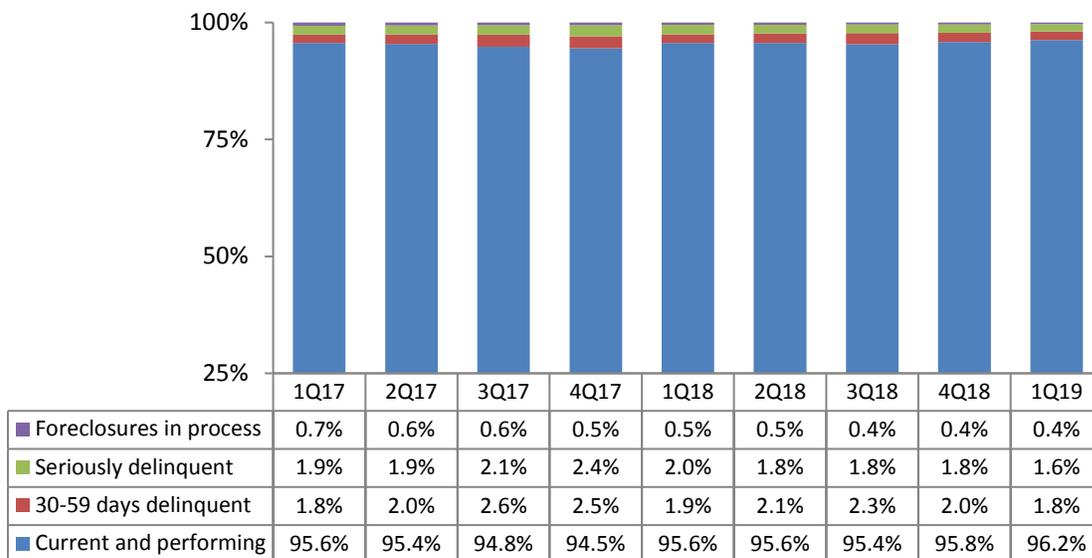


Figure 7 reports the number of new foreclosure actions initiated quarterly from the first quarter of 2017 through the first quarter of 2019. New foreclosure actions decreased to 27,610, or 26 percent, compared with 37,300 in the first quarter of 2018.

Figure 7: Newly Initiated Foreclosures—Loans in Thousands

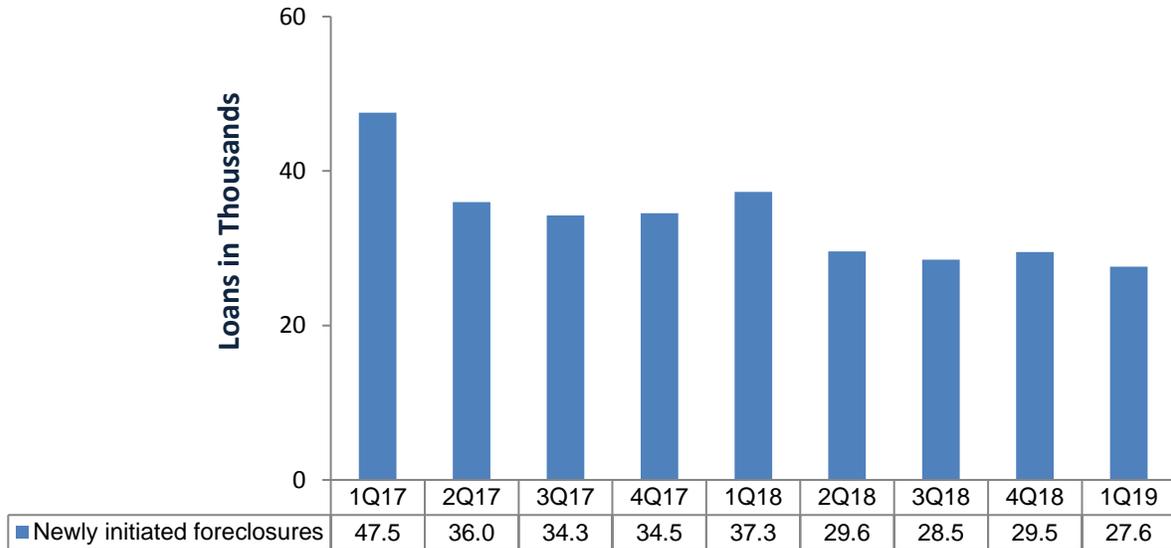
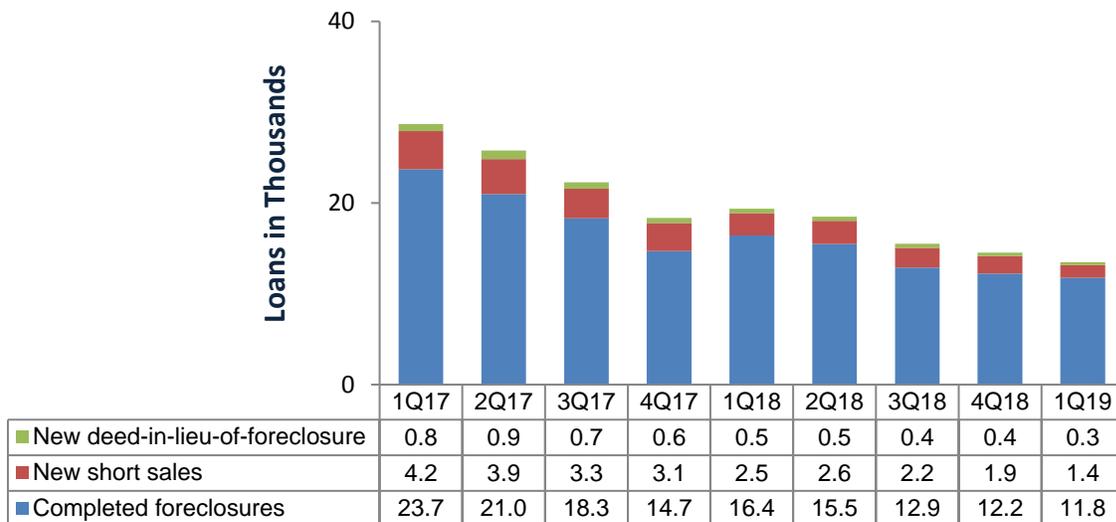


Figure 8: Completed Foreclosures and Other Home Forfeiture Actions—Loans in Thousands

Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the first quarter of 2017 through the first quarter of 2019. Completed foreclosures and other forfeiture actions decreased 30.3 percent to 13,486 compared with 19,360 in the first quarter of 2018.



**Table 1. Number of Mortgage Modification Actions
Implemented in the First Quarter of 2019**

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total - all states	297	221	1,249	27	280	15,352	135	17,561
Alabama	3	7	13	0	6	237	3	269
Alaska	0	0	1	0	0	27	0	28
Arizona	3	3	25	0	9	305	1	346
Arkansas	3	1	6	1	3	163	0	177
California	14	16	64	1	32	828	20	975
Colorado	5	0	12	0	4	135	2	158
Connecticut	5	8	17	1	3	228	4	266
Delaware	1	2	11	0	0	117	2	133
District of Columbia	0	0	3	0	0	36	1	40
Florida	56	22	123	5	19	1,397	20	1,642
Georgia	23	9	65	0	15	702	11	825
Hawaii	0	0	6	1	0	26	0	33
Idaho	0	3	2	0	2	53	0	60
Illinois	10	10	63	0	16	818	4	921
Indiana	3	6	38	0	7	462	3	519
Iowa	1	0	11	0	6	124	0	142
Kansas	0	1	2	0	5	132	0	140
Kentucky	6	0	17	0	2	168	1	194
Louisiana	8	9	12	0	6	322	5	362
Maine	1	1	5	1	0	51	0	59
Maryland	8	11	46	3	2	514	11	595
Massachusetts	3	5	28	0	2	200	4	242
Michigan	6	4	14	0	7	306	3	340
Minnesota	3	5	15	0	5	255	1	284
Mississippi	1	4	6	0	2	145	1	159
Missouri	4	2	18	2	8	304	0	338
Montana	0	0	1	0	1	36	0	38
Nebraska	4	0	4	0	3	95	0	106
Nevada	1	0	7	0	3	112	0	123
New Hampshire	1	0	3	0	1	42	0	47
New Jersey	11	5	61	4	22	629	4	736
New Mexico	0	0	6	0	3	90	0	99
New York	14	11	65	2	8	674	8	782
North Carolina	20	10	52	0	11	593	8	694
North Dakota	0	0	1	0	0	19	0	20
Ohio	8	7	37	0	8	598	4	662
Oklahoma	0	1	14	0	1	207	0	223
Oregon	3	2	5	0	1	105	0	116
Pennsylvania	3	9	51	2	8	750	1	824
Rhode Island	1	0	9	0	0	53	0	63
South Carolina	6	5	26	3	8	288	0	336
South Dakota	0	1	1	0	3	16	0	21
Tennessee	3	6	17	0	5	263	1	295
Texas	42	25	194	0	19	1,765	3	2,048
Utah	0	0	8	0	2	100	0	110
Vermont	0	1	3	0	0	15	0	19
Virginia	8	7	38	1	6	399	6	465
Washington	3	1	13	0	3	202	1	223
West Virginia	0	0	0	0	1	44	1	46
Wisconsin	1	1	10	0	1	172	1	186
Wyoming	0	0	0	0	1	19	0	20
Other	1	0	0	0	0	11	0	12

**Table 2. Number of Modification Actions in Combination Actions
Implemented in the First Quarter of 2019**

States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - all states	14,959	5,496	14,827	185	1,763	15,352
Alabama	235	93	225	4	30	237
Alaska	26	5	23	1	4	27
Arizona	300	110	300	0	46	305
Arkansas	161	56	160	2	9	163
California	808	278	780	4	99	828
Colorado	133	36	134	0	7	135
Connecticut	219	84	211	8	44	228
Delaware	114	41	116	5	16	117
District of Columbia	35	8	36	0	3	36
Florida	1,353	503	1,314	22	234	1,397
Georgia	680	255	676	9	72	702
Hawaii	25	6	26	1	1	26
Idaho	51	20	51	0	5	53
Illinois	799	315	786	14	119	818
Indiana	454	163	454	7	29	462
Iowa	123	36	123	0	10	124
Kansas	125	42	126	3	9	132
Kentucky	163	58	166	2	13	168
Louisiana	316	135	314	3	29	322
Maine	48	9	49	1	5	51
Maryland	499	181	492	12	67	514
Massachusetts	196	69	196	4	28	200
Michigan	302	120	297	2	30	306
Minnesota	247	96	247	0	26	255
Mississippi	142	52	140	2	13	145
Missouri	298	135	295	4	30	304
Montana	35	13	35	0	2	36
Nebraska	91	36	94	0	5	95
Nevada	112	40	109	1	18	112
New Hampshire	40	10	41	1	5	42
New Jersey	603	227	593	18	137	629
New Mexico	88	29	89	0	8	90
New York	660	221	656	9	108	674
North Carolina	581	182	579	2	60	593
North Dakota	19	6	19	0	2	19
Ohio	580	260	577	15	68	598
Oklahoma	204	68	204	1	11	207
Oregon	102	38	102	1	8	105
Pennsylvania	734	260	721	10	97	750
Rhode Island	51	19	49	2	7	53
South Carolina	280	80	283	0	26	288
South Dakota	15	3	16	0	0	16
Tennessee	258	102	253	3	21	263
Texas	1,715	672	1,731	7	90	1,765
Utah	98	32	100	0	6	100
Vermont	14	8	13	0	2	15
Virginia	394	121	390	3	48	399
Washington	194	59	195	1	12	202
West Virginia	43	24	42	0	5	44
Wisconsin	167	67	170	1	37	172
Wyoming	18	6	19	0	1	19
Other	11	7	10	0	1	11

Table 3. Changes in Monthly Principal and Interest Payments by State

Modifications Implemented in the First Quarter of 2019

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	6,197	3,522	3,025	541	4,559	20	17,561
Alabama	95	57	55	7	59	0	269
Alaska	4	5	7	0	13	0	28
Arizona	117	99	46	11	80	0	346
Arkansas	60	39	37	3	43	1	177
California	443	231	151	41	146	0	975
Colorado	65	42	21	4	28	0	158
Connecticut	116	51	42	3	66	0	266
Delaware	55	25	20	1	34	0	133
District of Columbia	13	14	3	0	11	0	40
Florida	503	279	326	118	433	4	1,642
Georgia	292	141	152	22	226	1	825
Hawaii	10	5	9	5	4	0	33
Idaho	24	16	12	3	5	0	60
Illinois	330	204	134	23	242	2	921
Indiana	138	111	107	8	155	2	519
Iowa	40	25	20	9	48	0	142
Kansas	46	24	17	6	49	0	140
Kentucky	66	39	35	4	53	1	194
Louisiana	121	69	82	8	89	0	362
Maine	15	12	17	1	16	0	59
Maryland	233	120	88	1	171	0	595
Massachusetts	109	52	34	3	49	0	242
Michigan	139	65	58	9	75	1	340
Minnesota	99	68	39	7	74	0	284
Mississippi	52	39	38	2	33	0	159
Missouri	136	73	47	9	81	1	338
Montana	11	7	12	1	7	0	38
Nebraska	32	25	11	6	34	0	106
Nevada	34	32	14	3	41	0	123
New Hampshire	23	10	9	1	7	0	47
New Jersey	268	166	99	21	192	2	736
New Mexico	39	16	9	5	34	0	99
New York	275	147	126	9	240	0	782
North Carolina	218	135	156	25	167	1	694
North Dakota	7	7	3	0	3	0	20
Ohio	234	119	107	10	199	1	662
Oklahoma	73	44	46	1	61	0	223
Oregon	49	32	13	4	20	0	116
Pennsylvania	305	165	136	10	223	1	824
Rhode Island	25	12	13	0	14	0	63
South Carolina	107	57	68	12	93	0	336
South Dakota	4	2	7	3	5	0	21
Tennessee	109	54	56	9	73	0	295
Texas	656	356	371	79	612	1	2,048
Utah	34	28	17	3	29	0	110
Vermont	10	5	3	1	1	0	19
Virginia	170	102	75	10	115	0	465
Washington	90	42	31	6	53	1	223
West Virginia	25	10	7	4	3	0	46
Wisconsin	70	38	31	6	44	0	186
Wyoming	4	5	5	3	3	0	20
Other	4	1	3	1	3	0	12

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 re-defaults
Total - all states	821	726	795	101	1,269	7	3,719
Alabama	12	10	13	1	21	0	57
Alaska	1	3	2	0	1	0	7
Arizona	17	13	9	1	30	0	70
Arkansas	6	16	8	0	20	0	50
California	32	42	23	3	38	1	139
Colorado	4	4	7	0	3	0	18
Connecticut	7	9	11	0	16	0	43
Delaware	4	3	11	0	12	1	31
District of Columbia	2	0	1	0	0	0	3
Florida	61	65	120	46	123	2	417
Georgia	42	36	48	5	62	0	193
Hawaii	0	0	1	0	3	0	4
Idaho	0	3	4	0	3	0	10
Illinois	39	46	36	0	55	0	176
Indiana	25	21	28	1	45	0	120
Iowa	4	4	3	1	10	0	22
Kansas	9	2	5	1	12	0	29
Kentucky	4	6	3	1	13	0	27
Louisiana	14	26	16	3	36	0	95
Maine	4	5	2	0	5	0	16
Maryland	33	24	21	0	50	0	128
Massachusetts	7	12	6	0	19	0	44
Michigan	17	13	17	0	21	1	69
Minnesota	19	20	7	0	20	0	66
Mississippi	13	7	9	0	10	0	39
Missouri	19	16	14	0	21	0	70
Montana	1	0	2	0	4	0	7
Nebraska	5	6	3	0	6	0	20
Nevada	7	4	4	0	7	0	22
New Hampshire	1	3	1	0	3	0	8
New Jersey	39	23	14	0	45	0	121
New Mexico	4	3	2	0	8	0	17
New York	41	35	34	0	48	2	160
North Carolina	39	35	36	1	50	0	161
North Dakota	2	0	1	0	1	0	4
Ohio	24	30	27	1	47	0	129
Oklahoma	17	13	8	0	14	0	52
Oregon	2	2	4	1	13	0	22
Pennsylvania	55	24	34	1	62	0	176
Rhode Island	3	2	1	1	2	0	9
South Carolina	18	22	19	0	20	0	79
South Dakota	1	0	0	0	2	0	3
Tennessee	13	14	14	0	8	0	49
Texas	103	62	120	33	214	0	532
Utah	4	6	4	0	8	0	22
Vermont	2	0	0	0	0	0	2
Virginia	27	15	19	0	28	0	89
Washington	3	6	10	0	14	0	33
West Virginia	4	4	1	0	3	0	12
Wisconsin	8	11	10	0	11	0	40
Wyoming	3	0	2	0	2	0	7
Other	0	0	0	0	0	0	0

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 to prime quality borrowers but do not satisfy the criteria for conforming or jumbo loan programs. For example, these loans may lack high loan-to-value mortgage insurance, have minimal documentation, or be secured by collateral other than the borrower's primary residence. Alt-A mortgages are based on the borrower's credit conditions at origination.

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 rate reductions and freezes: Actions that reduce or freeze the contractual interest rate of the loan that was in effect before 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 could not be classified by the bank as Prime, Alt-A, or Subprime. Other mortgages are based on the borrower's credit conditions at origination.

Prime: Mortgages to borrowers underwritten as part of a conforming or jumbo loan program. Typically these borrowers are eligible for standard loan programs and pricing. For example, borrowers typically have mortgage insurance when the loan-to-value exceeds 80 percent of the collateral property value. Prime mortgages are based on the borrower's credit conditions at origination.

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 January 1, 2019 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 July 31, 2019, 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 to borrowers that display a range of credit risk characteristics that may include a weakened credit history, reduced repayment capacity, or incomplete credit history. A weakened credit history may include prior delinquencies, judgments, bankruptcies, or foreclosures on the credit report at the time of underwriting. Subprime mortgages are based on the borrower's credit conditions at origination.

Term extensions: Actions that delay the final maturity date of the loan that was in effect before the modification action.

OCC Mortgage Metrics Report Method

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.