Office of the
Comptroller of the Currency

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

First Quarter 2021

Office of the Comptroller of the Currency
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Contents

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 2021 for loans that 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).
- For loans in forbearance covered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, reporting banks are following guidance from the Department of Housing and Urban Development, Federal Housing Finance Administration, and the respective government agencies and government-sponsored entities (GSE) for the calculation and reporting of delinquency and credit bureau reporting. Banks implemented the CARES Act foreclosure moratoriums for all covered loans.
- Before the third quarter of 2019, certain banks reported completed, post-foreclosure, and other real estate owned (OREO) accounts in data used in figures 1 through 4. These accounts should not have been included in those figures. These discrepancies were not material.

[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, 2021, the reporting banks serviced approximately 13.2 million first-lien residential mortgage loans with $2.64 trillion in unpaid principal balances (see figures 1 and 2). This $2.64 trillion was 24 percent of all residential mortgage debt outstanding in the United States.[2]
- Overall mortgage performance this quarter declined from a year ago because of the impact of the COVID-19 pandemic. Under the CARES Act, signed into law on March 27, 2020, customer relief and forbearance can extend up to 18 months. The percentage of mortgages that were current and performing at the end of the first quarter of 2021 was 94.2 percent compared with 96.5 percent the previous year (see figure 6).
- Servicers initiated 833 new foreclosures in the first quarter of 2021, an increase of 5.6 percent from the previous quarter and a decrease of 95.8 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 76.9 percent from a year earlier to 1,900 (see figure 8). Events associated with the COVID-19 pandemic, including foreclosure moratoriums that began March 18, 2020, and have been extended to July 31, 2021, have caused significant decreases in these metrics.

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 47,773 modifications during the first quarter of 2021, a 16.4 percent increase from the previous quarter's 41,030 modifications.

- Of these 47,773 modifications, 27,503, or 57.6 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 20,270 loan modifications, 20,082 received a single action and 188 were not assigned a modification type. Of the 20,082 modifications with a single action, 10,385, or 51.7 percent, received a term extension and 9,419 or 46.9 percent received a rate reduction or freeze (see table 1).
- Among the 27,503 combination modifications completed during the quarter, 21,775, or 79.2 percent, included an interest rate reduction or freeze; 15,752, or 57.3 percent, included a term extension; 13,242, or 48.1 percent, included capitalization of delinquent interest and fees; 11,975, or 43.5 percent, included principal deferral; and 34, or 0.1 percent, included principal reduction (see table 2).
- Of the 47,773 modifications completed during the quarter, 26,414, or 55.3 percent, reduced the loan's pre-modification monthly payment (see table 3).

[2] Residential mortgage debt is determined using the quarterly Federal Reserve Statistical Release, "Z.1: Financial Accounts of the United States," table L.218, "One-to-Four Family Residential Mortgages," household sector liabilities. Data as of March 31, 2021.

Modified Loan Performance

By March 31, 2021, all loans modified during the third quarter of 2020 would have aged at least six months. Of the 14,097 modifications completed during the third quarter of 2020, servicers reported that 1,596, or 11.3 percent, were 60 or more days past due or in the process of foreclosure at the end of the month that the modifications became six months old (see table 4).

Figure 1 shows the outstanding principal balance of reported loans and the declining amount of unpaid balances from the first quarter of 2019 through the first quarter of 2021.

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

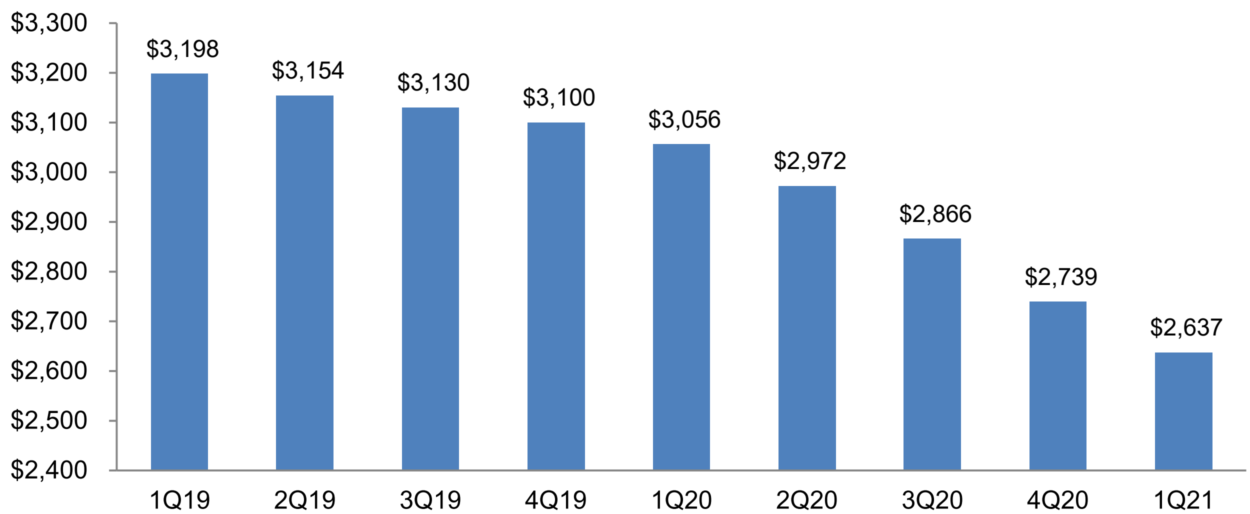


Figure 2 shows the number of first-lien residential mortgages serviced and the decline in loans from the first quarter of 2019 through the first quarter of 2021.

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

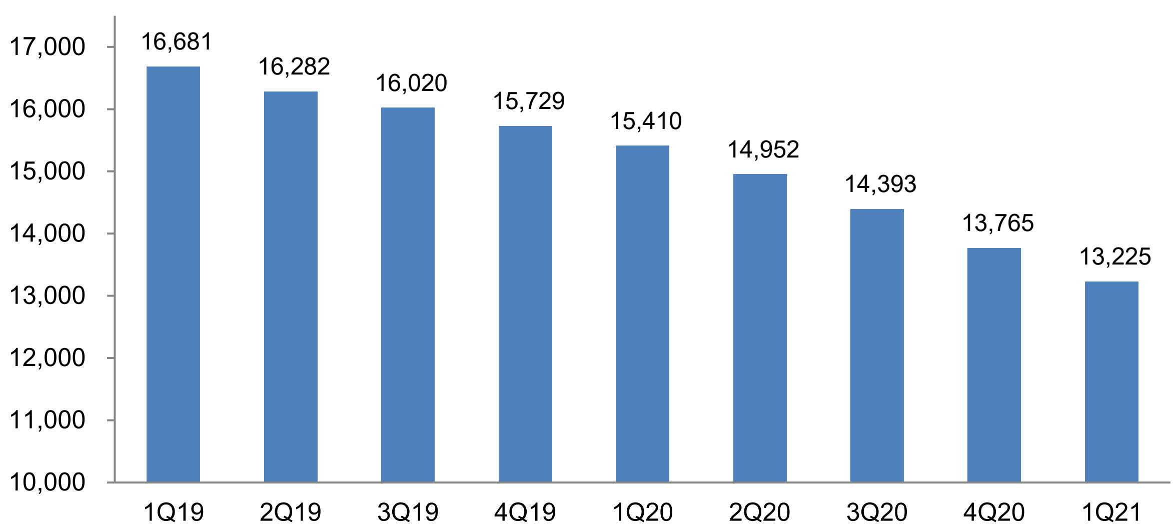
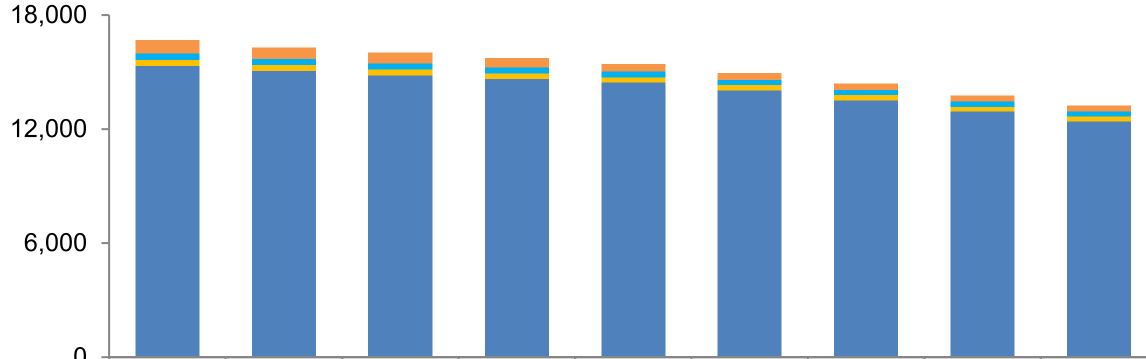


Figure 3 shows the number of loans in each risk category and the decline in each risk category from the first quarter of 2019 through the first quarter of 2021.

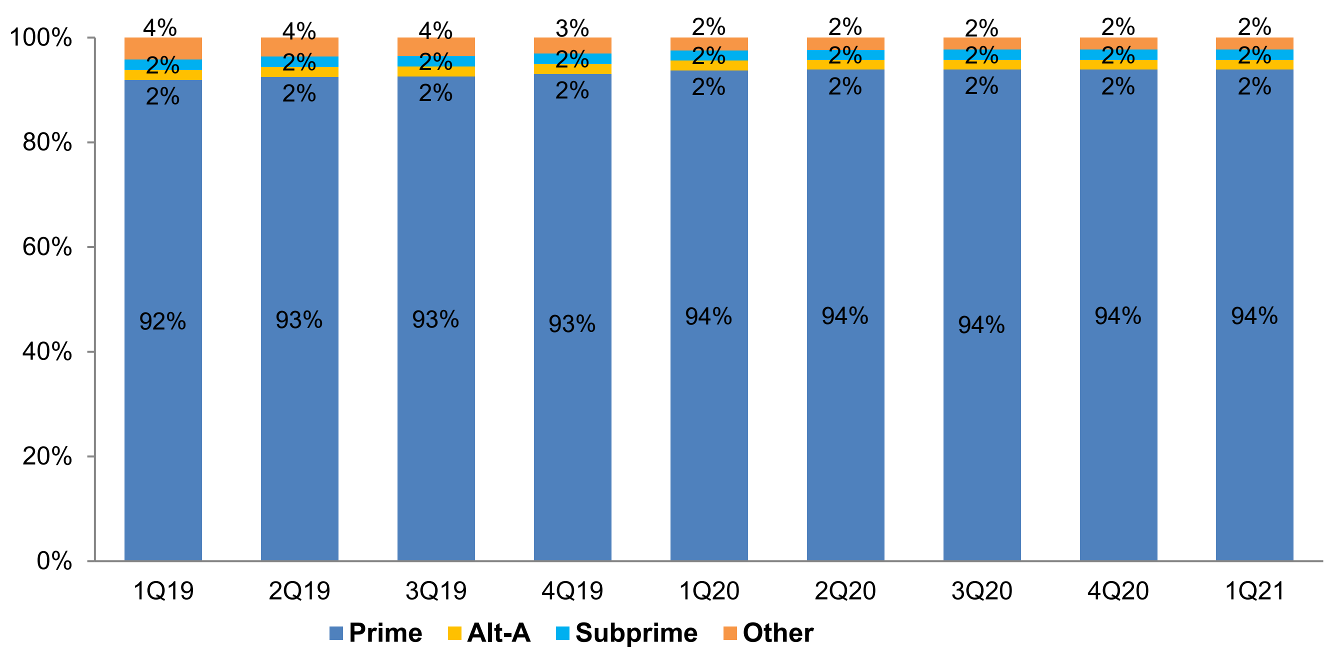
Figure 3: Composition—Loans in Thousands by Borrower Risk Category



	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Other	695	583	562	482	376	349	329	312	297
Subprime	338	328	318	309	297	284	277	268	261
Alt-A	319	309	298	291	280	273	266	258	250
Prime	15,329	15,062	14,842	14,647	14,457	14,046	13,521	12,927	12,416

Figure 4 reports the percentage of loans in each risk category and shows that the composition of loans has remained relatively stable since the first quarter of 2019.

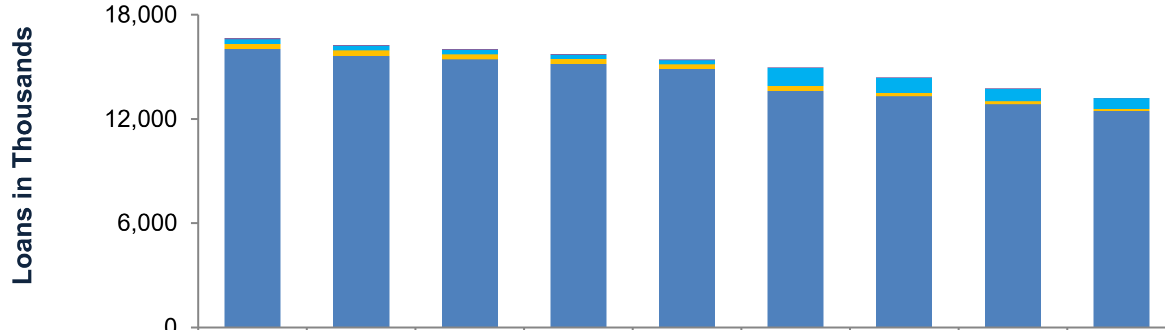
Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category[3]



[3] Percentages do not total 100 because of rounding.

Figure 5 shows the number of loans in each category of delinquency from the first quarter of 2019 through the first quarter of 2021. The number of foreclosures in process is down slightly from the previous quarter. Although the number of seriously delinquent loans sharply increased in the second quarter of 2020, the number has since declined.[4]

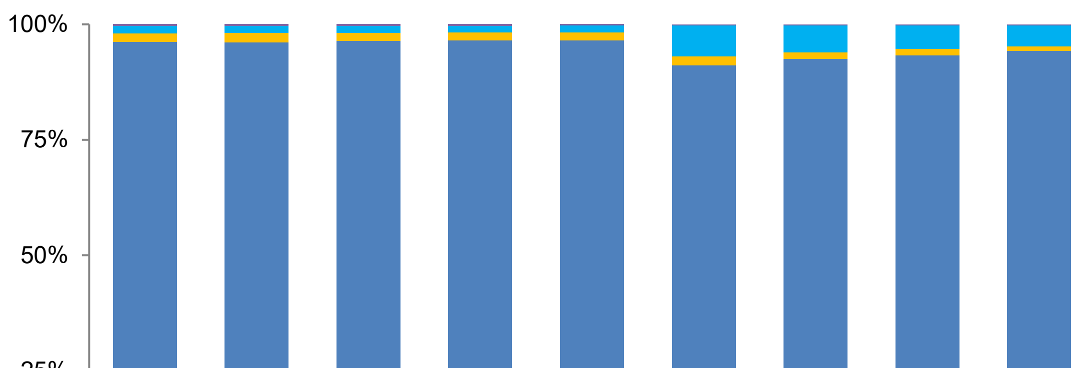
Figure 5: Number of Loans in Delinquency and Foreclosures in Process—Loans in Thousands



	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Foreclosures in process	62	56	51	49	42	30	27	27	26
Seriously delinquent	262	248	239	233	215	1,011	841	714	608
30-59 days delinquent	305	326	286	272	283	290	209	183	127
Current and performing	16,033	15,634	15,444	15,175	14,870	13,622	13,316	12,841	12,463

Figure 6 shows the percentage of mortgages in each category of delinquency from the first quarter of 2019 through the first quarter of 2021. Data show that the number of foreclosures in process remains relatively low as foreclosure moratoriums remain in place while the number of seriously delinquent loans has trended down since peaking in the second quarter of 2020.

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

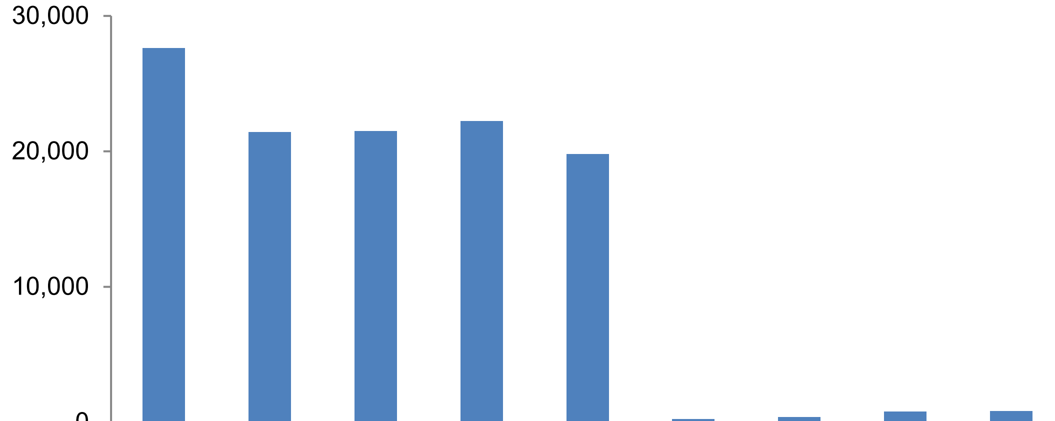


	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Foreclosures in process	0.4%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
Seriously delinquent	1.6%	1.5%	1.5%	1.5%	1.4%	6.8%	5.8%	5.2%	4.6%
30-59 days delinquent	1.8%	2.0%	1.8%	1.7%	1.8%	1.9%	1.5%	1.3%	1.0%
Current and performing	96.2%	96.1%	96.4%	96.5%	96.5%	91.1%	92.5%	93.3%	94.2%

[4] Delinquencies are reported based on the contractual due date and may not match what is being reported in credit bureau data. Also, delinquencies are affected by the different relief programs offered by the banks.

Figure 7 shows the number of new foreclosure actions initiated from the first quarter of 2019 through the first quarter of 2021. New foreclosure actions decreased to 833 in the first quarter of 2021 from 19,815 in the first quarter of 2020, a decrease of 95.8 percent.[5]

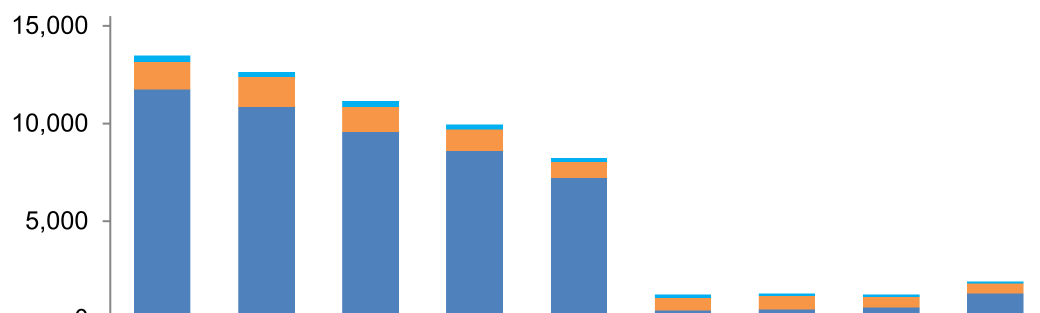
Figure 7: Newly Initiated Foreclosures



	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Newly initiated foreclosures	27,610	21,409	21,492	22,248	19,815	249	369	789	833

Figure 8 shows the number of foreclosure and other home forfeiture actions completed from the first quarter of 2019 through the first quarter of 2021. Completed foreclosures and other forfeiture actions decreased to 1,900 in the first quarter of 2021 from 8,238 in the first quarter of 2020, a decrease of 76.9 percent.[6]

Figure 8: Completed Foreclosures and Other Home Forfeiture Actions



	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
New deed-in-lieu-of-foreclosure	315	252	288	241	204	167	114	114	90
New short sales	1,409	1,520	1,270	1,084	795	637	670	535	488
Completed foreclosures	11,762	10,853	9,580	8,615	7,239	444	498	599	1,322

[5] Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have caused significant decreases in these metrics.

[6] Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have caused significant decreases in these metrics.

Table 1: Number of Mortgage Modification Actions
Completed in the First Quarter of 2021

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	187	9,419	10,385	0	91	27,503	188	47,773
Alabama	3	13	87	0	0	325	1	429
Alaska	0	0	13	0	0	125	0	138
Arizona	0	142	184	0	4	909	0	1,239
Arkansas	4	3	66	0	0	245	0	318
California	17	4,688	2,460	0	8	3,070	42	10,285
Colorado	1	150	79	0	0	420	1	651
Connecticut	4	126	159	0	1	356	3	649
Delaware	2	20	34	0	3	91	1	151
District of Columbia	0	55	58	0	2	50	0	165
Florida	16	364	743	0	6	2,380	22	3,531
Georgia	10	144	810	0	3	1,022	11	2,000
Hawaii	0	18	35	0	0	122	0	175
Idaho	0	14	6	0	0	83	1	104
Illinois	6	159	282	0	7	1,400	7	1,861
Indiana	3	12	49	0	1	446	0	511
Iowa	0	2	23	0	0	202	0	227
Kansas	0	4	59	0	0	178	0	241
Kentucky	1	4	52	0	0	299	0	356
Louisiana	2	9	107	0	0	308	2	428
Maine	0	19	31	0	0	82	0	132
Maryland	12	181	289	0	5	949	9	1,445
Massachusetts	2	446	215	0	2	412	4	1,081
Michigan	1	73	145	0	2	416	2	639
Minnesota	0	22	75	0	2	730	3	832
Mississippi	2	6	72	0	1	162	2	245
Missouri	4	45	123	0	6	497	3	678
Montana	0	14	6	0	1	63	0	84
Nebraska	1	2	13	0	0	242	0	258
Nevada	3	53	211	0	0	511	2	780
New Hampshire	0	19	30	0	0	81	0	130
New Jersey	8	323	368	0	5	872	7	1,583
New Mexico	3	18	35	0	0	150	1	207
New York	10	710	698	0	6	1,184	12	2,620
North Carolina	5	192	594	0	4	941	8	1,744
North Dakota	0	0	1	0	0	45	0	46
Ohio	4	19	93	0	4	892	2	1,014
Oklahoma	6	3	44	0	1	348	0	402
Oregon	2	134	77	0	0	265	1	479
Pennsylvania	7	144	268	0	6	761	5	1,191
Rhode Island	2	14	26	0	0	66	0	108
South Carolina	5	65	293	0	0	442	3	808
South Dakota	0	0	2	0	0	48	0	50
Tennessee	1	68	121	0	2	483	3	678
Texas	29	312	719	0	4	2,668	17	3,749
Utah	1	37	27	0	0	172	1	238
Vermont	0	8	5	0	0	40	0	53
Virginia	5	199	241	0	4	1,001	5	1,455
Washington	2	345	180	0	0	525	6	1,058
West Virginia	0	2	17	0	0	79	0	98
Wisconsin	3	18	49	0	1	299	1	371
Wyoming	0	1	10	0	0	46	0	57
Other	0	0	1	0	0	0	0	1

Table 2: Number of Modification Actions in Combination Actions Completed in the First Quarter of 2021						
States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - All States	13,242	21,775	15,752	34	11,975	27,503
Alabama	141	269	227	0	96	325
Alaska	17	121	114	0	10	125
Arizona	370	815	437	0	465	909
Arkansas	93	216	147	0	91	245
California	1,556	2,106	1,531	2	1,572	3,070
Colorado	170	332	226	0	197	420
Connecticut	235	251	173	0	192	356
Delaware	54	75	62	0	36	91
District of Columbia	27	36	23	0	28	50
Florida	1,229	1,821	1,250	2	1,200	2,380
Georgia	497	815	733	0	301	1,022
Hawaii	63	80	63	0	58	122
Idaho	29	69	46	1	39	83
Illinois	728	1,203	666	5	744	1,400
Indiana	251	398	314	0	125	446
Iowa	69	182	97	0	103	202
Kansas	73	140	117	0	62	178
Kentucky	95	265	158	0	142	299
Louisiana	166	240	225	0	90	308
Maine	39	67	51	0	32	82
Maryland	499	765	592	5	371	949
Massachusetts	217	292	182	2	236	412
Michigan	216	339	237	1	171	416
Minnesota	256	675	290	1	437	730
Mississippi	75	136	119	0	43	162
Missouri	196	419	230	0	262	497
Montana	17	56	32	0	31	63
Nebraska	71	236	111	0	132	242
Nevada	222	438	224	1	286	511
New Hampshire	29	64	47	0	35	81
New Jersey	638	538	444	4	461	872
New Mexico	79	117	88	0	65	150
New York	723	781	707	3	521	1,184
North Carolina	383	771	651	1	289	941
North Dakota	7	43	20	0	25	45
Ohio	440	818	519	1	372	892
Oklahoma	173	310	243	0	95	348
Oregon	96	203	107	0	163	265
Pennsylvania	423	582	516	2	252	761
Rhode Island	39	52	33	1	33	66
South Carolina	173	363	308	0	135	442
South Dakota	14	42	27	0	21	48
Tennessee	166	415	268	0	208	483
Texas	1,391	2,060	1,801	0	863	2,668
Utah	72	143	88	0	86	172
Vermont	15	30	12	1	27	40
Virginia	365	835	692	1	311	1,001
Washington	191	399	299	0	235	525
West Virginia	34	61	53	0	29	79
Wisconsin	100	255	127	0	176	299
Wyoming	20	36	25	0	21	46
Other	0	0	0	0	0	0

Table 3: Changes in Monthly Principal and Interest Payments by State Modifications Completed in the First Quarter of 2021							
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	3,946	6,362	16,106	20,930	304	125	47,773
Alabama	50	83	151	140	5	0	429
Alaska	7	32	88	11	0	0	138
Arizona	116	193	294	630	5	1	1,239
Arkansas	26	55	87	146	4	0	318
California	402	740	5,154	3,964	15	10	10,285
Colorado	37	89	263	259	3	0	651
Connecticut	78	65	179	322	4	1	649
Delaware	16	26	46	58	3	2	151
District of Columbia	10	20	50	83	1	1	165
Florida	319	538	792	1,840	22	20	3,531
Georgia	175	276	476	1,051	18	4	2,000
Hawaii	18	13	58	86	0	0	175
Idaho	8	17	40	39	0	0	104
Illinois	208	259	394	961	28	11	1,861
Indiana	80	127	155	145	4	0	511
Iowa	25	32	53	112	5	0	227
Kansas	25	42	73	101	0	0	241
Kentucky	38	56	86	172	2	2	356
Louisiana	52	81	148	141	6	0	428
Maine	8	21	54	48	1	0	132
Maryland	145	194	462	619	19	6	1,445
Massachusetts	63	92	481	440	4	1	1,081
Michigan	77	111	158	285	6	2	639
Minnesota	52	101	183	488	6	2	832
Mississippi	34	47	64	95	5	0	245
Missouri	70	81	158	356	10	3	678
Montana	2	10	37	34	0	1	84
Nebraska	22	40	59	137	0	0	258
Nevada	63	98	129	487	2	1	780
New Hampshire	11	23	45	51	0	0	130
New Jersey	186	178	427	768	15	9	1,583
New Mexico	21	38	54	93	1	0	207
New York	231	260	955	1,144	22	8	2,620
North Carolina	117	267	532	812	12	4	1,744
North Dakota	2	7	12	25	0	0	46
Ohio	135	223	214	420	13	9	1,014
Oklahoma	50	94	127	126	5	0	402
Oregon	22	51	176	228	2	0	479
Pennsylvania	180	178	365	450	8	10	1,191
Rhode Island	16	9	23	57	3	0	108
South Carolina	52	129	224	397	5	1	808
South Dakota	5	7	17	20	1	0	50
Tennessee	66	108	192	309	1	2	678
Texas	368	740	1,116	1,495	23	7	3,749
Utah	26	32	76	103	1	0	238
Vermont	5	5	13	30	0	0	53
Virginia	116	258	575	498	4	4	1,455
Washington	52	137	472	392	4	1	1,058
West Virginia	13	19	35	30	1	0	98
Wisconsin	41	47	73	203	5	2	371
Wyoming	5	13	11	28	0	0	57
Other	0	0	0	1	0	0	1

Table 4: Number of Re Defaults for Loans Modified Six Months Previously Modified Loans 60 or More Days Delinquent Six Months After Modification							
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	506	278	284	241	148	139	1,596
Alabama	5	4	1	1	2	2	15
Alaska	1	0	2	0	0	0	3
Arizona	16	15	5	10	0	0	46
Arkansas	4	1	7	1	1	0	14
California	43	20	16	36	6	13	134
Colorado	9	1	1	7	1	4	23
Connecticut	12	1	5	4	4	3	29
Delaware	2	2	1	1	3	1	10
District of Columbia	0	0	1	1	0	0	2
Florida	43	19	25	20	6	5	118
Georgia	18	6	22	2	4	1	53
Hawaii	2	1	1	0	0	1	5
Idaho	1	1	0	0	0	0	2
Illinois	35	20	16	20	13	4	108
Indiana	12	11	10	0	4	3	40
Iowa	2	2	4	2	1	1	12
Kansas	3	3	1	1	0	1	9
Kentucky	2	1	0	0	1	2	6
Louisiana	10	4	8	2	3	1	28
Maine	3	0	0	0	0	0	3
Maryland	18	12	12	9	11	5	67
Massachusetts	4	6	8	5	1	3	27
Michigan	10	6	3	3	0	2	24
Minnesota	16	8	12	4	4	0	44
Mississippi	2	2	1	3	3	0	11
Missouri	7	5	5	5	2	4	28
Montana	2	0	0	0	1	0	3
Nebraska	3	3	2	1	2	0	11
Nevada	11	2	5	6	1	2	27
New Hampshire	1	2	1	0	0	0	4
New Jersey	20	8	5	8	9	16	66
New Mexico	1	1	2	3	1	1	9
New York	26	16	10	12	8	13	85
North Carolina	9	9	9	5	0	5	37
North Dakota	1	0	0	0	0	0	1
Ohio	27	12	11	12	14	7	83
Oklahoma	10	1	4	2	7	1	25
Oregon	0	3	1	2	0	3	9
Pennsylvania	17	7	12	11	9	19	75
Rhode Island	1	2	2	0	0	0	5
South Carolina	13	2	7	4	3	2	31
South Dakota	0	1	1	1	1	0	4
Tennessee	9	6	6	2	3	0	26
Texas	47	40	26	17	15	9	154
Utah	2	1	2	1	0	0	6
Vermont	1	0	0	0	0	0	1
Virginia	10	5	5	8	3	3	34
Washington	6	0	3	5	0	0	14
West Virginia	3	1	1	0	0	1	6
Wisconsin	6	3	2	4	1	0	16
Wyoming	0	1	0	0	0	0	1
Other	0	1	0	0	0	1	2

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 that 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 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 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 November 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 May 31, 2020, 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 weak credit history, reduced repayment capacity, or incomplete credit history. A weak 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 prior to 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.