

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Second Quarter 2020

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 second quarter of 2020 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).
- Before the third quarter of 2019, certain banks reported completed and 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 June 30, 2020, the reporting banks serviced approximately 15.0 million first-lien residential mortgage loans with \$2.97 trillion in unpaid principal balances (see figures 1 and 2). This \$2.97 trillion was 28 percent of all residential mortgage debt outstanding in the United States.²
- The overall performance of mortgages this quarter has declined from a year ago. The percentage of mortgages that were current and performing at the end of the second quarter of 2020 was 91.1 percent compared with 96.1 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 249 new foreclosures in the second quarter of 2020, a decrease of 98.7 percent from the previous quarter and 98.8 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 90.1 percent from a year earlier to 1,248 (see figure 8).³

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 10,984 modifications during the second quarter of 2020, a 22.9 percent decrease from the previous quarter's 14,241 modifications.

- Of these 10,984 modifications, 10,507, or 95.7 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 477 loan modifications, 444 received a single action and 33 modifications were not assigned a modification type (see table 1).
- Among the 10,507 combination modifications completed during the quarter, 93.3 percent included capitalization of delinquent interest and fees, 73.5 percent included an interest rate reduction or freeze, 94.1 percent included a term extension, 0.7 percent included principal reduction, and 10.6 percent included principal deferral (see table 2).
- Of the 10,984 modifications completed during the quarter, 9,779, or 89.0 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 June 30, 2020.

³ Events associated with COVID-19 including foreclosure moratoriums during the second quarter of 2020 caused significant decreases in these metrics.

Modified Loan Performance

The fourth quarter of 2019 is the first quarter for which all loans modified during that quarter could have aged at least six months by June 30, 2020. Of the 13,147 modifications that were completed during the fourth quarter of 2019, servicers reported that 2,999, or 22.8 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 balances from the second quarter of 2018 through the second quarter of 2020.

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

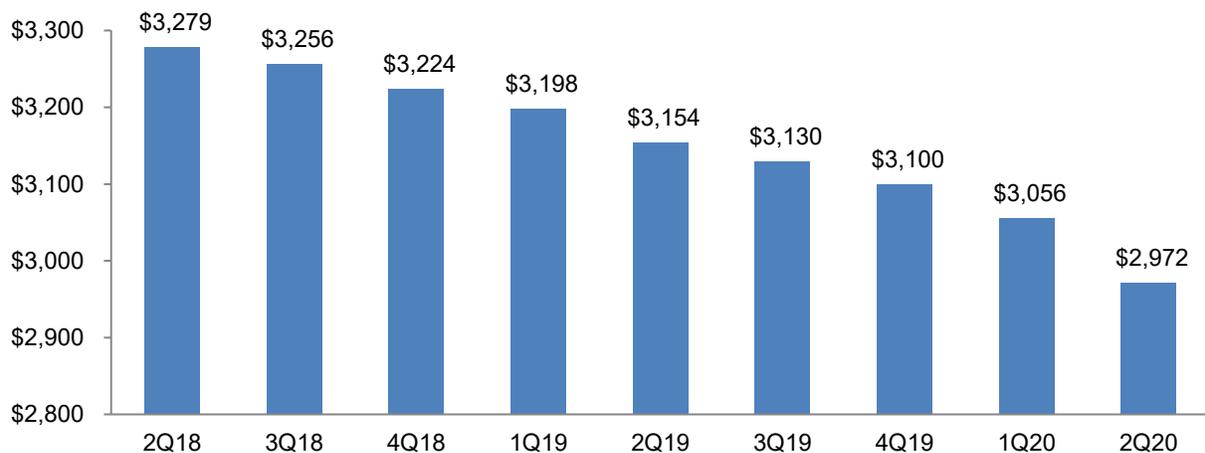


Figure 2 reports the number of first-lien residential mortgages serviced by the seven reporting banks and illustrates the decline in their servicing portfolios from the second quarter of 2018 through the second quarter of 2020.

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

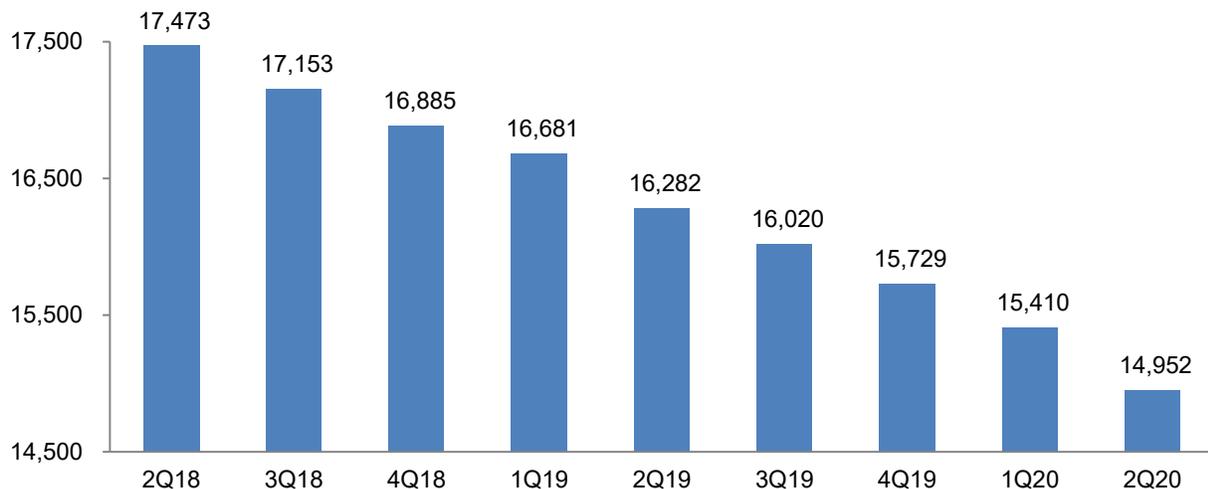


Figure 3 shows the number of loans in each risk category from the second quarter of 2018 through the second quarter of 2020.

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

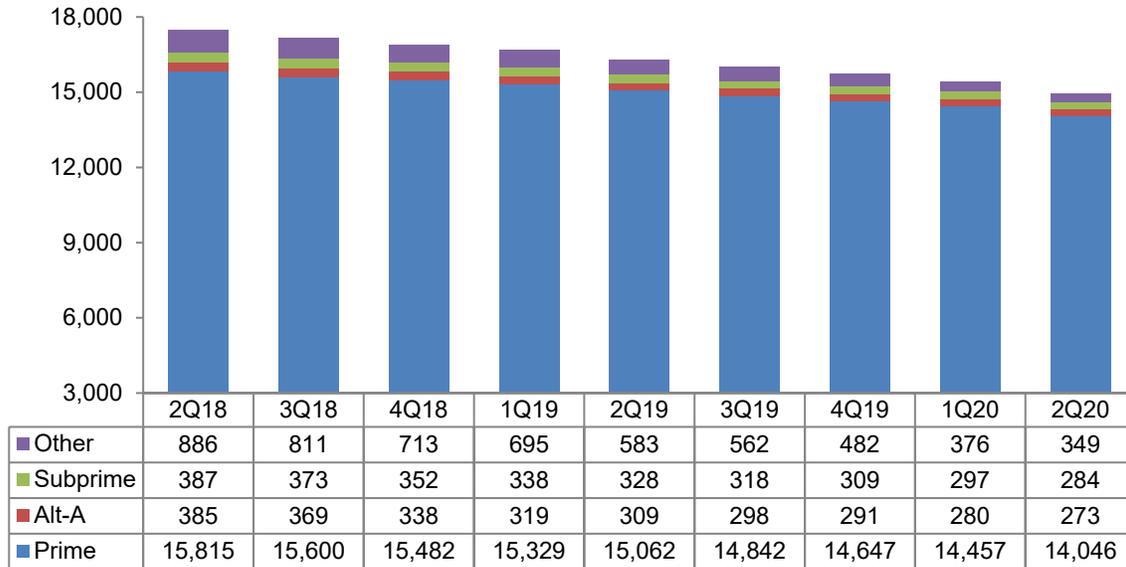


Figure 4 reports the percentage of loans in each risk category and shows that composition has remained relatively stable since the second quarter of 2018.

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

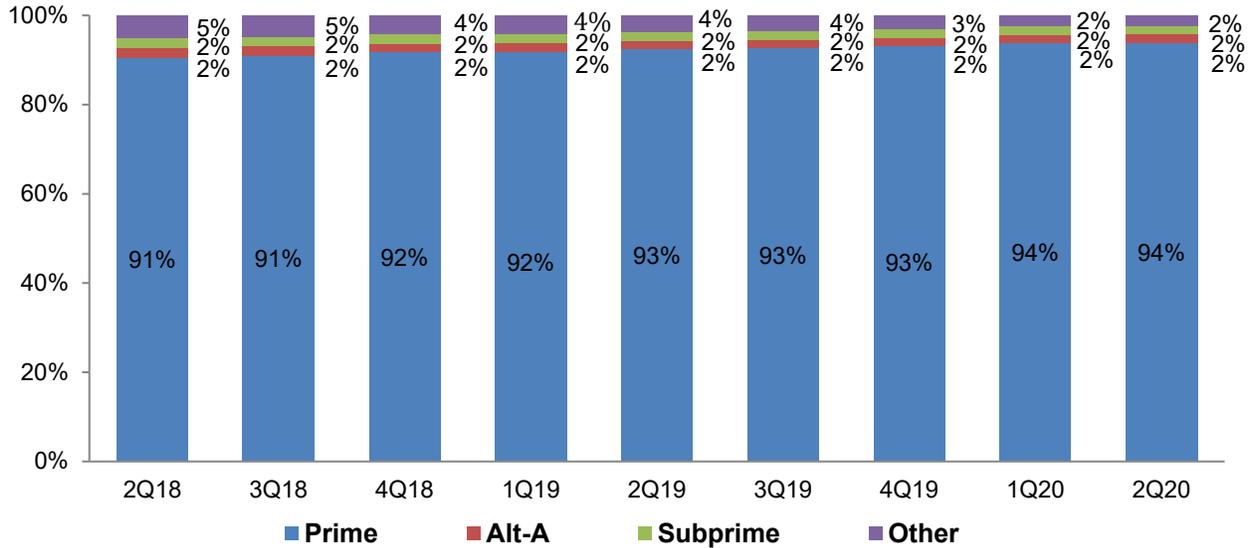


Figure 5 provides the quarterly number of loans in each category of delinquency from the second quarter of 2018 through the second quarter of 2020.⁴

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

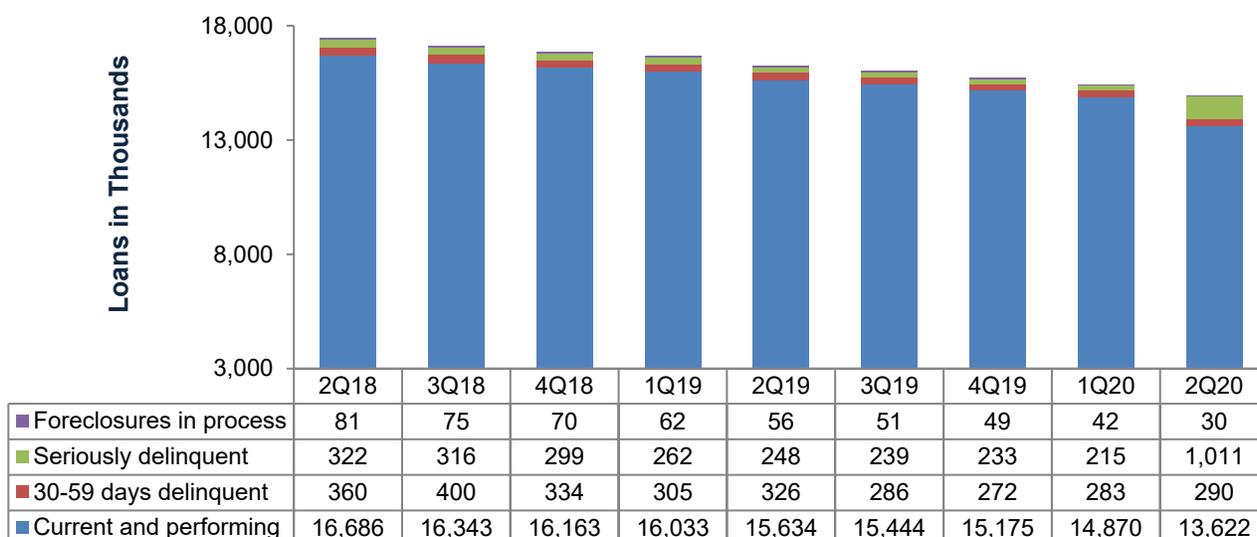
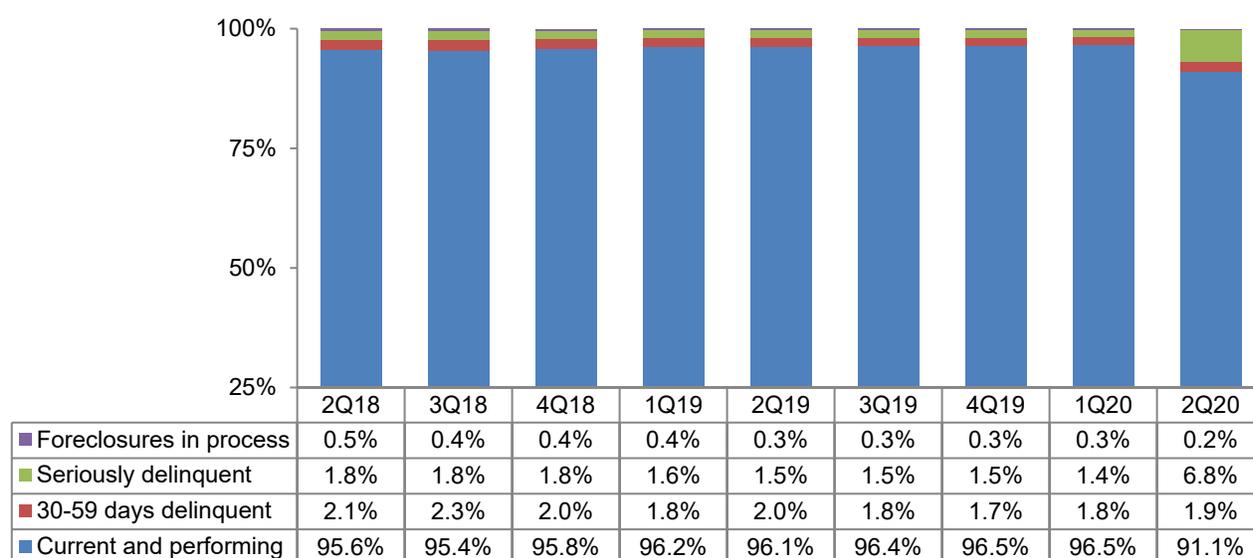


Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the second quarter of 2018 through the second quarter of 2020. Data show that the number of foreclosures in process remains relatively low and seriously delinquent loans have increased as a result of the pandemic.

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



⁴ Delinquencies are reported based on the contractual due date and may not match what is being reported in credit bureau data. Delinquencies are also impacted by the different relief programs offered by the banks.

Figure 7 reports the number of new foreclosure actions initiated quarterly from the second quarter of 2018 through the second quarter of 2020. New foreclosure actions decreased to 249 or 98.8 percent, compared with 21,409 in the second quarter of 2019.⁵

Figure 7: Newly Initiated Foreclosures—Loans in Thousands

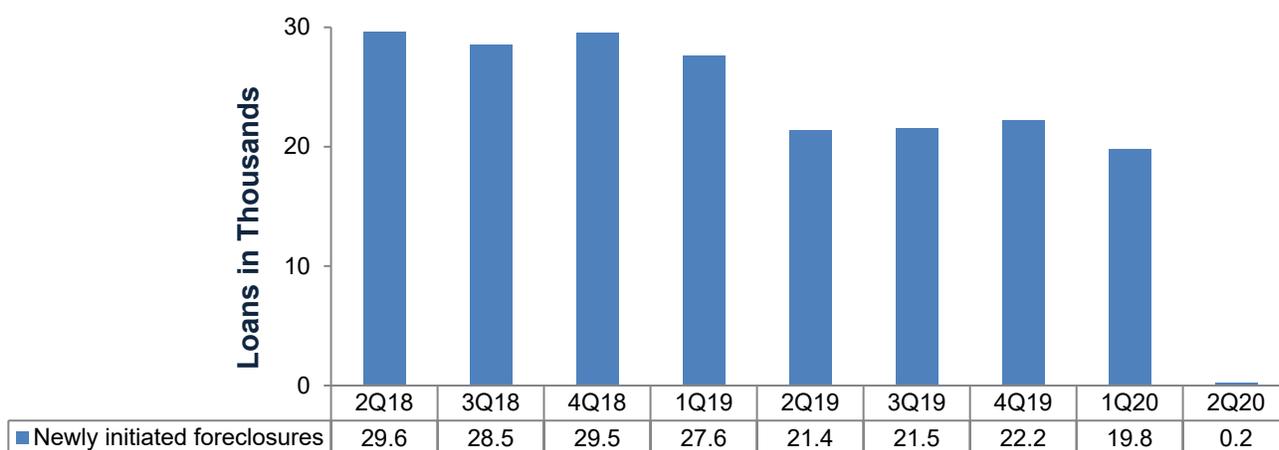
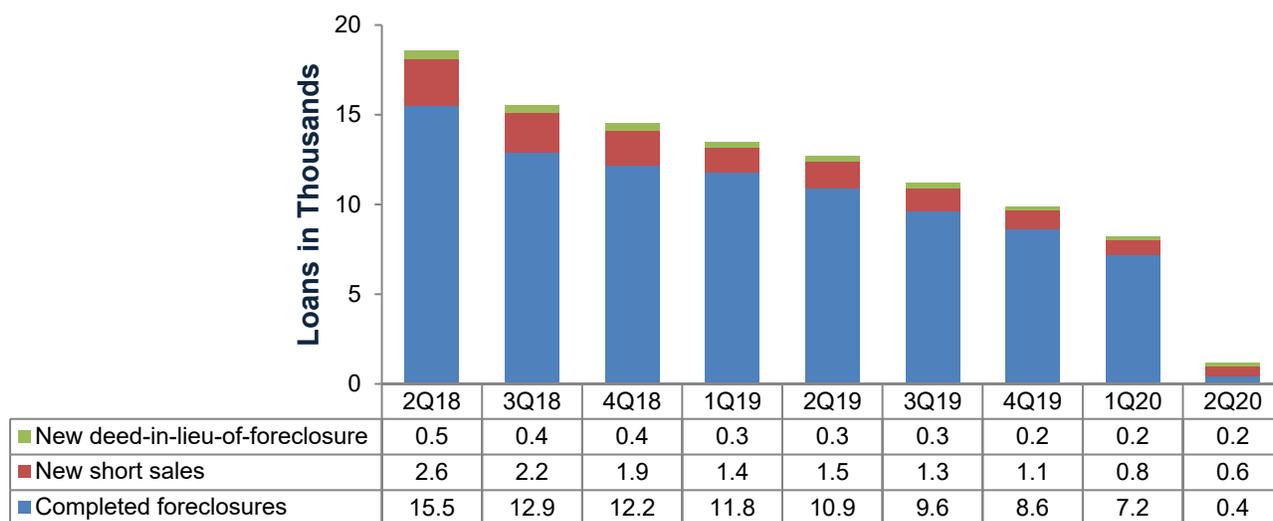


Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the second quarter of 2018 through the second quarter of 2020. Completed foreclosures and other forfeiture actions decreased 90.1 percent to 1,248 compared with 12,625 in the second quarter of 2019.⁶

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



⁵ Events associated with COVID-19 including foreclosure moratoriums during the second quarter of 2020 caused significant decreases in these metrics.

⁶ Events associated with COVID-19 including foreclosure moratoriums during the second quarter of 2020 caused significant decreases in these metrics.

**Table 1: Number of Mortgage Modification Actions
Implemented in the Second Quarter of 2020**

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	92	149	108	0	95	10,507	33	10,984
Alabama	2	5	0	0	1	146	0	154
Alaska	0	0	1	0	0	11	0	12
Arizona	1	7	2	0	0	267	0	277
Arkansas	1	3	4	0	0	126	1	135
California	13	17	6	0	5	599	5	645
Colorado	1	0	2	0	0	114	0	117
Connecticut	1	1	0	0	6	165	0	173
Delaware	1	0	2	0	0	76	0	79
District of Columbia	0	1	0	0	2	20	0	23
Florida	3	8	7	0	9	728	3	758
Georgia	4	11	5	0	6	468	2	496
Hawaii	0	1	0	0	0	13	0	14
Idaho	2	1	0	0	0	28	0	31
Illinois	1	4	6	0	11	641	3	666
Indiana	0	2	4	0	0	299	0	305
Iowa	2	0	1	0	0	105	0	108
Kansas	0	3	1	0	0	94	0	98
Kentucky	1	0	0	0	1	107	0	109
Louisiana	1	3	0	0	1	219	4	228
Maine	1	0	1	0	0	28	1	31
Maryland	3	2	2	0	8	394	0	409
Massachusetts	0	5	1	0	2	118	0	126
Michigan	3	6	1	0	2	210	0	222
Minnesota	1	1	1	0	0	285	0	288
Mississippi	3	1	3	0	1	89	0	97
Missouri	1	0	4	0	2	240	0	247
Montana	0	0	0	0	0	25	0	25
Nebraska	0	0	0	0	0	69	0	69
Nevada	0	1	0	0	0	120	0	121
New Hampshire	1	1	0	0	0	38	0	40
New Jersey	3	5	5	0	7	352	0	372
New Mexico	1	1	1	0	1	54	0	58
New York	3	7	10	0	3	490	2	515
North Carolina	9	6	2	0	1	343	2	363
North Dakota	0	0	0	0	0	13	0	13
Ohio	4	4	3	0	4	559	1	575
Oklahoma	0	0	0	0	0	147	0	147
Oregon	0	1	0	0	3	78	0	82
Pennsylvania	4	4	10	0	5	464	1	488
Rhode Island	1	2	1	0	0	30	0	34
South Carolina	5	3	0	0	3	195	3	209
South Dakota	0	0	0	0	0	20	0	20
Tennessee	1	4	1	0	0	172	0	178
Texas	9	18	16	0	3	1,122	4	1,172
Utah	0	0	2	0	0	66	0	68
Vermont	0	0	0	0	0	12	0	12
Virginia	3	5	3	0	6	270	1	288
Washington	0	1	0	0	0	113	0	114
West Virginia	0	2	0	0	0	27	0	29
Wisconsin	2	1	0	0	2	122	0	127
Wyoming	0	1	0	0	0	14	0	15
Other	0	0	0	0	0	2	0	2

Table 2: Number of Modification Actions in Combination Actions Implemented in the Second Quarter of 2020						
States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total—all states	9,807	7,719	9,882	73	1,118	10,507
Alabama	138	106	139	1	16	146
Alaska	9	9	11	0	0	11
Arizona	255	220	256	1	21	267
Arkansas	124	96	119	1	11	126
California	558	384	529	4	63	599
Colorado	108	74	110	0	9	114
Connecticut	157	119	150	4	35	165
Delaware	69	57	75	0	8	76
District of Columbia	19	14	19	0	1	20
Florida	677	554	686	5	87	728
Georgia	422	345	437	3	38	468
Hawaii	12	6	12	0	0	13
Idaho	28	18	26	0	3	28
Illinois	609	484	613	5	78	641
Indiana	285	236	285	3	17	299
Iowa	102	73	99	0	12	105
Kansas	89	74	90	0	5	94
Kentucky	103	90	101	1	15	107
Louisiana	209	165	206	6	27	219
Maine	27	24	27	0	4	28
Maryland	356	273	364	3	58	394
Massachusetts	110	76	108	0	21	118
Michigan	196	168	200	3	17	210
Minnesota	262	192	265	2	30	285
Mississippi	84	56	75	3	9	89
Missouri	226	187	228	5	23	240
Montana	23	18	20	0	5	25
Nebraska	67	52	64	0	5	69
Nevada	117	100	117	0	9	120
New Hampshire	36	19	38	0	1	38
New Jersey	317	261	336	3	56	352
New Mexico	49	40	50	4	8	54
New York	455	322	464	5	83	490
North Carolina	321	250	324	3	31	343
North Dakota	11	11	13	0	2	13
Ohio	535	448	535	4	48	559
Oklahoma	138	111	141	0	6	147
Oregon	75	51	72	0	12	78
Pennsylvania	431	331	442	1	58	464
Rhode Island	27	21	26	0	3	30
South Carolina	185	142	179	0	27	195
South Dakota	20	13	20	0	1	20
Tennessee	157	139	152	1	15	172
Texas	1,024	857	1,067	2	73	1,122
Utah	61	39	64	0	4	66
Vermont	12	10	12	0	1	12
Virginia	253	188	247	0	31	270
Washington	102	77	111	0	9	113
West Virginia	26	18	27	0	4	27
Wisconsin	118	88	117	0	16	122
Wyoming	11	12	12	0	2	14
Other	2	1	2	0	0	2

Table 3: Changes in Monthly Principal and Interest Payments by State
Modifications Implemented in the Second Quarter of 2020

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	4,922	2,556	2,301	191	999	15	10,984
Alabama	84	29	34	2	5	0	154
Alaska	6	4	2	0	0	0	12
Arizona	122	89	57	4	5	0	277
Arkansas	52	28	29	4	21	1	135
California	307	173	113	10	40	2	645
Colorado	46	38	27	3	3	0	117
Connecticut	93	25	28	6	21	0	173
Delaware	23	26	17	5	8	0	79
District of Columbia	8	6	7	0	2	0	23
Florida	339	187	155	13	61	3	758
Georgia	222	117	108	9	40	0	496
Hawaii	5	6	2	0	1	0	14
Idaho	17	6	3	2	3	0	31
Illinois	289	135	144	8	89	1	666
Indiana	125	74	67	3	34	2	305
Iowa	56	18	18	0	16	0	108
Kansas	39	26	17	3	13	0	98
Kentucky	40	31	23	4	11	0	109
Louisiana	115	41	51	2	18	1	228
Maine	14	9	5	0	2	1	31
Maryland	174	95	88	8	44	0	409
Massachusetts	60	32	23	2	9	0	126
Michigan	117	49	47	0	9	0	222
Minnesota	127	64	57	12	28	0	288
Mississippi	51	19	17	1	9	0	97
Missouri	104	49	58	6	30	0	247
Montana	12	8	3	2	0	0	25
Nebraska	28	13	19	2	7	0	69
Nevada	60	31	27	0	3	0	121
New Hampshire	22	7	7	0	4	0	40
New Jersey	189	62	72	11	37	1	372
New Mexico	24	12	15	1	6	0	58
New York	197	117	123	4	72	2	515
North Carolina	166	87	68	6	36	0	363
North Dakota	8	3	2	0	0	0	13
Ohio	243	114	146	7	65	0	575
Oklahoma	61	35	35	0	16	0	147
Oregon	43	27	7	2	3	0	82
Pennsylvania	225	109	106	7	40	1	488
Rhode Island	14	8	8	1	3	0	34
South Carolina	87	57	42	4	19	0	209
South Dakota	8	5	5	0	2	0	20
Tennessee	84	44	39	4	7	0	178
Texas	534	260	250	15	113	0	1,172
Utah	24	18	20	3	3	0	68
Vermont	2	9	1	0	0	0	12
Virginia	120	93	55	7	13	0	288
Washington	60	23	20	2	9	0	114
West Virginia	13	6	6	0	4	0	29
Wisconsin	51	30	25	6	15	0	127
Wyoming	11	1	3	0	0	0	15
Other	1	1	0	0	0	0	2

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	857	642	659	83	748	10	2,999
Alabama	11	10	11	4	13	0	49
Alaska	2	3	0	1	2	0	8
Arizona	13	22	24	0	8	0	67
Arkansas	6	5	3	0	14	0	28
California	63	47	39	4	28	2	183
Colorado	6	10	7	0	4	0	27
Connecticut	13	8	10	1	4	0	36
Delaware	1	3	1	0	5	0	10
District of Columbia	1	2	3	0	2	0	8
Florida	74	39	40	5	55	1	214
Georgia	39	34	43	5	35	0	156
Hawaii	2	1	1	0	0	0	4
Idaho	0	4	2	1	1	0	8
Illinois	63	39	22	6	51	2	183
Indiana	23	11	14	2	25	0	75
Iowa	10	3	2	3	4	0	22
Kansas	13	1	7	1	7	0	29
Kentucky	6	7	3	1	9	0	26
Louisiana	15	11	15	3	14	0	58
Maine	2	3	3	0	1	0	9
Maryland	32	17	34	3	31	0	117
Massachusetts	11	7	10	2	8	0	38
Michigan	15	12	10	1	9	0	47
Minnesota	25	9	15	2	12	0	63
Mississippi	7	7	12	0	14	0	40
Missouri	14	13	14	3	15	0	59
Montana	1	1	0	0	0	0	2
Nebraska	4	4	3	0	5	0	16
Nevada	5	9	14	0	8	0	36
New Hampshire	1	1	0	0	0	0	2
New Jersey	39	27	24	3	30	1	124
New Mexico	5	6	5	0	3	0	19
New York	42	26	39	2	44	3	156
North Carolina	29	24	30	6	23	0	112
North Dakota	3	1	0	0	0	0	4
Ohio	26	30	24	2	41	0	123
Oklahoma	8	2	10	0	11	0	31
Oregon	3	5	6	0	4	0	18
Pennsylvania	44	27	33	2	31	0	137
Rhode Island	1	2	2	0	1	0	6
South Carolina	18	9	14	0	12	0	53
South Dakota	0	1	0	0	1	0	2
Tennessee	19	16	12	2	12	0	61
Texas	90	72	60	9	100	0	331
Utah	4	6	2	0	2	0	14
Vermont	0	0	0	0	2	0	2
Virginia	22	25	21	4	27	0	99
Washington	5	8	6	3	11	0	33
West Virginia	3	1	1	1	1	0	7
Wisconsin	15	8	7	1	8	1	40
Wyoming	2	3	1	0	0	0	6
Other	1	0	0	0	0	0	1

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 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 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 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.