

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Third 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 third quarter of 2019 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 in those figures. Beginning with the first quarter of 2020 submission (using fourth quarter 2019 data), the OCC will issue new instructions to specifically exclude completed and post-foreclosure and OREO accounts. 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 September 30, 2019, the reporting banks serviced approximately 16 million first-lien residential mortgage loans with \$3.13 trillion in unpaid principal balances (see figures 1 and 2). This \$3.13 trillion was 29.8 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 third quarter of 2019 was 96.4 percent compared with 95.4 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 21,492 new foreclosures in the third quarter of 2019, an increase of 0.4 percent from the previous quarter and a decrease of 24.6 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 28.2 percent from a year earlier to 11,138 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 13,950 modifications during the third quarter of 2019, a 11.1 percent decrease from the previous quarter's 15,683 modifications.

- Of these 13,950 modifications, 12,543, or 89.9 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 1,407 loan modifications, 1,286 received a single action and 121 modifications were not assigned a modification type (see table 1).
- Among the 12,543 combination modifications completed during the quarter, 96.3 percent included capitalization of delinquent interest and fees, 40.5 percent included an interest rate reduction or freeze, 96 percent included a term extension, 1.1 percent included principal reduction, and 14.4 percent included principal deferral (see table 2).
- Of the 13,950 modifications completed during the quarter, 10,177, or 73.0 percent, reduced the loan's pre-modification monthly payment (see table 3).

Modified Loan Performance

The first quarter of 2019 is the first quarter for which all loans modified during that quarter could have aged at least six months by September 30, 2019. Of the 17,561 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 September 30, 2019.

completed during the first quarter of 2019, servicers reported that 3,046, or 17.3 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 third quarter of 2017 through the third quarter of 2019.

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

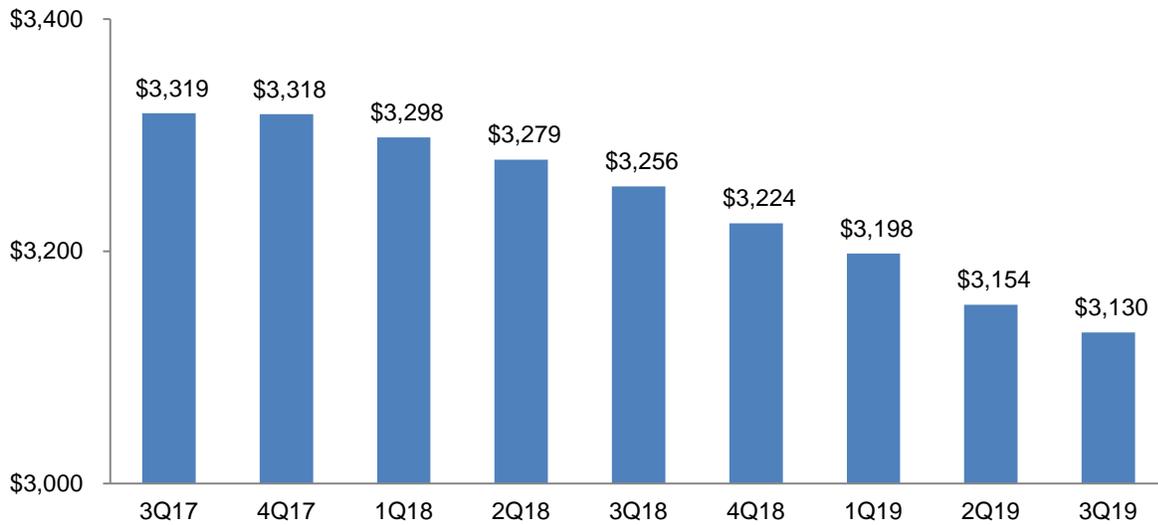


Figure 2 reports the number of first-lien residential mortgages serviced by the seven reporting banks and illustrates the decline in their servicing portfolios from the third quarter of 2017 through the third quarter of 2019.

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

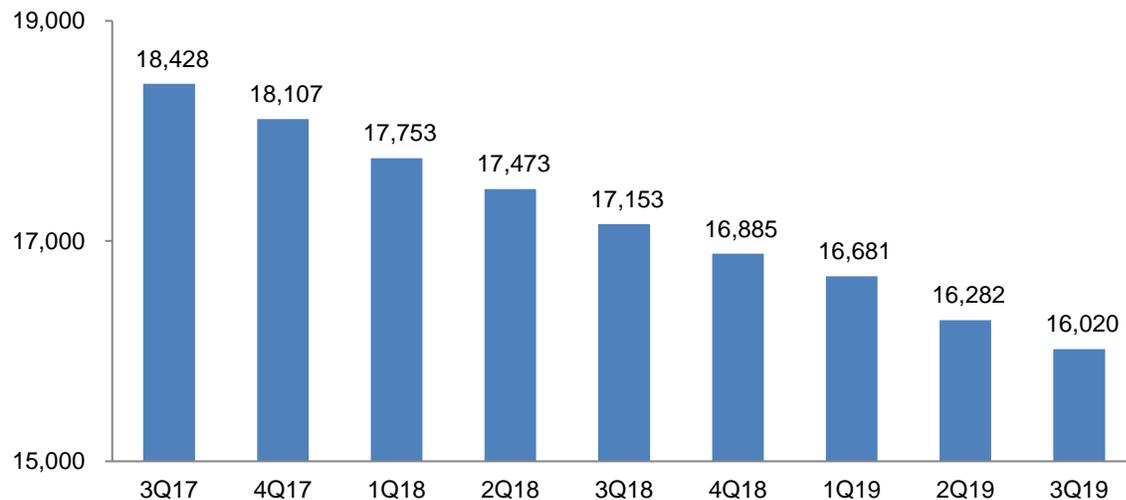


Figure 3 shows the number of loans in each risk category from the third quarter of 2017 through the third quarter of 2019.

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

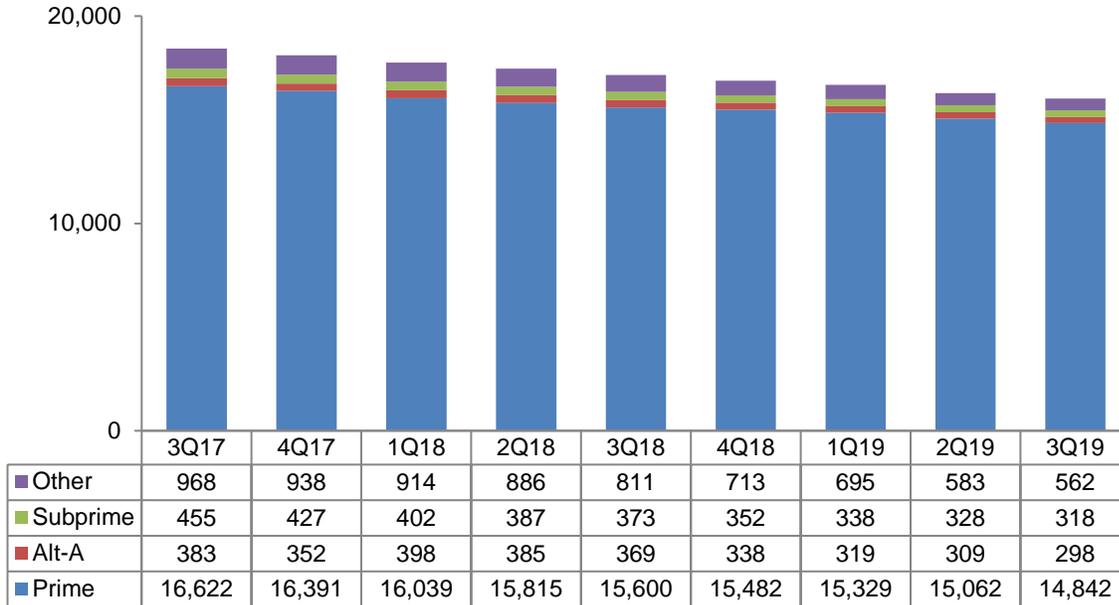


Figure 4 reports the percentage of loans in each risk category and shows that composition has remained relatively stable since the third quarter of 2017.

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

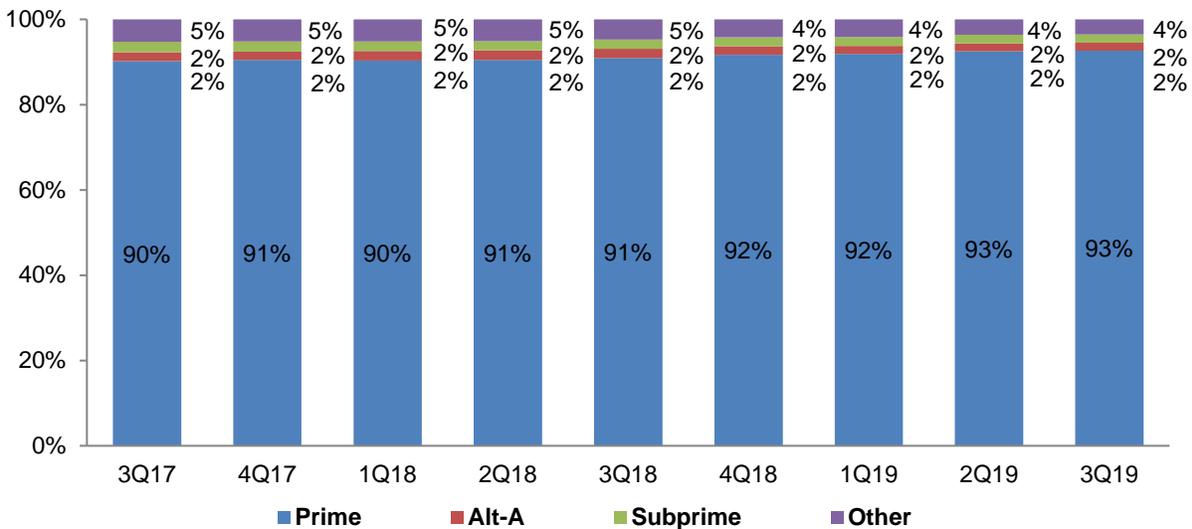


Figure 5 provides the quarterly number of loans in each category of delinquency from the third quarter of 2017 through the third quarter of 2019.

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

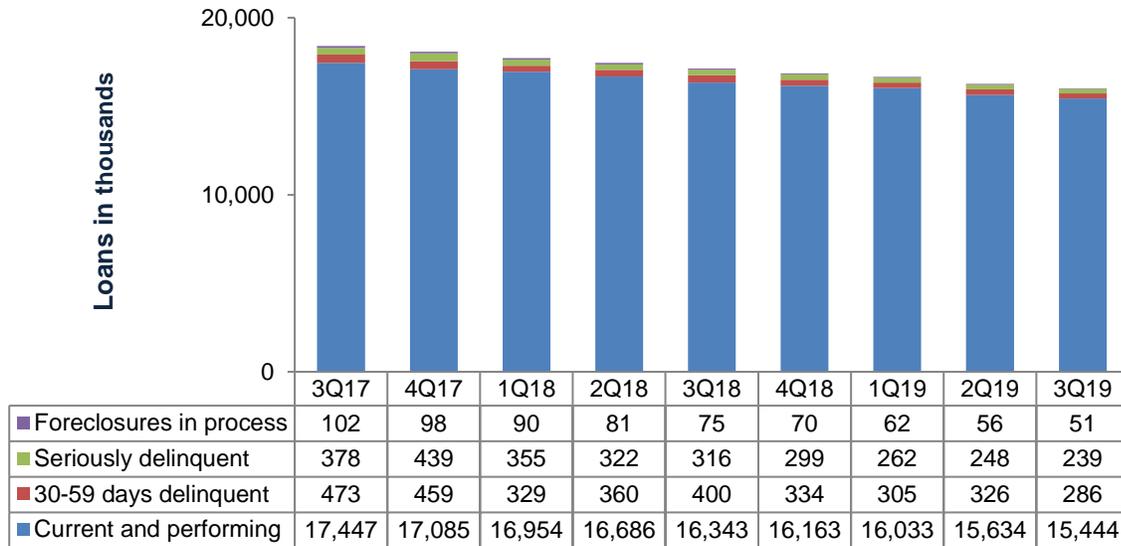


Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the third quarter of 2017 through the third quarter of 2019. Data show that the concentration of seriously delinquent loans and foreclosures in process remains relatively low.

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

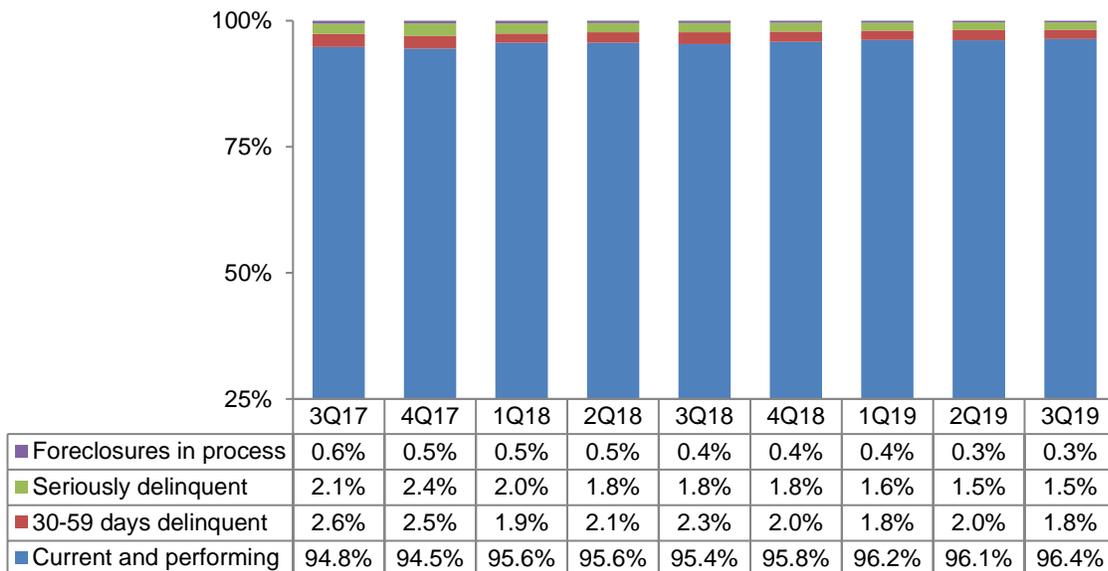


Figure 7 reports the number of new foreclosure actions initiated quarterly from the third quarter of 2017 through the third quarter of 2019. New foreclosure actions decreased to 21,492, or by 24.6 percent, compared with 28,508 in the third quarter of 2018.

Figure 7: Newly Initiated Foreclosures—Loans in Thousands

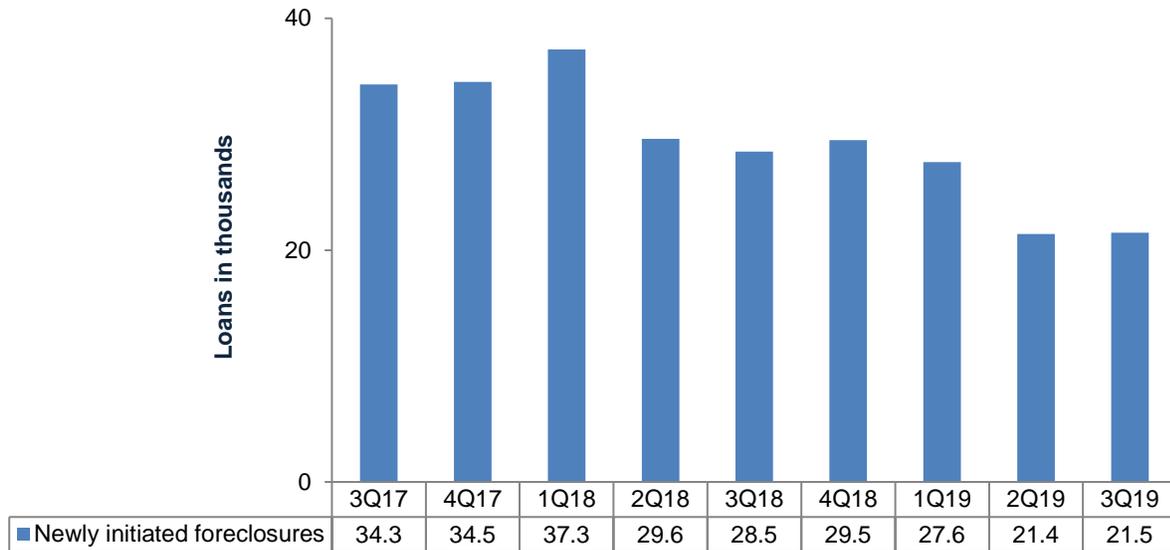
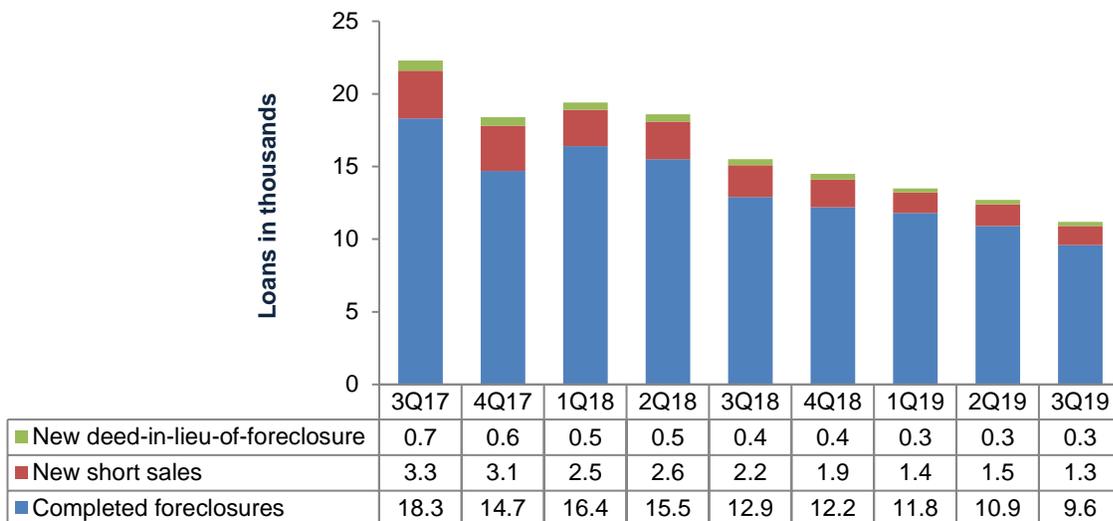


Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the third quarter of 2017 through the third quarter of 2019. Completed foreclosures and other forfeiture actions decreased 28.2 percent to 11,138 compared with 15,506 in the third quarter of 2018.

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



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

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	128	172	757	0	229	12,543	121	13,950
Alabama	0	2	10	0	5	209	3	229
Alaska	0	0	4	0	1	22	0	27
Arizona	5	7	8	0	4	311	5	340
Arkansas	2	4	6	0	1	145	2	160
California	7	22	46	0	27	714	20	836
Colorado	0	1	16	0	1	109	2	129
Connecticut	1	2	17	0	4	206	0	230
Delaware	2	1	6	0	4	82	0	95
District of Columbia	2	0	1	0	0	28	0	31
Florida	9	7	42	0	27	925	9	1,019
Georgia	10	9	37	0	9	557	4	626
Hawaii	2	0	1	0	1	27	0	31
Idaho	0	0	1	0	2	34	0	37
Illinois	7	9	21	0	9	707	3	756
Indiana	3	4	19	0	4	357	3	390
Iowa	2	2	11	0	1	127	0	143
Kansas	1	1	10	0	3	101	0	116
Kentucky	2	0	7	0	1	142	1	153
Louisiana	0	7	13	0	1	259	1	281
Maine	0	1	2	0	0	47	1	51
Maryland	1	3	39	0	10	496	4	553
Massachusetts	2	2	15	0	2	152	4	177
Michigan	4	5	15	0	3	234	4	265
Minnesota	3	3	13	0	3	257	0	279
Mississippi	1	5	6	0	2	107	3	124
Missouri	2	1	11	0	3	249	0	266
Montana	0	0	1	0	0	29	0	30
Nebraska	1	0	2	0	0	84	0	87
Nevada	1	0	6	0	1	107	1	116
New Hampshire	0	0	4	0	0	35	0	39
New Jersey	6	3	42	0	14	524	4	593
New Mexico	0	1	2	0	1	63	1	68
New York	6	7	58	0	15	628	6	720
North Carolina	3	7	58	0	11	555	9	643
North Dakota	0	1	1	0	1	15	0	18
Ohio	1	8	13	0	5	546	4	577
Oklahoma	1	0	5	0	2	166	0	174
Oregon	2	1	6	0	1	84	1	95
Pennsylvania	6	15	30	0	9	554	4	618
Rhode Island	0	1	5	0	0	42	1	49
South Carolina	9	3	17	0	10	276	3	318
South Dakota	0	1	0	0	1	18	0	20
Tennessee	1	4	10	0	4	217	1	237
Texas	10	14	79	0	10	1,192	7	1,312
Utah	0	1	2	0	2	78	1	84
Vermont	0	1	2	0	0	18	1	22
Virginia	8	3	19	0	11	339	5	385
Washington	4	2	10	0	2	176	2	196
West Virginia	0	0	0	0	0	37	0	37
Wisconsin	1	1	7	0	1	141	1	152
Wyoming	0	0	1	0	0	14	0	15
Other	0	0	0	0	0	1	0	1

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

States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total—all states	12,074	5,081	12,045	139	1,811	12,543
Alabama	202	83	199	3	30	209
Alaska	22	2	22	0	1	22
Arizona	305	145	306	0	34	311
Arkansas	143	62	144	2	16	145
California	684	274	676	5	104	714
Colorado	107	34	107	0	10	109
Connecticut	195	71	193	4	42	206
Delaware	81	27	81	1	13	82
District of Columbia	27	13	26	1	5	28
Florida	894	413	879	7	189	925
Georgia	539	185	543	4	68	557
Hawaii	27	13	25	0	4	27
Idaho	33	13	31	0	6	34
Illinois	683	320	677	12	129	707
Indiana	339	148	342	6	35	357
Iowa	123	49	126	1	9	127
Kansas	98	39	97	0	14	101
Kentucky	141	60	140	1	14	142
Louisiana	255	111	254	1	30	259
Maine	44	21	45	2	8	47
Maryland	466	173	462	9	87	496
Massachusetts	142	56	143	4	25	152
Michigan	217	113	223	4	38	234
Minnesota	250	91	254	0	35	257
Mississippi	104	52	103	3	19	107
Missouri	239	98	241	4	27	249
Montana	28	12	29	0	4	29
Nebraska	83	34	82	0	8	84
Nevada	103	50	98	2	12	107
New Hampshire	35	14	33	0	1	35
New Jersey	490	199	490	17	122	524
New Mexico	62	22	62	0	8	63
New York	601	253	596	13	137	628
North Carolina	535	204	539	8	58	555
North Dakota	15	4	15	0	2	15
Ohio	533	243	531	12	78	546
Oklahoma	162	73	161	0	12	166
Oregon	82	25	83	0	7	84
Pennsylvania	533	227	521	3	112	554
Rhode Island	40	16	37	0	7	42
South Carolina	258	104	263	3	38	276
South Dakota	16	5	17	1	3	18
Tennessee	208	96	211	2	15	217
Texas	1,146	532	1,164	2	101	1,192
Utah	77	21	78	0	3	78
Vermont	17	7	17	0	3	18
Virginia	331	123	323	2	48	339
Washington	172	59	171	0	17	176
West Virginia	35	16	35	0	1	37
Wisconsin	137	68	136	0	21	141
Wyoming	14	8	13	0	1	14
Other	1	0	1	0	0	1

Table 3. Changes in Monthly Principal and Interest Payments by State
Modifications Implemented in the Third 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	4,974	2,845	2,358	274	3,475	24	13,950
Alabama	80	50	42	8	49	0	229
Alaska	7	6	4	1	9	0	27
Arizona	126	87	61	6	59	1	340
Arkansas	55	33	25	1	46	0	160
California	348	228	114	26	118	2	836
Colorado	48	35	17	2	27	0	129
Connecticut	93	45	35	0	56	1	230
Delaware	35	14	14	4	27	1	95
District of Columbia	6	11	9	0	5	0	31
Florida	314	221	188	31	263	2	1,019
Georgia	201	122	121	9	173	0	626
Hawaii	13	8	5	1	4	0	31
Idaho	7	9	9	2	10	0	37
Illinois	289	134	106	13	214	0	756
Indiana	125	81	52	5	126	1	390
Iowa	46	32	31	1	33	0	143
Kansas	41	18	24	3	30	0	116
Kentucky	44	31	38	1	38	1	153
Louisiana	93	62	49	2	75	0	281
Maine	21	10	6	0	14	0	51
Maryland	192	101	84	6	169	1	553
Massachusetts	78	27	26	2	44	0	177
Michigan	114	44	51	6	50	0	265
Minnesota	107	65	40	5	62	0	279
Mississippi	40	35	25	2	22	0	124
Missouri	93	51	52	3	67	0	266
Montana	15	3	7	0	5	0	30
Nebraska	23	19	14	0	30	1	87
Nevada	33	24	35	1	23	0	116
New Hampshire	19	7	5	0	8	0	39
New Jersey	234	117	87	9	145	1	593
New Mexico	28	11	10	1	18	0	68
New York	256	154	118	13	174	5	720
North Carolina	210	129	118	36	149	1	643
North Dakota	7	3	3	1	4	0	18
Ohio	209	96	78	5	187	2	577
Oklahoma	53	26	31	1	63	0	174
Oregon	32	26	17	4	16	0	95
Pennsylvania	265	110	90	8	144	1	618
Rhode Island	18	14	6	0	11	0	49
South Carolina	88	49	80	15	86	0	318
South Dakota	8	3	2	1	6	0	20
Tennessee	95	54	45	5	38	0	237
Texas	457	258	225	16	354	2	1,312
Utah	23	24	18	1	18	0	84
Vermont	9	5	5	0	3	0	22
Virginia	146	59	72	10	97	1	385
Washington	60	47	30	3	56	0	196
West Virginia	13	5	10	0	9	0	37
Wisconsin	52	37	23	3	37	0	152
Wyoming	5	5	1	1	3	0	15
Other	0	0	0	0	1	0	1

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	672	543	650	60	1,113	8	3,046
Alabama	15	6	10	3	18	0	52
Alaska	0	0	3	0	6	0	9
Arizona	12	20	9	1	18	0	60
Arkansas	4	5	8	0	9	0	26
California	46	34	29	4	18	0	131
Colorado	2	7	5	0	7	0	21
Connecticut	11	3	11	0	21	1	47
Delaware	10	7	8	0	11	0	36
District of Columbia	0	3	2	0	2	0	7
Florida	54	37	47	7	78	1	224
Georgia	29	31	29	1	61	0	151
Hawaii	2	0	3	0	0	0	5
Idaho	0	1	3	0	2	0	6
Illinois	42	28	25	2	56	0	153
Indiana	22	21	28	2	49	0	122
Iowa	2	4	5	2	12	0	25
Kansas	7	5	3	2	9	0	26
Kentucky	14	3	9	0	16	0	42
Louisiana	18	14	19	0	16	1	68
Maine	1	1	5	0	6	0	13
Maryland	29	21	20	2	51	0	123
Massachusetts	6	6	6	0	18	0	36
Michigan	18	6	17	3	20	0	64
Minnesota	3	18	9	2	14	0	46
Mississippi	9	5	11	0	10	0	35
Missouri	9	9	15	0	20	0	53
Montana	0	2	3	0	3	0	8
Nebraska	2	2	4	0	8	0	16
Nevada	6	3	2	0	8	0	19
New Hampshire	2	2	0	0	2	0	6
New Jersey	24	21	23	3	43	1	115
New Mexico	6	3	1	0	10	0	20
New York	34	31	22	0	64	2	153
North Carolina	19	20	26	0	49	0	114
North Dakota	1	3	0	0	0	0	4
Ohio	33	20	32	3	43	0	131
Oklahoma	15	11	9	0	21	0	56
Oregon	6	6	2	0	3	0	17
Pennsylvania	28	23	23	0	61	0	135
Rhode Island	3	2	2	0	2	0	9
South Carolina	12	9	23	4	30	0	78
South Dakota	0	1	1	0	2	0	4
Tennessee	17	8	17	2	16	0	60
Texas	57	46	77	9	149	2	340
Utah	5	4	6	0	4	0	19
Vermont	0	2	0	0	0	0	2
Virginia	22	15	20	3	26	0	86
Washington	6	5	5	2	8	0	26
West Virginia	3	2	2	0	1	0	8
Wisconsin	6	6	8	3	12	0	35
Wyoming	0	1	2	0	0	0	3
Other	0	0	1	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 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 April 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 October 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.