

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Third Quarter 2021

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

December 2021

Contents

- About Mortgage Metrics1**
- Executive Summary2**
 - Figure 1: Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions3
 - Figure 2: Total Serviced Mortgage Portfolio—Number of Loans in Thousands3
 - Figure 3: Composition—Loans in Thousands by Borrower Risk Category.....4
 - Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category4
 - Figure 5: Number of Loans in Delinquency and Foreclosures in Process.....5
 - Figure 6: Percentage of Loans Current and Performing and in Delinquency.....5
 - Figure 7: Newly Initiated Foreclosures—Loans in Thousands6
 - Figure 8: Completed Foreclosures and Other Home Forfeiture Actions—
Loans in Thousands6
- Table 1: Number of Mortgage Modification Actions7**
- Table 2: Number of Modification Actions in Combination Actions8**
- Table 3: Changes in Monthly Principal and Interest Payments by State.....9**
- Table 4: Number of Re-Defaults for Loans Modified Six Months Previously10**
- Appendix A: Definitions and Method 11**

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 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 September 30, 2021, the reporting banks serviced approximately 12.5 million first-lien residential mortgage loans with \$2.59 trillion in unpaid principal balances (see figures 1 and 2). This \$2.59 trillion was 23 percent of all residential mortgage debt outstanding in the United States.²
- Overall mortgage performance this quarter improved from the third quarter of 2020. The percentage of mortgages that were current and performing at the end of the third quarter of 2021 was 95.6 percent compared with 92.5 percent at the end of the third quarter of 2020 (see figure 6). Under the CARES Act, signed into law on March 27, 2020, customer relief and forbearance can extend up to 360 days, and government agencies extended the forbearance period up to 18 months.
- Servicers initiated 925 new foreclosures in the third quarter of 2021, an increase of 56.3 percent from the previous quarter and an increase of 150.7 percent from a year earlier (see figure 7). Home forfeiture actions during the third quarter of 2021—completed foreclosure sales, short sales, and deed-in-lieu-of-foreclosure actions—increased 42.7 percent from a year earlier to 1,829 (see figure 8). Events associated with the COVID-19 pandemic, including foreclosure moratoriums that began March 18, 2020, and were extended to July 31, 2021, have significantly affected these metrics.

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 33,721 modifications during the third quarter of 2021, a 14.8 percent decrease from the previous quarter's 39,599 modifications.

- Of these 33,721 modifications, 33,157, or 98.3 percent, were “combination modifications”—modifications that included multiple actions affecting the affordability and sustainability of the loan, such as an interest rate reduction and a term extension. Of the remaining 564 loan modifications, 541 received a single action and 23 were not assigned a modification type (see table 1).
- Among the 33,157 combination modifications completed during the quarter, 26,242, or 79.1 percent, included an interest rate reduction or freeze; 23,071, or 69.6 percent, included capitalization of delinquent interest and fees; 19,997, or 60.3 percent, included a term extension; 12,199, or 36.8 percent, included principal deferral; and 30, or 0.1 percent, included principal reduction (see table 2).
- Of the 33,721 modifications completed during the quarter, 20,099, or 59.6 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 September 30, 2021.

Modified Loan Performance

By September 30, 2021, all loans modified during the first quarter of 2021 would have aged at least six months. Of the 47,773 modifications completed during the first quarter of 2021, servicers reported that 1,437, or 3.0 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 third quarter of 2019 through the third quarter of 2021.

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

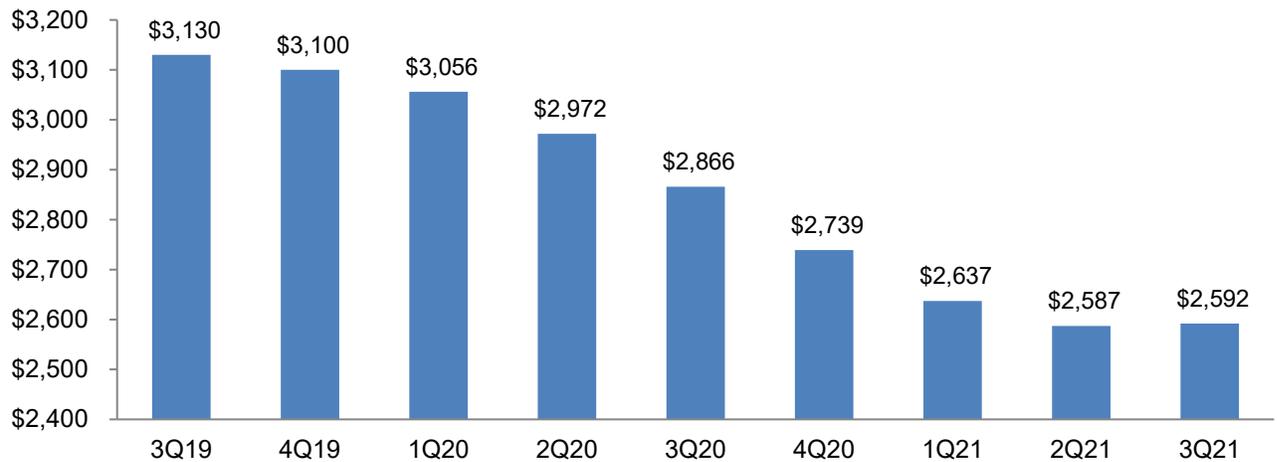


Figure 2 shows the number of first-lien residential mortgages serviced and the decline in loans from the third quarter of 2019 through the third quarter of 2021.

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

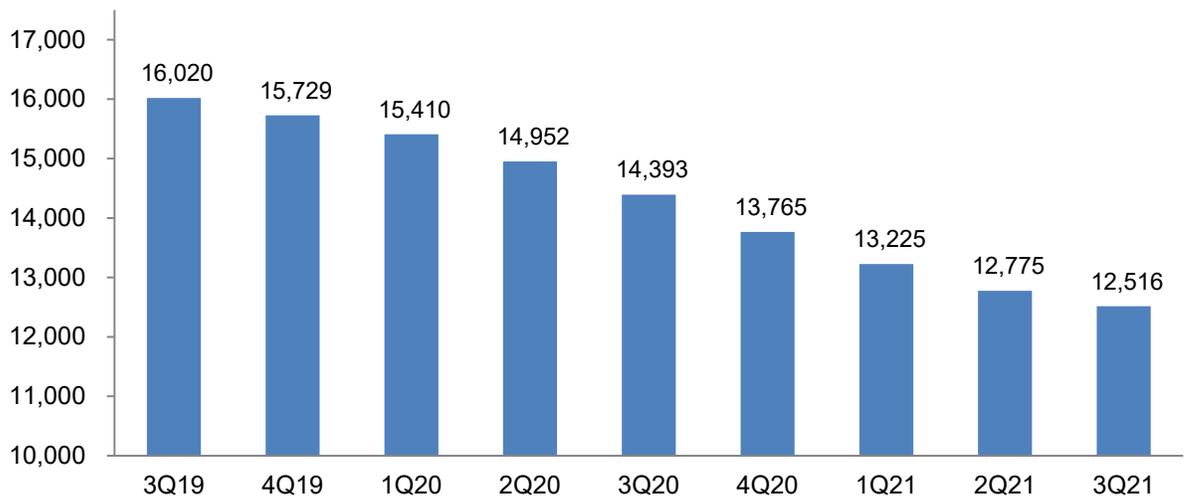


Figure 3 shows the number of loans in each risk category and the decline in each category from the third quarter of 2019 through the third quarter of 2021.

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

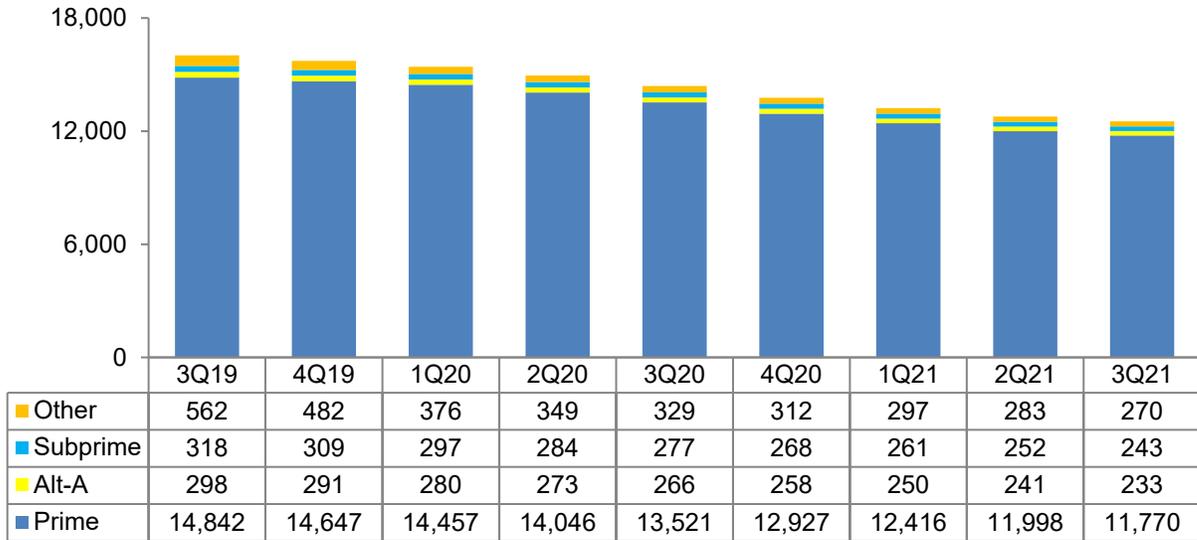
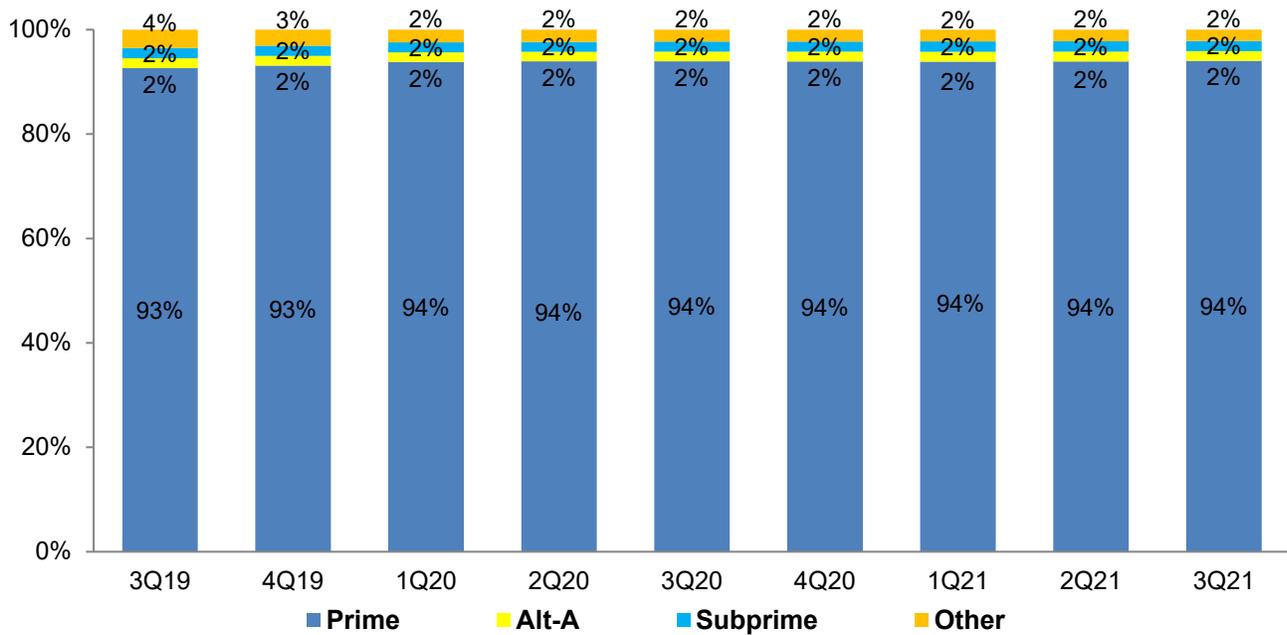


Figure 4 reports the percentage of loans in each risk category and shows that the composition of loans has remained relatively stable since the third quarter of 2019.

Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category³



³ Percentages do not total 100 because of rounding.

Figure 5 shows the number of loans in each category of delinquency from the third quarter of 2019 through the third quarter of 2021. The number of foreclosures in process is down slightly from the previous quarter. The number of seriously delinquent loans sharply increased in the second quarter of 2020, but has since been trending down.⁴

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

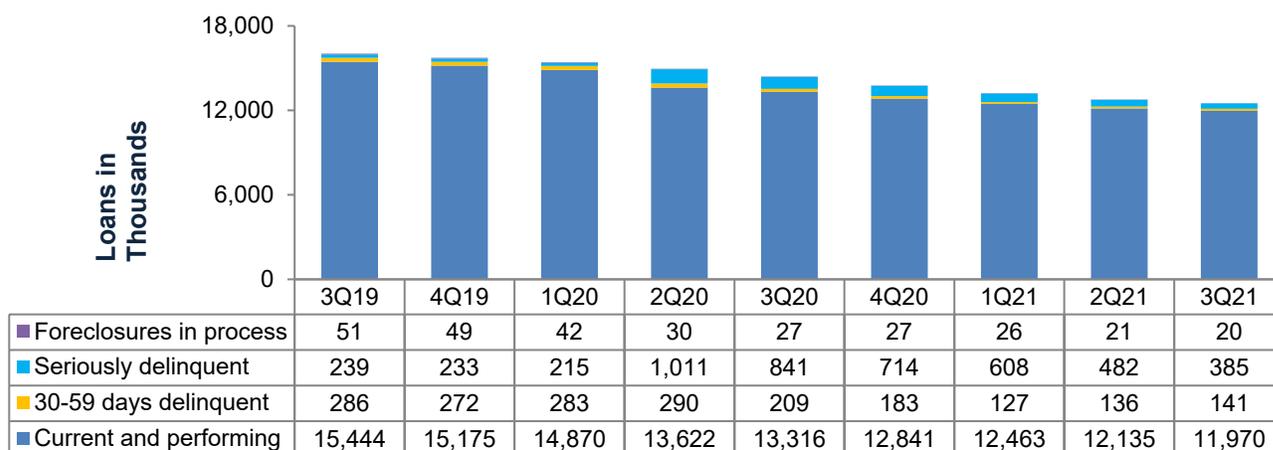
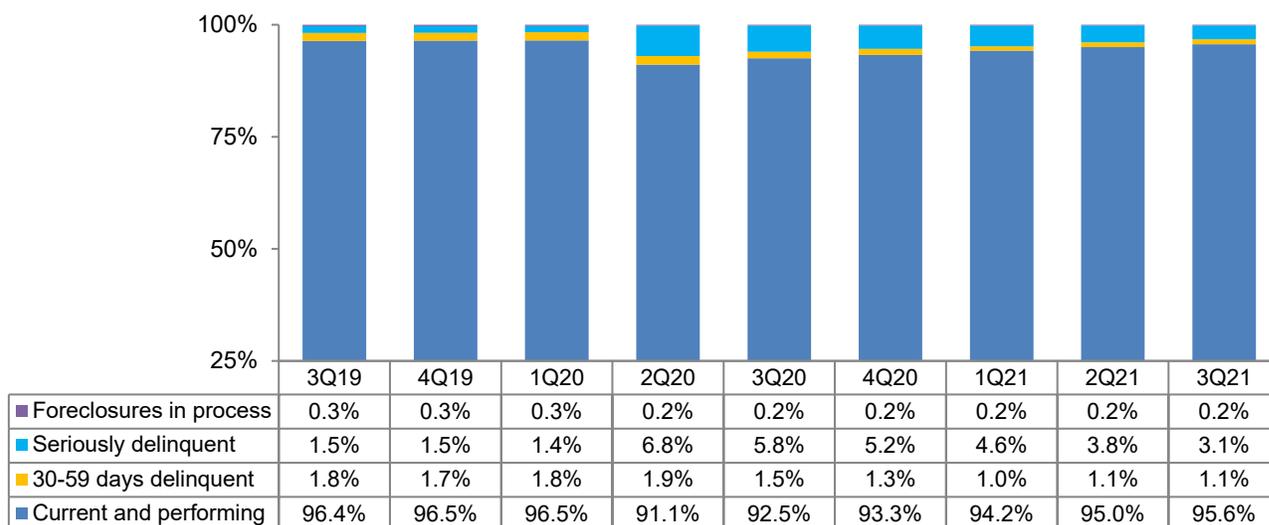


Figure 6 shows the percent of mortgages in each category of delinquency from the third quarter of 2019 through the third quarter of 2021. Data show that the percent of foreclosures in process remains relatively low as foreclosure moratoriums remain in place. Also, the percent of seriously delinquent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

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



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 third quarter of 2019 through the third quarter of 2021.⁵

Figure 7: Newly Initiated Foreclosures

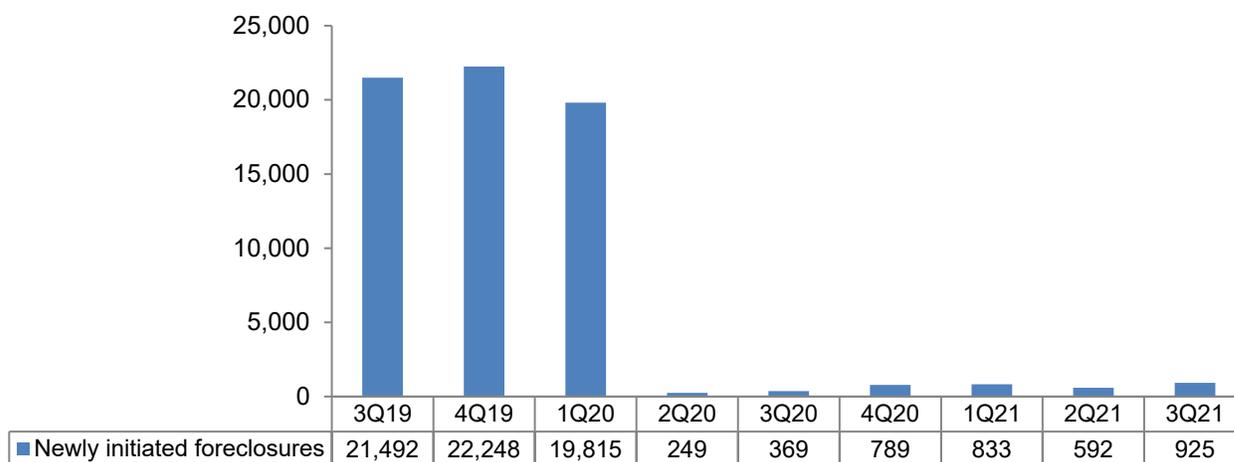
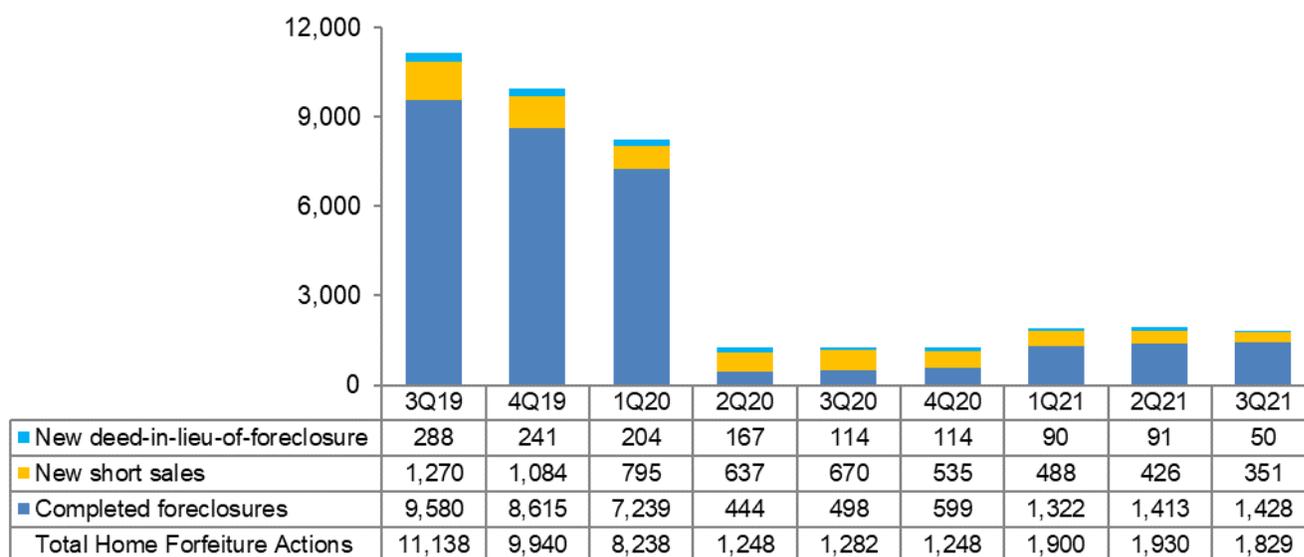


Figure 8 shows the number of foreclosure and other home forfeiture actions completed from the third quarter of 2019 through the third quarter of 2021. Completed foreclosures and other forfeiture actions increased to 1,829 in the third quarter of 2021 from 1,282 in the third quarter of 2020, an increase of 42.7 percent.⁶

Figure 8: Completed Foreclosures and Other Home Forfeiture Actions



⁵ Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have significantly affected these metrics.

⁶ Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have significantly affected these metrics.

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

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	62	93	294	0	92	33,157	23	33,721
Alabama	0	3	5	0	1	302	2	313
Alaska	2	0	3	0	1	78	0	84
Arizona	2	2	3	0	3	1,227	0	1,237
Arkansas	1	2	5	0	0	380	0	388
California	7	16	24	0	12	3,002	3	3,064
Colorado	0	0	5	0	0	418	0	423
Connecticut	1	1	1	0	1	431	0	435
Delaware	0	0	1	0	1	184	0	186
District of Columbia	0	0	2	0	2	77	0	81
Florida	8	15	19	0	4	3,055	3	3,104
Georgia	4	2	11	0	0	1,039	1	1,057
Hawaii	0	0	1	0	0	132	0	133
Idaho	0	0	2	0	0	85	0	87
Illinois	4	6	6	0	2	2,186	2	2,206
Indiana	0	1	3	0	1	695	1	701
Iowa	0	0	2	0	1	262	1	266
Kansas	0	0	4	0	0	254	0	258
Kentucky	1	1	7	0	3	337	1	350
Louisiana	0	2	5	0	0	378	1	386
Maine	0	0	2	0	1	69	0	72
Maryland	2	4	12	0	5	1,374	2	1,399
Massachusetts	1	3	3	0	5	406	0	418
Michigan	1	2	3	0	1	390	0	397
Minnesota	2	2	9	0	2	1,219	0	1,234
Mississippi	0	0	4	0	0	169	0	173
Missouri	2	0	0	0	3	724	1	730
Montana	0	1	0	0	0	77	0	78
Nebraska	1	0	2	0	0	363	0	366
Nevada	1	1	5	0	1	925	1	934
New Hampshire	1	0	0	0	0	75	0	76
New Jersey	1	1	7	0	6	1,016	0	1,031
New Mexico	1	0	1	0	2	161	0	165
New York	5	6	12	0	2	1,369	1	1,395
North Carolina	3	7	16	0	3	850	0	879
North Dakota	0	0	1	0	0	48	0	49
Ohio	1	0	11	0	5	1,354	0	1,371
Oklahoma	0	0	3	0	1	542	0	546
Oregon	0	0	2	0	2	343	0	347
Pennsylvania	0	3	10	0	0	785	0	798
Rhode Island	1	0	0	0	0	64	0	65
South Carolina	1	0	9	0	2	448	0	460
South Dakota	0	1	2	0	0	61	0	64
Tennessee	0	0	5	0	2	541	0	548
Texas	6	6	36	0	10	3,064	3	3,125
Utah	0	0	5	0	0	206	0	211
Vermont	0	0	2	0	0	72	0	74
Virginia	2	3	13	0	6	868	0	892
Washington	0	0	8	0	0	537	0	545
West Virginia	0	1	0	0	0	69	0	70
Wisconsin	0	1	1	0	1	384	0	387
Wyoming	0	0	1	0	0	60	0	61
Other	0	0	0	0	0	2	0	2

Table 2: Number of Modification Actions in Combination Actions Completed in the Third Quarter of 2021						
States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - All States	23,071	26,242	19,997	30	12,199	33,157
Alabama	198	249	219	1	87	302
Alaska	40	66	69	0	10	78
Arizona	795	1,087	594	0	465	1,227
Arkansas	229	347	269	0	85	380
California	2,270	1,792	1,386	3	1,697	3,002
Colorado	258	335	232	0	172	418
Connecticut	329	289	244	2	203	431
Delaware	142	141	123	0	49	184
District of Columbia	59	59	41	0	42	77
Florida	2,184	2,449	1,677	2	1,218	3,055
Georgia	785	779	734	1	319	1,039
Hawaii	87	72	50	0	84	132
Idaho	49	61	49	0	36	85
Illinois	1,486	1,908	1,230	4	844	2,186
Indiana	565	648	466	0	117	695
Iowa	133	235	159	0	92	262
Kansas	166	212	160	0	82	254
Kentucky	146	307	186	0	151	337
Louisiana	282	304	258	0	107	378
Maine	46	55	47	0	23	69
Maryland	968	1,119	915	2	420	1,374
Massachusetts	283	282	215	0	214	406
Michigan	283	312	241	2	147	390
Minnesota	725	1,143	687	0	450	1,219
Mississippi	125	135	133	2	38	169
Missouri	447	655	433	0	249	724
Montana	40	68	45	0	24	77
Nebraska	170	347	223	0	114	363
Nevada	595	821	465	0	349	925
New Hampshire	50	41	36	0	41	75
New Jersey	862	570	602	1	488	1,016
New Mexico	132	121	103	0	48	161
New York	1,101	883	875	4	587	1,369
North Carolina	546	654	576	1	288	850
North Dakota	20	46	28	0	20	48
Ohio	964	1,248	837	0	353	1,354
Oklahoma	402	505	363	0	98	542
Oregon	227	238	181	1	162	343
Pennsylvania	600	574	551	1	280	785
Rhode Island	46	40	34	0	32	64
South Carolina	302	344	289	0	148	448
South Dakota	37	55	48	0	11	61
Tennessee	294	447	333	1	211	541
Texas	2,261	2,519	2,213	1	709	3,064
Utah	129	168	125	0	74	206
Vermont	14	66	55	0	18	72
Virginia	597	619	596	1	296	868
Washington	315	391	294	0	249	537
West Virginia	41	56	47	0	21	69
Wisconsin	213	326	217	0	163	384
Wyoming	32	53	43	0	14	60
Other	1	1	1	0	0	2

Table 3: Changes in Monthly Principal and Interest Payments by State
Modifications Completed in the Third 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	5,737	6,203	8,159	12,477	944	201	33,721
Alabama	68	64	89	83	7	2	313
Alaska	14	13	41	14	2	0	84
Arizona	198	277	271	478	9	4	1,237
Arkansas	60	61	112	145	10	0	388
California	405	559	446	1,594	44	16	3,064
Colorado	67	81	97	172	6	0	423
Connecticut	68	47	103	190	18	9	435
Delaware	28	38	60	52	6	2	186
District of Columbia	12	15	12	38	2	2	81
Florida	537	600	714	1,153	83	17	3,104
Georgia	217	222	273	309	33	3	1,057
Hawaii	21	15	11	84	2	0	133
Idaho	10	19	15	41	1	1	87
Illinois	369	353	509	853	99	23	2,206
Indiana	117	161	274	127	19	3	701
Iowa	29	35	70	124	6	2	266
Kansas	39	46	78	90	5	0	258
Kentucky	40	55	65	182	4	4	350
Louisiana	90	68	105	108	13	2	386
Maine	15	11	18	26	2	0	72
Maryland	223	241	407	463	50	15	1,399
Massachusetts	61	68	71	205	10	3	418
Michigan	80	72	95	134	12	4	397
Minnesota	152	201	317	516	47	1	1,234
Mississippi	41	36	47	45	4	0	173
Missouri	104	121	195	281	26	3	730
Montana	7	16	22	32	1	0	78
Nebraska	31	44	92	187	12	0	366
Nevada	187	149	196	384	16	2	934
New Hampshire	10	13	12	39	2	0	76
New Jersey	230	162	174	419	31	15	1,031
New Mexico	36	23	55	47	2	2	165
New York	299	269	240	510	71	6	1,395
North Carolina	156	188	226	286	17	6	879
North Dakota	5	5	12	26	1	0	49
Ohio	247	271	398	408	42	5	1,371
Oklahoma	87	123	182	139	15	0	546
Oregon	56	54	59	169	7	2	347
Pennsylvania	175	154	193	241	26	9	798
Rhode Island	6	13	12	31	2	1	65
South Carolina	84	88	120	150	15	3	460
South Dakota	8	5	27	24	0	0	64
Tennessee	86	95	114	242	10	1	548
Texas	614	618	1,044	718	117	14	3,125
Utah	35	42	54	79	1	0	211
Vermont	6	3	7	58	0	0	74
Virginia	166	182	212	299	16	17	892
Washington	69	106	106	259	5	0	545
West Virginia	13	12	16	28	0	1	70
Wisconsin	53	78	74	168	14	0	387
Wyoming	5	11	17	27	1	0	61
Other	1	0	0	0	0	1	2

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	317	281	315	455	43	26	1,437
Alabama	3	5	7	2	0	0	17
Alaska	1	3	3	0	0	0	7
Arizona	12	6	6	21	0	0	45
Arkansas	2	0	6	3	1	0	12
California	18	15	15	43	1	4	96
Colorado	3	3	0	4	0	0	10
Connecticut	9	5	6	7	0	0	27
Delaware	0	0	2	2	0	0	4
District of Columbia	0	0	0	4	0	0	4
Florida	31	16	26	40	3	4	120
Georgia	14	18	21	9	7	0	69
Hawaii	0	1	1	2	0	0	4
Idaho	0	0	0	1	0	0	1
Illinois	18	28	13	43	8	1	111
Indiana	5	7	6	4	1	0	23
Iowa	4	5	3	5	1	0	18
Kansas	3	1	3	1	0	0	8
Kentucky	3	4	5	7	0	0	19
Louisiana	7	4	7	7	0	0	25
Maine	0	1	0	0	1	0	2
Maryland	4	9	15	19	1	2	50
Massachusetts	7	5	6	2	1	0	21
Michigan	6	5	6	7	1	0	25
Minnesota	4	2	9	16	0	1	32
Mississippi	1	3	5	3	1	0	13
Missouri	5	5	5	15	2	0	32
Montana	0	0	0	2	0	1	3
Nebraska	0	4	1	6	0	0	11
Nevada	5	2	3	10	0	0	20
New Hampshire	0	1	2	1	0	0	4
New Jersey	16	8	6	15	1	2	48
New Mexico	2	2	3	2	0	0	9
New York	21	17	10	21	2	4	75
North Carolina	14	8	16	9	2	0	49
North Dakota	0	0	0	3	0	0	3
Ohio	18	14	7	19	2	3	63
Oklahoma	10	5	3	5	1	0	24
Oregon	0	0	2	4	0	0	6
Pennsylvania	14	7	14	16	0	2	53
Rhode Island	1	0	0	1	0	0	2
South Carolina	5	4	6	9	1	0	25
South Dakota	1	0	0	2	0	0	3
Tennessee	8	6	8	5	0	0	27
Texas	25	32	39	29	4	1	130
Utah	3	2	3	0	1	0	9
Vermont	0	0	1	3	0	0	4
Virginia	9	12	10	12	0	0	43
Washington	2	1	2	9	0	0	14
West Virginia	0	1	0	1	0	0	2
Wisconsin	3	2	2	4	0	1	12
Wyoming	0	2	1	0	0	0	3
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 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 extend 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.