

About Mortgage Metrics

The *OCC Mortgage Metrics Report* presents data on first-lien residential mortgages serviced by seven national banks and a federal savings association with the largest mortgage-servicing portfolios.¹ The data represent 48 percent of all first-lien residential mortgages outstanding in the country and focus on credit performance, loss mitigation efforts, and foreclosures. Ninety-one percent of the mortgages in the portfolio were serviced for investors other than the reporting institutions. At the end of the first quarter of 2014, the reporting institutions serviced 24.5 million first-lien mortgage loans, totaling \$4.1 trillion in unpaid principal (see table 6).

The loans reflected in this report represent a large percentage of the overall mortgage industry, but they do not represent a statistically random sample of all mortgage loans. The characteristics of these loans may differ from the overall population of mortgages. This report does not attempt to quantify or adjust for known seasonal effects that occur within the mortgage industry.

In addition to providing information to the public, the report and its data support the supervision of national bank and federal savings association mortgage-servicing practices. Examiners use the data to help assess emerging trends, identify anomalies, compare servicers with peers, evaluate asset quality and necessary loan-loss reserves, and assess loss mitigation actions.

The report promotes the use of standardized terms and elements, which allow better comparisons across the industry and over time. The report uses standardized definitions for prime, Alt-A, and subprime mortgages based on commonly used credit score ranges.

The Office of the Comptroller of the Currency (OCC) and the participating institutions devote significant resources to ensuring that the information is reliable and accurate. Steps to ensure the validity of the data include quality assurance processes conducted by the banks and savings association, comprehensive data validation tests performed by a third-party data aggregator, and comparisons with the institutions' quarterly call reports. Data sets of this size and scope inevitably incur some degree of imperfections. The OCC requires servicers to adjust previous data submissions when errors and omissions are detected. In some cases, data presented in this report reflect resubmissions from institutions that restate and correct earlier information.

The report also includes mortgage modification data by state and territories in appendix E. These data fulfill reporting requirements in the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 (Public Law 111-203).

Definitions and Method

The report uses standard definitions for three categories of mortgage creditworthiness based on the following ranges of borrowers' credit scores at the time of origination:

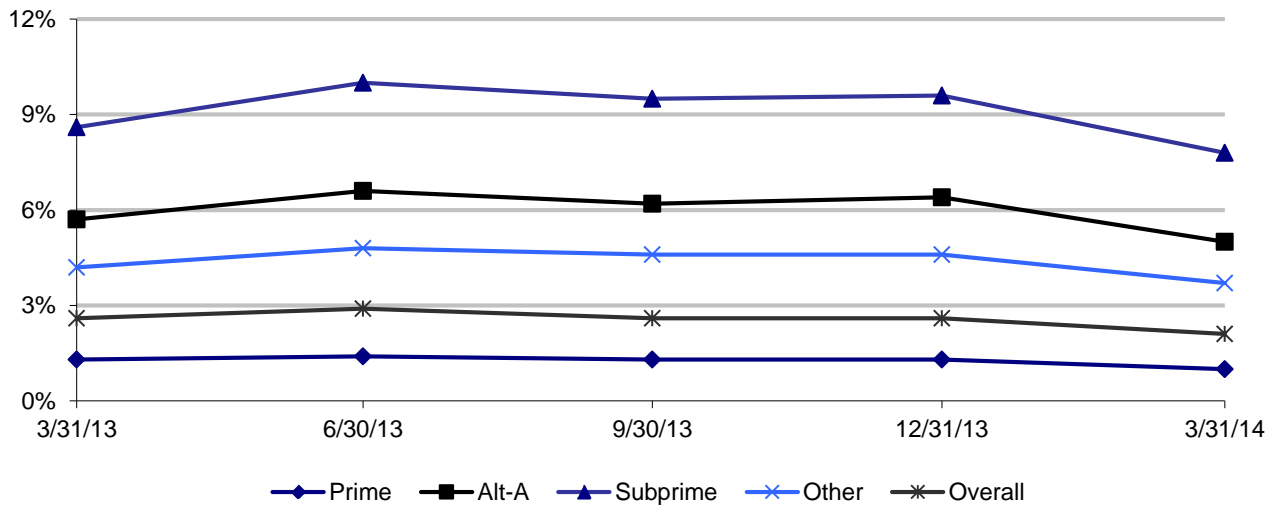
¹ The seven national banks are Bank of America, JPMorgan Chase, Citibank, HSBC, PNC, U.S. Bank, and Wells Fargo. The federal savings association is OneWest Bank.

Mortgages 30 to 59 Days Delinquent, by Risk Category

The percentage of loans that were 30 to 59 days delinquent was 2.1 percent of the portfolio at the end of the first quarter of 2014, a decrease of 19.8 percent from a year earlier. Early stage delinquencies decreased across all risk categories from the previous quarter and the previous year across all risk categories.

Table 12. Mortgages 30 to 59 Days Delinquent, by Risk Category							
<i>(Percentage of Mortgages in Each Category)</i>							
	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	1Q %Change	1Y %Change
Prime	1.3%	1.4%	1.3%	1.3%	1.0%	-20.5%	-23.1%
Alt-A	5.7%	6.6%	6.2%	6.4%	5.0%	-21.8%	-12.4%
Subprime	8.6%	10.0%	9.5%	9.6%	7.8%	-18.8%	-9.9%
Other	4.2%	4.8%	4.6%	4.6%	3.7%	-19.4%	-10.8%
Overall	2.6%	2.9%	2.6%	2.6%	2.1%	-20.9%	-19.8%
<i>(Number of Mortgages in Each Category)</i>							
Prime	267,211	279,111	244,277	236,900	186,187	-21.4%	-30.3%
Alt-A	170,084	184,916	164,185	161,013	123,503	-23.3%	-27.4%
Subprime	164,998	174,660	154,832	146,067	114,042	-21.9%	-30.9%
Other	115,239	121,391	109,823	104,314	80,986	-22.4%	-29.7%
Total	717,532	760,078	673,117	648,294	504,718	-22.1%	-29.7%

Figure 7. Mortgages 30 to 59 Days Delinquent, by Risk Category
Percentage of Mortgages in Each Category



PART II: Home Retention Actions

Home retention actions include loan modifications, in which servicers modify one or more mortgage contract terms; trial-period plans, in which the loans will be converted to modifications upon successful completion of the trial periods; and payment plans, in which no terms are contractually modified but borrowers are given time to catch up on missed payments. All of these actions can help the borrower become current on the loan, attain payment sustainability, and retain the home.

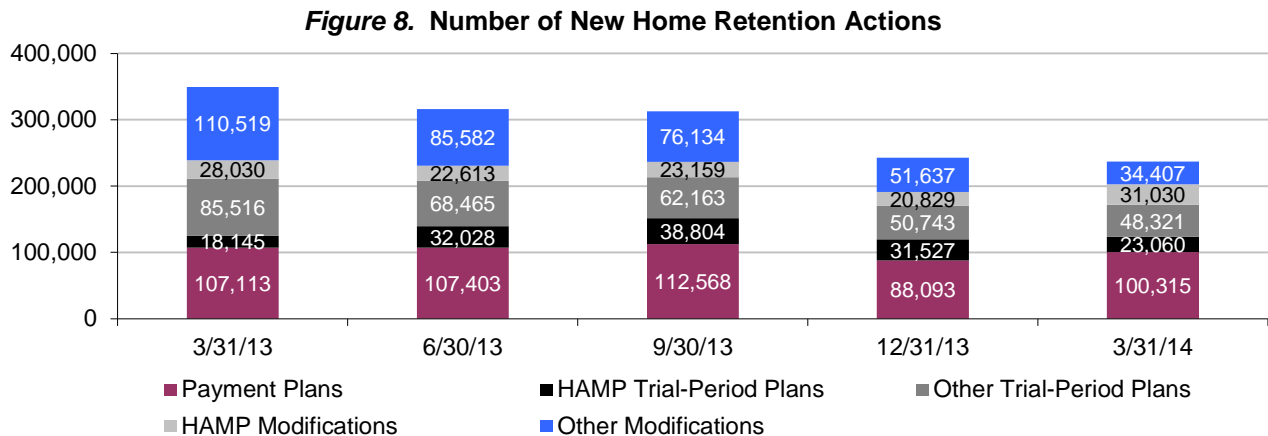
A. Loan Modifications, Trial-Period Plans, and Payment Plans

New Home Retention Actions

Servicers implemented 237,133 home retention actions—loan modifications, trial-period plans, and payment plans—during the first quarter of 2014. The number of home retention actions decreased 2.3 percent from the previous quarter and 32.1 percent from a year earlier. Servicers implemented 65,437 modifications, a decrease of 52.8 percent from a year earlier. New HAMP modifications increased 49.0 percent to 31,030 during the quarter, as program changes to FHA-HAMP materially increased the number of actions completed under the program. Other modifications decreased 33.4 percent from the previous quarter, to 34,407. Servicers implemented 71,381 new trial-period plans, a decrease of 13.2 percent from the previous quarter and 31.1 percent from a year earlier. New payment plans increased by 13.9 percent from the previous quarter to 100,315. During the past five quarters, servicers initiated 1.5 million home retention actions—483,940 modifications, 458,772 trial-period plans, and 515,492 payment plans.

Table 13. Number of New Home Retention Actions

	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	1Q %Change	1Y %Change
Other Modifications	110,519	85,582	76,134	51,637	34,407	-33.4%	-68.9%
HAMP Modifications	28,030	22,613	23,159	20,829	31,030	49.0%	10.7%
Other Trial-Period Plans	85,516	68,465	62,163	50,743	48,321	-4.8%	-43.5%
HAMP Trial-Period Plans	18,145	32,028	38,804	31,527	23,060	-26.9%	27.1%
Payment Plans	107,113	107,403	112,568	88,093	100,315	13.9%	-6.3%
Total	349,323	316,091	312,828	242,829	237,133	-2.3%	-32.1%



HAMP Modifications and Trial-Period Plans, by Investor and Risk Category

Servicers implemented 31,030 HAMP modifications during the quarter, an increase of 10.7 percent from a year earlier. GSE mortgages received 11.9 percent of HAMP modifications completed during the quarter, government-guaranteed loans received 64.8 percent, loans held in portfolio received 12.8 percent, and loans serviced for private investors received 10.5 percent. Prime mortgages represented about 75 percent of the total portfolio and received 31.6 percent of all HAMP modifications. Subprime loans represented about 6 percent of the total portfolio and received 25.5 percent of HAMP modifications during the quarter.

Table 14. HAMP Modifications, by Investor and Risk Category
(Modifications Implemented in the First Quarter of 2014)

	Fannie Mae	Freddie Mac	Government-Guaranteed	Portfolio	Private	Total
Prime	860	1,138	4,921	1,651	1,244	9,814
Alt-A	268	330	6,794	973	782	9,147
Subprime	218	200	5,268	1,207	1,017	7,910
Other	478	195	3,117	150	219	4,159
Total	1,824	1,863	20,100	3,981	3,262	31,030

Servicers implemented 23,060 HAMP trial-period plans during the quarter, an increase of 27.1 percent from a year earlier. GSE mortgages received 10.7 percent of HAMP trial-period plans initiated during the quarter, government-guaranteed loans received 72.6 percent, loans held in portfolio received 7.3 percent, and loans serviced for private investors received 9.5 percent. Prime mortgages received 31.5 percent of the HAMP trial-period plans implemented during the quarter, Alt-A loans received 30.6 percent, and subprime and other mortgages collectively received 37.9 percent.

Table 15. HAMP Trial-Period Plans, by Investor and Risk Category
(Trial-Period Plans Implemented in the First Quarter of 2014)

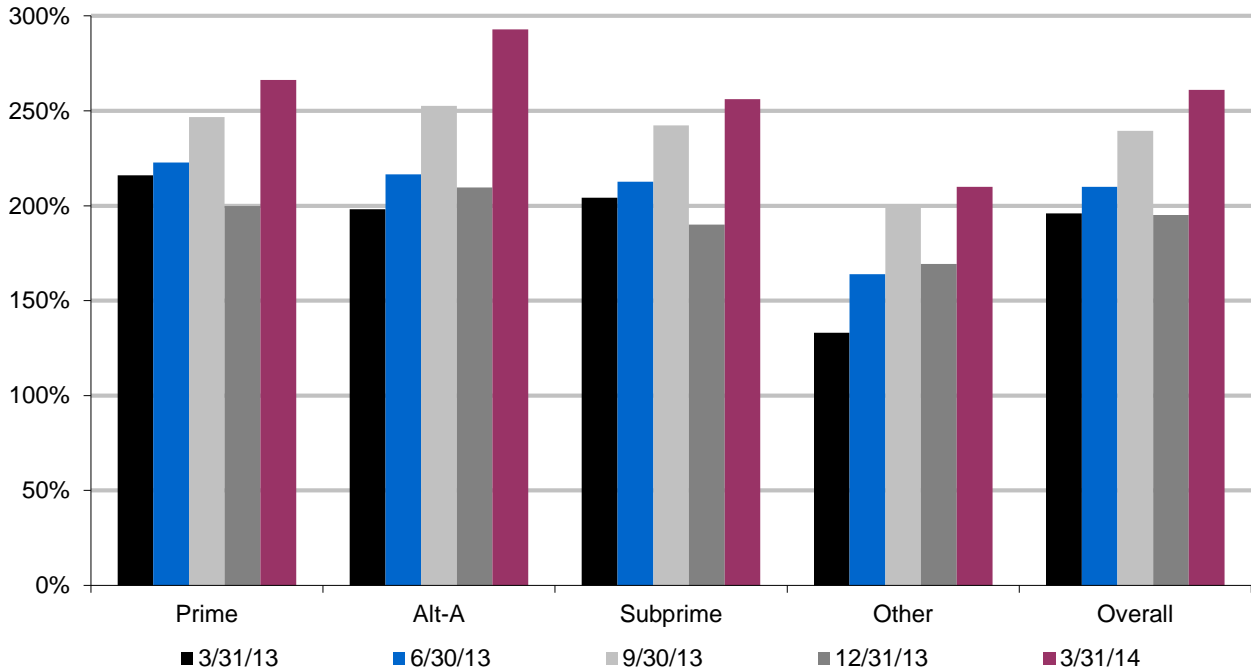
	Fannie Mae	Freddie Mac	Government-Guaranteed	Portfolio	Private	Total
Prime	618	749	4,322	644	926	7,259
Alt-A	171	248	5,836	364	442	7,061
Subprime	140	120	4,099	515	688	5,562
Other	290	121	2,474	155	138	3,178
Total	1,219	1,238	16,731	1,678	2,194	23,060

New Home Retention Actions Relative to Newly Initiated Foreclosures

Servicers continued to implement more home retention actions than new foreclosures during the quarter. The ratio of new home retention actions to newly initiated foreclosures increased 33.3 percent from a year earlier. Although the number of new home retention actions and new foreclosures both decreased from the previous quarter and a year earlier, new retention actions fell less than new foreclosures.

Table 16. Percentage of New Home Retention Actions Relative to Newly Initiated Foreclosures, by Risk Category							
	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	1Q %Change	1Y %Change
Prime	216.0%	222.7%	246.7%	199.8%	266.2%	33.3%	23.3%
Alt-A	198.1%	216.6%	252.6%	209.6%	292.9%	39.7%	47.9%
Subprime	204.2%	212.6%	242.3%	190.1%	256.2%	34.8%	25.5%
Other	133.1%	163.9%	199.1%	169.3%	210.0%	24.1%	57.8%
Overall	195.9%	209.9%	239.5%	195.1%	261.0%	33.8%	33.3%
Number of New Home Retention Actions	349,323	316,091	312,828	242,829	237,133	-2.3%	-32.1%
Number of Newly Initiated Foreclosures	178,360	150,592	130,592	124,468	90,852	-27.0%	-49.1%

Figure 9. New Home Retention Actions Relative to Newly Initiated Foreclosures, by Risk Category



Types of Modification Actions

The types of modification actions or combinations of actions have different effects on the borrowers' mortgages and their monthly principal and interest payments. Different actions may have different effects on the long-term sustainability of mortgages. Servicers often use a combination of actions when modifying mortgages, with 92.8 percent of modifications implemented during the first quarter of 2014 changing more than one of the original loan terms. Capitalization, interest-rate reduction, and term extension remained the primary actions used in modifying mortgages.

Servicers capitalized missed fees and payments in 74.3 percent of modifications implemented during the quarter, reduced interest rates in 73.3 percent, and extended loan maturity in 78.0 percent. Servicers reduced some portion of the unpaid principal in 8.1 percent of modifications completed during the quarter, a decrease of 22.8 percent from the previous quarter and 46.4 percent from a year earlier. Servicers deferred repayment of some portion of the unpaid principal in 25.1 percent of modifications made during the quarter, up 37.8 percent from a year earlier. Because most modifications changed more than one term, the sum of the individual actions exceeded 100 percent of total modifications. Appendix D presents additional detail on combination modifications.

Table 17. Changes in Loan Terms for Modifications Through the First Quarter of 2014							
(Percentage of Total Modifications in Each Category)							
	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	1Q %Change	1Y %Change
Capitalization	79.0%	81.6%	83.5%	87.7%	74.3%	-15.3%	-5.9%
Rate Reduction	80.1%	81.0%	78.9%	76.7%	73.3%	-4.4%	-8.5%
Rate Freeze	3.7%	5.2%	5.5%	7.0%	6.5%	-6.6%	76.9%
Term Extension	60.3%	67.7%	69.3%	75.9%	78.0%	2.7%	29.2%
Principal Reduction	15.2%	12.2%	13.6%	10.5%	8.1%	-22.8%	-46.4%
Principal Deferral	18.2%	20.5%	25.3%	30.6%	25.1%	-17.9%	37.8%
Not Reported*	0.7%	1.5%	2.2%	0.7%	0.7%	-5.6%	-1.7%
(Number of Changes in Each Category)							
Capitalization	109,418	88,240	82,894	63,545	48,625	-23.5%	-55.6%
Rate Reduction	110,910	87,639	78,309	55,554	47,939	-13.7%	-56.8%
Rate Freeze	5,121	5,619	5,413	5,072	4,279	-15.6%	-16.4%
Term Extension	83,594	73,254	68,820	55,026	51,030	-7.3%	-39.0%
Principal Reduction	21,033	13,150	13,502	7,634	5,322	-30.3%	-74.7%
Principal Deferral	25,272	22,195	25,150	22,195	16,450	-25.9%	-34.9%
Not Reported	933	1,571	2,191	508	433	-14.8%	-53.6%

*Processing constraints at some servicers have prevented them from reporting specific modified term(s). For example, servicers should report principal reduction actions in the month that the modification is first effective, but review indicates some have been reporting conditional reductions after the effective date of the modification. Data regarding principal reduction is expected to be revised upward as servicers correct reporting.

Types of HAMP Modification Actions

Consistent with modification actions overall and the prescribed order of actions required by the program, HAMP modifications most often included capitalization of missed payments and fees, interest-rate reductions, and term extensions. Servicers used capitalization in 51.0 percent of modifications, down from 93.9 percent a year ago. Servicers used term extension in 88.1 percent of modifications, up from 53.8 percent a year ago. Servicers used principal deferral, another prescribed action in HAMP, in 30.1 percent of HAMP modifications during the first quarter of 2014, down from 31.9 percent a year earlier. Servicers used principal reduction in 6.8 percent of HAMP modifications implemented during the quarter—a decrease of 56.3 percent from the previous quarter and 69.4 percent from a year earlier, when 22.3 percent of HAMP modifications included principal reduction.

Table 18. Changes in Loan Terms for HAMP Modifications Through the First Quarter of 2014							
(Percentage of Total Modifications in Each Category)							
	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	1Q %Change	1Y %Change
Capitalization	93.9%	88.6%	90.3%	70.1%	51.0%	-27.2%	-45.6%
Rate Reduction	84.9%	88.8%	88.9%	90.3%	85.9%	-4.9%	1.2%
Rate Freeze	3.5%	2.6%	3.1%	2.4%	4.2%	76.2%	20.6%
Term Extension	53.8%	57.6%	60.1%	74.1%	88.1%	18.9%	63.7%
Principal Reduction	22.3%	20.0%	21.8%	15.6%	6.8%	-56.3%	-69.4%
Principal Deferral	31.9%	36.2%	35.0%	26.3%	30.1%	14.4%	-5.7%
Not Reported*	0.2%	0.4%	1.2%	0.3%	0.2%	-23.9%	37.3%
(Number of Changes in Each Category)							
Capitalization	26,308	20,027	20,912	14,591	15,830	8.5%	-39.8%
Rate Reduction	23,790	20,072	20,589	18,808	26,644	41.7%	12.0%
Rate Freeze	981	582	729	499	1,310	162.5%	33.5%
Term Extension	15,089	13,032	13,913	15,437	27,341	77.1%	81.2%
Principal Reduction	6,245	4,527	5,046	3,252	2,116	-34.9%	-66.1%
Principal Deferral	8,930	8,176	8,103	5,475	9,327	70.4%	4.4%
Not Reported	50	83	278	67	76	13.4%	52.0%

*See note to table 17.

Types of Modification Actions, by Risk Category

Servicers use a combination of actions when modifying mortgages. Modifications across all risk categories predominantly featured interest-rate reduction, term extension, and capitalization of past-due interest and fees. Because most modifications changed more than one term, the sum of individual features changed exceeded the total number of modified loans in each risk category. While servicers used most actions relatively consistently across all risk categories, servicers used principal deferral less frequently and principal reduction more often for subprime loans than for other risk classes.

Table 19. Changes in Loan Terms for Modifications, by Risk Category, During the First Quarter of 2014					
(Percentage of Total Modifications in Each Category)					
	Prime	Alt-A	Subprime	Other	Overall
Capitalization	81.0%	65.9%	73.7%	71.6%	74.3%
Rate Reduction	72.7%	74.5%	73.0%	73.3%	73.3%
Rate Freeze	5.7%	6.0%	6.6%	10.1%	6.5%
Term Extension	77.5%	80.3%	72.3%	86.2%	78.0%
Principal Reduction	8.4%	7.8%	11.3%	1.4%	8.1%
Principal Deferral	26.0%	24.5%	21.9%	30.5%	25.1%
Not Reported*	0.9%	0.4%	0.5%	0.7%	0.7%
(Number of Changes in Each Category)					
Total Mortgages Modified	25,396	16,492	15,855	7,694	65,437
Capitalization	20,567	10,870	11,680	5,508	48,625
Rate Reduction	18,454	12,282	11,567	5,636	47,939
Rate Freeze	1,455	997	1,048	779	4,279
Term Extension	19,689	13,245	11,461	6,635	51,030
Principal Reduction	2,134	1,286	1,798	104	5,322
Principal Deferral	6,598	4,033	3,472	2,347	16,450
Not Reported	224	72	85	52	433

*See note to table 17.

Types of Modification Actions, by Investor and Product Type

Modifications of mortgages serviced for the GSEs accounted for 31.8 percent of all modifications made during the first quarter of 2014. Government-guaranteed loans received 36.8 percent of all modifications, mortgages serviced for private investors received 16.5 percent, and mortgages held in the servicers' own portfolios received 14.9 percent of all first-quarter modifications. Interest-rate reduction, capitalization of missed payments and fees, and term extension remained the primary types of modification actions. Servicers used principal reduction most frequently in modifying loans held in portfolio or serviced for private investors because Fannie Mae and Freddie Mac do not allow principal reduction. Because modifications often change more than one loan term, the sum of the actions exceeded the number of modified loans for each investor.

Table 20. Type of Modification Action, by Investor and Product Type, During the First Quarter of 2014						
(Percentage of Total Modifications in Each Category)						
	Fannie Mae	Freddie Mac	Government-Guaranteed	Private Investor	Portfolio	Overall
Capitalization	76.0%	70.0%	36.5%	79.2%	93.6%	63.7%
Rate Reduction	56.8%	75.6%	82.8%	70.6%	69.5%	73.3%
Rate Freeze	9.6%	4.7%	6.6%	3.6%	7.8%	6.5%
Term Extension	90.0%	93.4%	96.1%	29.6%	57.8%	78.0%
Principal Reduction	0.0%	0.0%	0.1%	15.0%	37.6%	8.1%
Principal Deferral	20.8%	27.8%	22.3%	31.4%	27.6%	25.1%
Not Reported*	2.1%	0.3%	0.1%	1.9%	0.8%	0.9%
(Number of Changes in Each Category)						
Total Mortgages Modified	11,276	9,518	24,090	10,798	9,755	65,437
Capitalization	10,898	9,339	8,921	10,152	9,315	48,625
Rate Reduction	6,408	7,194	19,938	7,624	6,775	47,939
Rate Freeze	1,082	443	1,596	393	765	4,279
Term Extension	10,152	8,887	23,153	3,200	5,638	51,030
Principal Reduction	0**	0**	24	1,616	3,669	5,322
Principal Deferral	2,348	2,646	5,379	3,389	2,688	16,450
Not Reported	234	31	38	87	43	433

*See note to table 17.

**A negligible number of loans were miscoded as principal reduction for Fannie Mae and Freddie Mac and removed from reporting.

Types of HAMP Modification Actions, by Investor and Product Type

Of the 31,030 HAMP modifications implemented in the first quarter of 2014, 11.9 percent were on GSE mortgages, 64.8 percent were on government-guaranteed loans, 10.5 percent were on mortgages serviced for private investors, and 12.8 percent were on mortgages held in servicers' portfolios. Consistent with total modification actions, the prevailing actions among HAMP modifications were capitalization of past-due interest and fees, interest-rate reduction, and term extension. Servicers used principal deferral in a significant number of HAMP modifications for all investors. Principal reduction was concentrated in loans held in portfolio and serviced for private investors. More than 46 percent of the HAMP modifications completed during the first quarter of 2014 on loans held in the banks' own portfolios included a principal reduction.

Table 21. Type of HAMP Modification Action, by Investor and Product Type, During the First Quarter of 2014						
(Percentage of Total Modifications in Each Category)						
	Fannie Mae	Freddie Mac	Government-Guaranteed	Private Investor	Portfolio	Overall
Capitalization	96.4%	98.8%	25.1%	99.5%	98.9%	51.0%
Rate Reduction	93.6%	99.1%	85.1%	83.0%	82.3%	85.9%
Rate Freeze	1.5%	1.0%	4.7%	3.8%	4.7%	4.2%
Term Extension	71.8%	72.8%	99.7%	47.6%	77.4%	88.1%
Principal Reduction	0.0%	0.0%	0.05%	7.8%	46.4%	6.8%
Principal Deferral	28.3%	30.9%	24.0%	64.5%	32.8%	30.1%
Not Reported*	2.1%	0.3%	0.1%	0.0%	0.0%	0.2%
(Number of Changes in Each Category)						
Total Mortgages Modified	1,824	1,863	20,100	3,262	3,981	31,030
Capitalization	1,758	1,841	5,050	3,245	3,936	15,830
Rate Reduction	1,708	1,846	17,106	2,709	3,275	26,644
Rate Freeze	27	18	952	124	189	1,310
Term Extension	1,310	1,356	20,041	1,552	3,082	27,341
Principal Reduction	0**	0	11	256	1,846	2,116
Principal Deferral	516	575	4,829	2,103	1,304	9,327
Not Reported	49	11	16	0	0	76

*See note to table 17.

**A negligible number of loans were miscoded as principal reduction for Fannie Mae and removed from reporting.

