Office of the Comptroller of the Currency

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Second Quarter 2019

Office of the Comptroller of the Currency
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Contents

About Mortgage Metrics **1**

Executive Summary **2**
Figure 1: Total Serviced Mortgage Portfolio—Outstanding Principal in $ Billions 3
Figure 2: Total Serviced Mortgage Portfolio—Number of Loans in Thousands 3
Figure 3: Composition—Loans in Thousands by Borrower Risk Category 4
Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category 4
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 Thousands 6
Figure 8: Completed Foreclosures and Other Home Forfeiture Actions—Loans in Thousands 6

Table 1. Number of Mortgage Modification Actions **7**

Table 2. Number of Modification Actions in Combination Actions **8**

Table 3. Changes in Monthly Principal and Interest Payments by State **9**

Table 4. Number of Re-Defaults for Loans Modified Six Months Previously **10**

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 second quarter of 2019 for loans which 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).

[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, 2019, the reporting banks serviced approximately 16.3 million first-lien residential mortgage loans with $3.15 trillion in unpaid principal balances (see figures 1 and 2). This $3.15 trillion was 30 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 second quarter of 2019 was 96.1 percent compared with 95.6 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 21,409 new foreclosures in the second quarter of 2019, a decrease of 22.5 percent from the previous quarter and a decrease of 27.7 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 31.8 percent from a year earlier to 12,625 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 15,683 modifications during the second quarter of 2019, a 10.7 percent decrease from the previous quarter's 17,561 modifications.

- Of these 15,683 modifications, 13,864, or 88.4 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 1,819 loan modifications, 1,768 received a single action and 51 modifications were not assigned a modification type (see table 1).
- Among the 13,864 combination modifications completed during the quarter, 97.3 percent included capitalization of delinquent interest and fees, 33.1 percent included an interest rate reduction or freeze, 96.8 percent included a term extension, 1.0 percent included principal reduction, and 16.6 percent included principal deferral (see table 2).
- Of the 15,683 modifications completed during the quarter, 11,241 or 71.7 percent, reduced the loan's pre-modification monthly payment (see table 3).

Modified Loan Performance

The fourth quarter of 2018 is the first quarter for which all loans modified during that quarter could have aged at least six months by June 30, 2019. Of the 20,256 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 June 30, 2019.

completed during the fourth quarter of 2018, servicers reported that 2,966, or 14.6 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 second quarter of 2017 through the second quarter of 2019.

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

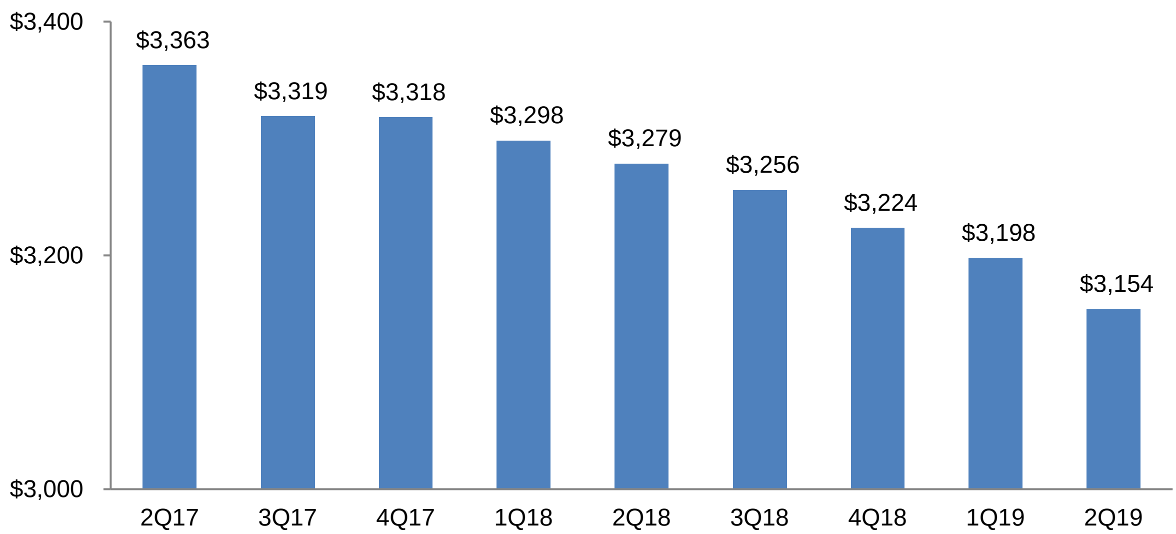


Figure 2 reports the number of first-lien residential mortgages serviced by the seven reporting banks and illustrates the decline in their servicing portfolios from the second quarter of 2017 through the second quarter of 2019.

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

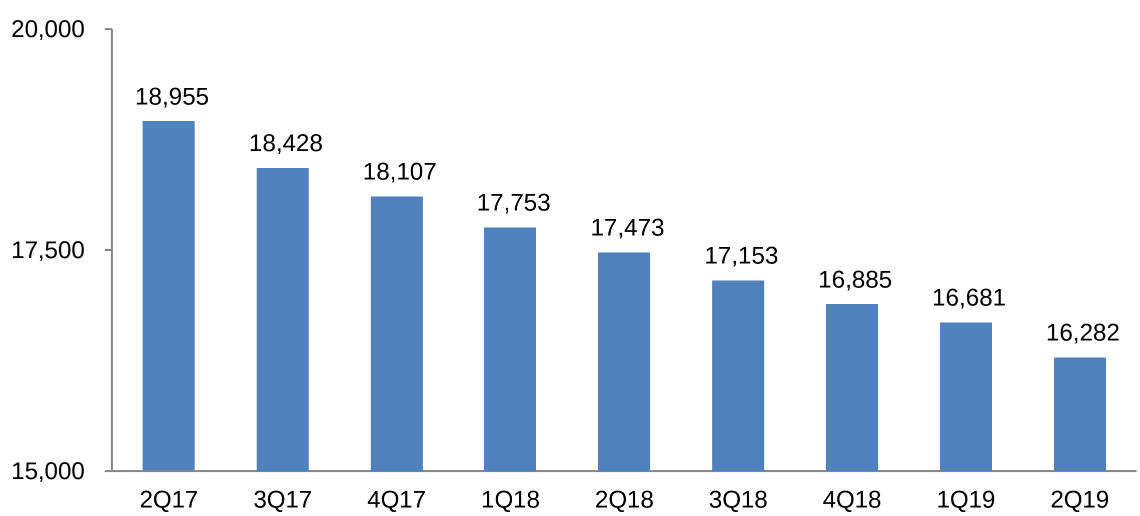
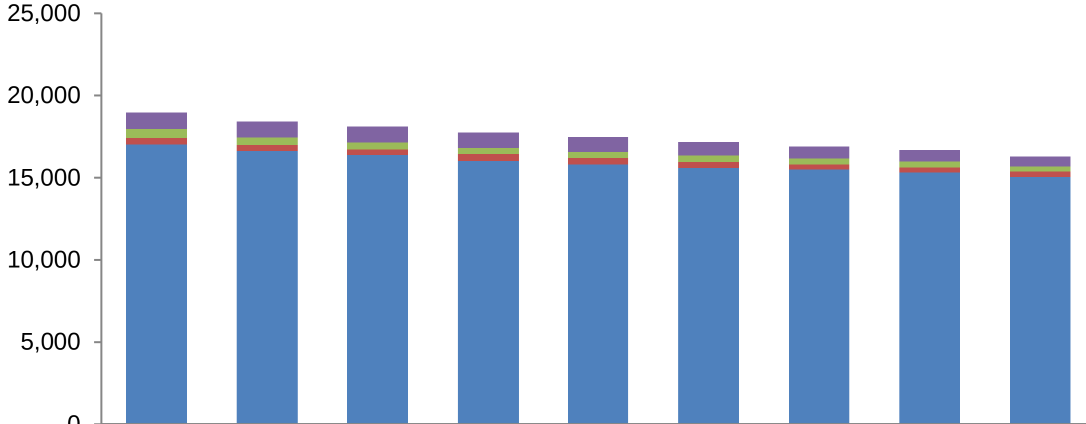


Figure 3 shows the number of loans in each risk category from the second quarter of 2017 through the second quarter of 2019.

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



	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Other	998	968	938	914	886	811	713	695	583
Subprime	515	455	427	402	387	373	352	338	328
Alt-A	415	383	352	398	385	369	338	319	309
Prime	17,027	16,622	16,391	16,039	15,815	15,600	15,482	15,329	15,062

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

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

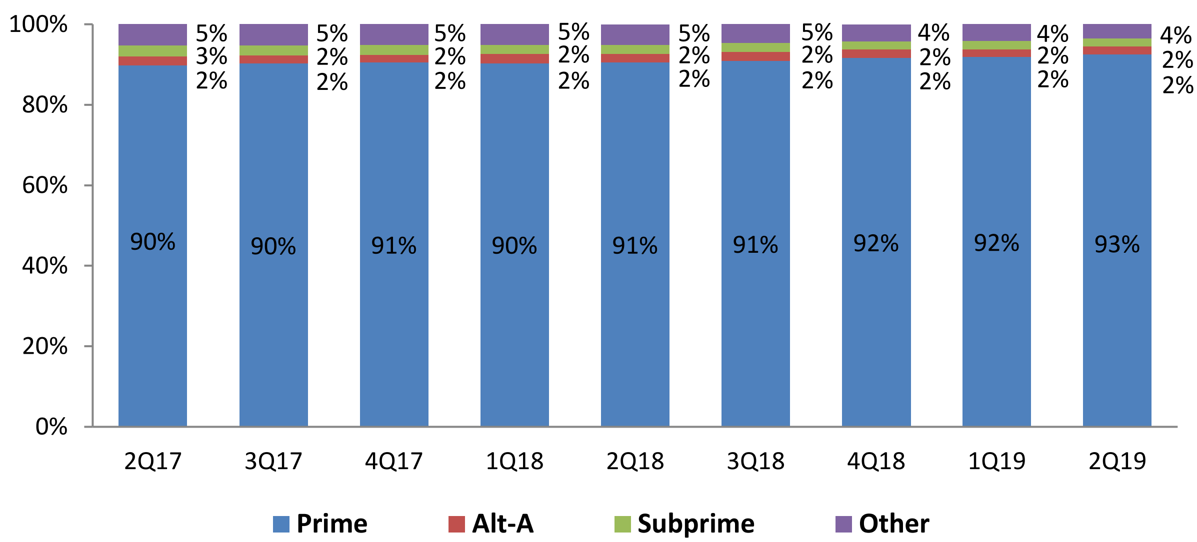
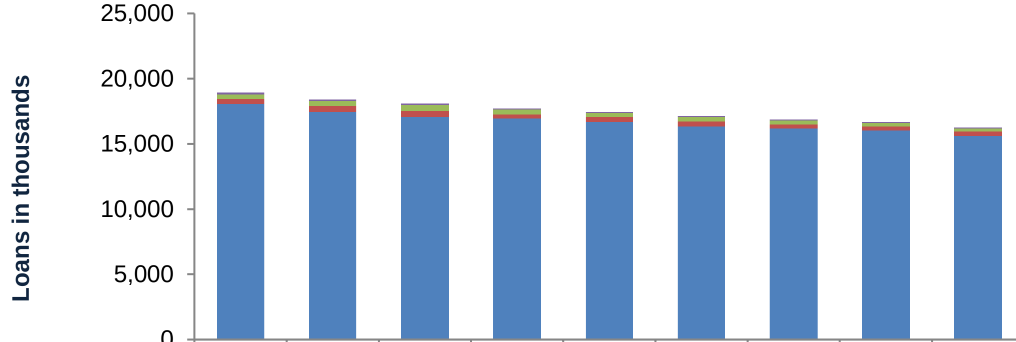


Figure 5 provides the quarterly number of loans in each category of delinquency from the second quarter of 2017 through the second quarter of 2019.

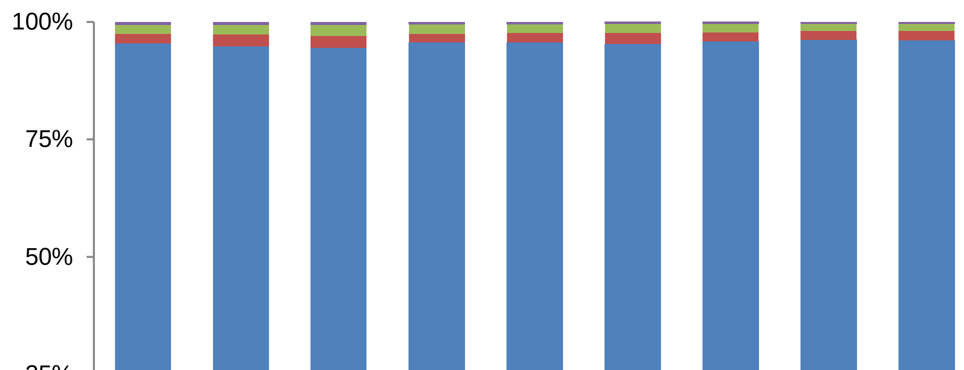
Figure 5: Number of Loans in Delinquency and Foreclosures in Process



	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Foreclosures in process	118	102	98	90	81	75	70	62	56
Seriously delinquent	362	378	439	355	322	316	299	262	248
30-59 days delinquent	386	473	459	329	360	400	334	305	326
Current and performing	18,058	17,447	17,085	16,954	16,686	16,343	16,163	16,033	15,634

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

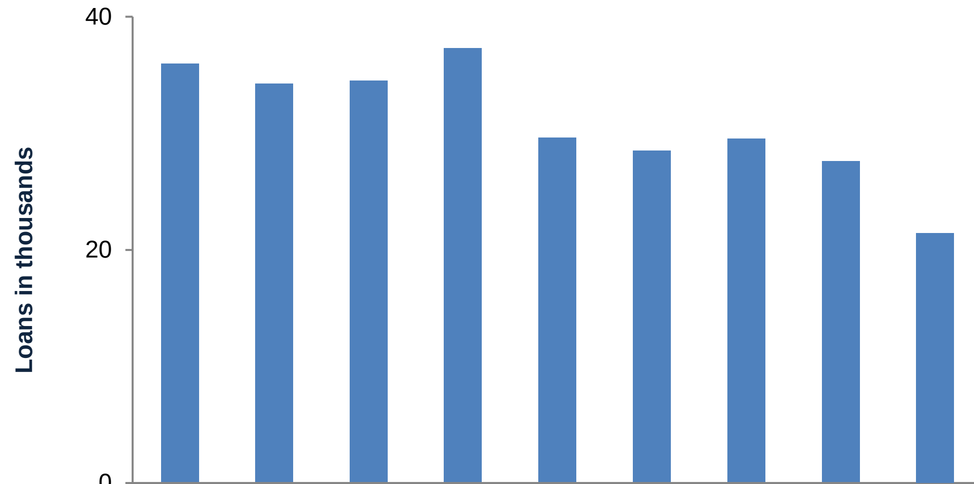
Figure 6: Percentage of Loans Current and Performing and in Delinquency



	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Foreclosures in process	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%	0.3%
Seriously delinquent	1.9%	2.1%	2.4%	2.0%	1.8%	1.8%	1.8%	1.6%	1.5%
30-59 days delinquent	2.0%	2.6%	2.5%	1.9%	2.1%	2.3%	2.0%	1.8%	2.0%
Current and performing	95.4%	94.8%	94.5%	95.6%	95.6%	95.4%	95.8%	96.2%	96.1%

Figure 7 reports the number of new foreclosure actions initiated quarterly from the second quarter of 2017 through the second quarter of 2019. New foreclosure actions decreased to 21,409, or by 27.7 percent, compared with 29,612 in the second quarter of 2018.

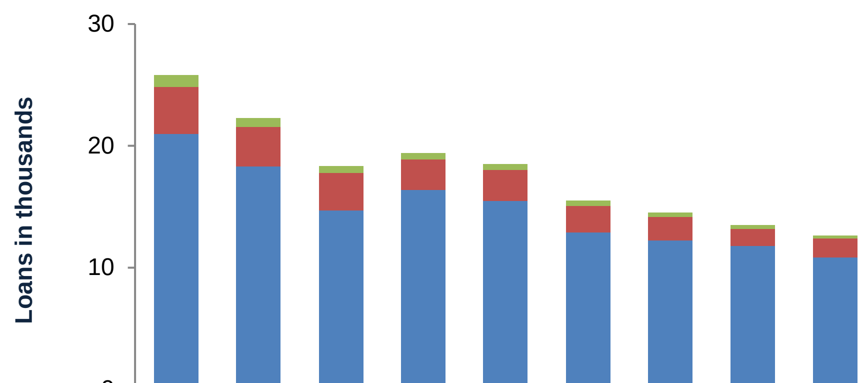
Figure 7: Newly Initiated Foreclosures—Loans in Thousands



	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Newly initiated foreclosures	36.0	34.3	34.5	37.3	29.6	28.5	29.5	27.6	21.4

Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the second quarter of 2017 through the second quarter of 2019. Completed foreclosures and other forfeiture actions decreased 31.8 percent to 12,625 compared with 18,506 in the second quarter of 2018.

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



	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
New deed-in-lieu-of-foreclosure	0.9	0.7	0.6	0.5	0.5	0.4	0.4	0.3	0.3
New short sales	3.9	3.3	3.1	2.5	2.6	2.2	1.9	1.4	1.5
Completed foreclosures	21.0	18.3	14.7	16.4	15.5	12.9	12.2	11.8	10.9

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	185	185	1,135	0	263	13,864	51	15,683
Alabama	3	3	15	0	5	218	1	245
Alaska	0	1	1	0	1	12	0	15
Arizona	7	3	16	0	7	306	1	340
Arkansas	2	0	3	0	0	170	0	175
California	18	20	59	0	29	776	5	907
Colorado	2	1	12	0	1	129	0	145
Connecticut	1	3	26	0	6	219	2	257
Delaware	1	2	9	0	0	92	1	105
District of Columbia	0	1	2	0	1	27	1	32
Florida	21	13	98	0	21	1,039	2	1,194
Georgia	20	10	68	0	9	636	4	747
Hawaii	0	1	5	0	1	30	0	37
Idaho	0	0	3	0	2	38	0	43
Illinois	12	6	42	0	8	774	2	844
Indiana	0	5	18	0	2	373	0	398
Iowa	0	0	8	0	5	129	0	142
Kansas	0	1	3	0	1	99	1	105
Kentucky	0	0	3	0	1	160	0	164
Louisiana	2	7	24	0	6	305	2	346
Maine	0	1	5	0	2	51	0	59
Maryland	5	8	46	0	12	443	3	517
Massachusetts	2	4	26	0	6	209	1	248
Michigan	0	5	21	0	4	292	0	322
Minnesota	2	4	10	0	7	269	0	292
Mississippi	3	2	11	0	2	126	1	145
Missouri	0	3	18	0	6	243	1	271
Montana	1	0	3	0	0	36	0	40
Nebraska	0	0	2	0	4	80	0	86
Nevada	3	0	5	0	3	103	1	115
New Hampshire	0	0	4	0	1	43	0	48
New Jersey	2	3	52	0	15	576	2	650
New Mexico	2	1	6	0	1	72	0	82
New York	8	8	79	0	16	640	3	754
North Carolina	11	7	87	0	12	666	4	787
North Dakota	0	0	0	0	0	18	0	18
Ohio	11	6	30	0	5	575	2	629
Oklahoma	1	2	3	0	2	180	0	188
Oregon	0	1	3	0	1	81	1	87
Pennsylvania	5	8	37	0	13	634	4	701
Rhode Island	0	0	4	0	1	40	0	45
South Carolina	8	3	34	0	4	313	0	362
South Dakota	0	0	3	0	1	27	0	31
Tennessee	2	6	23	0	6	242	0	279
Texas	21	23	137	0	11	1,449	3	1,644
Utah	0	3	8	0	1	89	0	101
Vermont	0	0	0	0	0	19	1	20
Virginia	4	6	37	0	10	402	0	459
Washington	3	1	12	0	7	205	0	228
West Virginia	1	0	3	0	3	41	0	48
Wisconsin	1	3	10	0	1	154	2	171
Wyoming	0	0	1	0	0	13	0	14
Other	0	0	0	0	0	1	0	1

Table 2. Number of Modification Actions in Combination Actions Implemented in the Second Quarter of 2019						
States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - All States	13,494	4,586	13,428	143	2,300	13,864
Alabama	213	88	202	6	39	218
Alaska	12	0	12	0	2	12
Arizona	303	114	303	1	57	306
Arkansas	164	77	167	1	21	170
California	738	243	730	14	148	776
Colorado	127	24	128	0	9	129
Connecticut	208	77	209	2	58	219
Delaware	91	22	89	0	14	92
District of Columbia	27	6	27	0	3	27
Florida	1,005	344	991	11	218	1,039
Georgia	621	212	613	5	84	636
Hawaii	29	3	28	0	4	30
Idaho	38	14	37	0	5	38
Illinois	746	294	746	16	185	774
Indiana	368	130	367	3	44	373
Iowa	129	43	128	0	14	129
Kansas	96	29	97	0	4	99
Kentucky	155	48	158	1	20	160
Louisiana	300	105	296	3	43	305
Maine	50	14	51	0	7	51
Maryland	432	126	424	3	103	443
Massachusetts	200	64	199	3	40	209
Michigan	283	120	280	6	49	292
Minnesota	268	82	268	0	34	269
Mississippi	118	44	118	4	20	126
Missouri	234	100	235	5	34	243
Montana	35	10	34	0	7	36
Nebraska	79	31	79	1	8	80
Nevada	103	46	102	0	16	103
New Hampshire	42	13	42	0	8	43
New Jersey	552	191	553	12	154	576
New Mexico	71	29	71	0	14	72
New York	625	197	614	13	156	640
North Carolina	647	198	648	3	79	666
North Dakota	18	5	18	1	3	18
Ohio	566	202	564	7	76	575
Oklahoma	176	73	177	3	16	180
Oregon	77	24	78	0	14	81
Pennsylvania	620	213	613	5	125	634
Rhode Island	39	13	37	1	9	40
South Carolina	308	95	307	2	43	313
South Dakota	27	5	27	0	1	27
Tennessee	229	81	235	4	27	242
Texas	1,422	457	1,426	0	149	1,449
Utah	88	24	89	0	6	89
Vermont	19	8	19	0	1	19
Virginia	389	109	387	3	71	402
Washington	200	56	200	0	24	205
West Virginia	41	16	39	0	4	41
Wisconsin	153	59	153	3	28	154
Wyoming	12	7	12	1	2	13
Other	1	1	1	0	0	1

Table 3. Changes in Monthly Principal and Interest Payments by State Modifications Implemented in the Second 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	5,499	3,225	2,517	402	4,014	26	15,683
Alabama	108	43	28	6	60	0	245
Alaska	5	2	2	1	5	0	15
Arizona	121	102	31	7	79	0	340
Arkansas	59	49	29	0	38	0	175
California	342	256	126	27	155	1	907
Colorado	48	44	11	0	42	0	145
Connecticut	125	36	31	4	61	0	257
Delaware	25	20	25	2	33	0	105
District of Columbia	12	5	7	0	8	0	32
Florida	360	258	207	73	294	2	1,194
Georgia	267	145	121	15	198	1	747
Hawaii	14	6	5	4	8	0	37
Idaho	14	10	5	2	12	0	43
Illinois	301	172	121	8	242	0	844
Indiana	147	65	69	1	116	0	398
Iowa	38	33	30	6	35	0	142
Kansas	49	13	8	1	34	0	105
Kentucky	45	26	35	2	55	1	164
Louisiana	118	71	67	9	80	1	346
Maine	17	12	8	3	17	2	59
Maryland	185	100	86	8	137	1	517
Massachusetts	93	53	41	6	55	0	248
Michigan	146	63	46	2	65	0	322
Minnesota	93	76	51	8	64	0	292
Mississippi	49	27	34	3	32	0	145
Missouri	108	48	39	6	69	1	271
Montana	17	8	6	0	9	0	40
Nebraska	22	27	12	2	23	0	86
Nevada	32	34	17	3	28	2	116
New Hampshire	18	14	6	1	8	1	48
New Jersey	275	113	92	11	157	2	650
New Mexico	27	20	13	1	21	0	82
New York	271	153	120	14	194	2	754
North Carolina	244	151	158	68	165	1	787
North Dakota	4	6	1	0	7	0	18
Ohio	193	107	93	8	225	2	628
Oklahoma	72	36	24	2	54	0	188
Oregon	36	22	15	0	14	0	87
Pennsylvania	267	118	133	14	167	2	701
Rhode Island	16	14	6	1	8	0	45
South Carolina	114	62	80	18	88	0	362
South Dakota	10	4	6	1	10	0	31
Tennessee	90	52	58	7	71	1	279
Texas	528	317	257	20	522	0	1,644
Utah	32	31	18	0	20	0	101
Vermont	10	1	4	0	4	1	20
Virginia	178	92	73	13	102	1	459
Washington	73	55	30	8	61	1	228
West Virginia	16	8	7	5	12	0	48
Wisconsin	59	37	25	1	49	0	171
Wyoming	5	8	0	0	1	0	14
Other	1	0	0	0	0	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	645	607	633	48	1,021	12	2,966
Alabama	10	11	15	0	12	0	48
Alaska	1	1	1	0	1	0	4
Arizona	19	13	8	2	18	0	60
Arkansas	7	10	5	0	13	0	35
California	34	43	27	0	34	1	139
Colorado	4	3	6	0	7	0	20
Connecticut	14	5	6	0	16	0	41
Delaware	1	3	2	0	9	0	15
District of Columbia	5	1	2	0	3	0	11
Florida	51	36	55	11	65	0	218
Georgia	31	29	30	2	60	0	152
Hawaii	0	2	1	0	2	0	5
Idaho	4	3	0	1	2	0	10
Illinois	34	25	24	2	36	1	122
Indiana	11	16	25	1	38	0	91
Iowa	3	5	3	1	10	0	22
Kansas	3	5	1	1	7	0	17
Kentucky	2	9	9	2	16	0	38
Louisiana	20	19	26	1	28	1	95
Maine	3	0	1	0	7	0	11
Maryland	21	25	19	2	48	0	115
Massachusetts	14	9	6	0	14	0	43
Michigan	21	12	17	2	8	0	60
Minnesota	12	20	10	0	24	0	66
Mississippi	6	8	4	0	11	0	29
Missouri	11	13	11	1	20	0	56
Montana	1	2	2	0	2	0	7
Nebraska	7	6	4	0	12	0	29
Nevada	5	4	6	0	8	0	23
New Hampshire	0	3	5	0	1	0	9
New Jersey	26	23	18	2	28	0	97
New Mexico	4	2	4	0	2	0	12
New York	31	35	30	2	51	6	155
North Carolina	28	20	30	0	42	0	120
North Dakota	1	2	0	0	1	0	4
Ohio	24	16	21	0	51	0	112
Oklahoma	7	10	11	1	10	0	39
Oregon	6	3	7	0	3	0	19
Pennsylvania	27	24	28	1	39	1	120
Rhode Island	2	3	2	0	4	1	12
South Carolina	8	18	24	0	26	0	76
South Dakota	0	4	1	0	3	0	8
Tennessee	14	7	12	1	13	0	47
Texas	69	57	72	11	147	0	356
Utah	3	3	5	0	5	0	16
Vermont	3	1	0	0	0	0	4
Virginia	19	18	18	0	32	0	87
Washington	6	6	5	0	11	0	28
West Virginia	3	3	1	1	4	0	12
Wisconsin	8	10	11	0	16	1	46
Wyoming	1	1	2	0	1	0	5
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 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 January 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 July 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.