

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 47 percent of all first-lien residential mortgages outstanding in the country and focus on credit performance, loss mitigation efforts, and foreclosures. Ninety percent of the mortgages in the portfolio were serviced for investors other than the reporting institutions. At the end of the second quarter of 2014, the reporting institutions serviced 24.1 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:

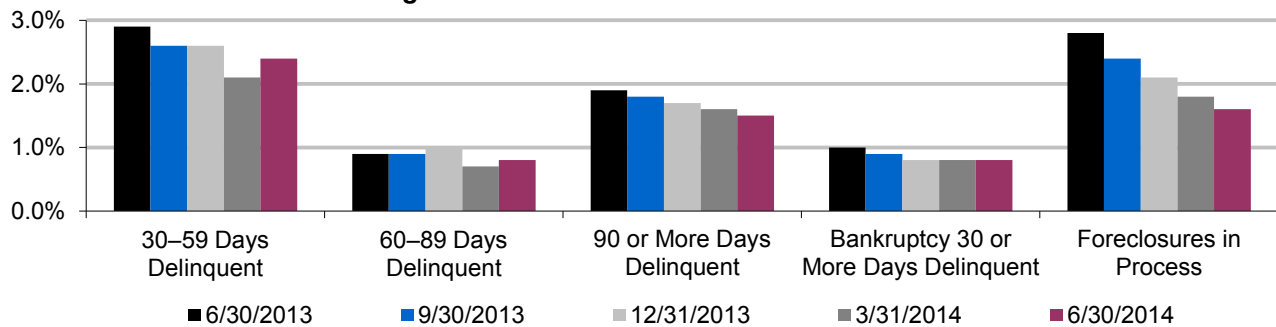
¹ The seven national banks are Bank of America, JPMorgan Chase, Citibank, HSBC, PNC, U.S. Bank, and Wells Fargo. The federal savings association is OneWest Bank.

Overall Mortgage Performance

The overall performance of mortgages included in this report declined slightly from the previous quarter, consistent with seasonal patterns, but improved from a year earlier. The percentage of mortgages that were current and performing at the end of the quarter was 92.9 percent, compared with 93.1 percent in the previous quarter and 90.6 percent a year earlier. The percentage of mortgages that were 30 to 59 days past due was 2.4 percent, an increase of 15.0 percent from the previous quarter but a decrease of 17.3 percent from a year earlier. The percentage of mortgages that were seriously delinquent was 3.1 percent, an increase of 0.6 percent from the previous quarter but a decrease of 17.0 percent from a year earlier. The percentage of mortgages in the foreclosure process at the end of the quarter was 1.6 percent, a decrease of 8.2 percent from the previous quarter and 42.2 percent from a year earlier.

Table 7. Overall Portfolio Performance							
(Percentage of Mortgages in the Portfolio)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Current and Performing	90.6%	91.4%	91.8%	93.1%	92.9%	-0.2%	2.6%
30–59 Days Delinquent	2.9%	2.6%	2.6%	2.1%	2.4%	15.0%	-17.3%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	0.9%	0.9%	1.0%	0.7%	0.8%	9.6%	-12.3%
90 or More Days Delinquent	1.9%	1.8%	1.7%	1.6%	1.5%	-3.6%	-18.3%
Bankruptcy 30 or More Days Delinquent	1.0%	0.9%	0.8%	0.8%	0.8%	0.8%	-19.2%
Subtotal for Seriously Delinquent	3.8%	3.6%	3.5%	3.1%	3.1%	0.6%	-17.0%
Foreclosures in Process	2.8%	2.4%	2.1%	1.8%	1.6%	-8.2%	-42.2%
(Number of Mortgages in the Portfolio)							
Current and Performing	24,024,452	23,435,693	22,859,232	22,805,058	22,422,821	-1.7%	-6.7%
30–59 Days Delinquent	760,078	673,117	648,294	504,718	572,011	13.3%	-24.7%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	243,832	239,904	237,412	180,269	194,587	7.9%	-20.2%
90 or More Days Delinquent	499,148	456,887	425,347	391,013	371,297	-5.0%	-25.6%
Bankruptcy 30 or More Days Delinquent	256,536	232,805	208,250	190,081	188,715	-0.7%	-26.4%
Subtotal for Seriously Delinquent	999,516	929,596	871,009	761,363	754,599	-0.9%	-24.5%
Foreclosures in Process	744,369	604,763	523,528	432,832	391,591	-9.5%	-47.4%
Total	26,528,415	25,643,169	24,902,063	24,503,971	24,141,022	-1.5%	-9.0%

Figure 2. Overall Portfolio Performance



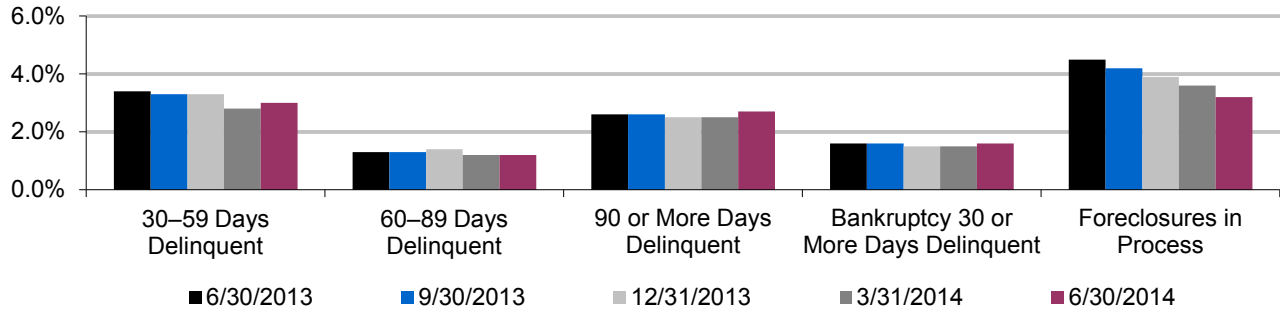
Performance of Mortgages Held by Reporting Banks and Thrift

The eight reporting institutions owned 9.5 percent of the mortgages in this report at the end of the second quarter of 2014, an increase in share from 9.0 percent a year earlier. The percentage of these mortgages that were current at the end of the quarter was 88.3 percent, up from 86.6 percent a year earlier. The percentage of these mortgages that were 30 to 59 days delinquent was 3.0 percent, a decrease of 10.3 percent from a year earlier. The percentage of these mortgages that were seriously delinquent was 5.5 percent, a 0.9 percent increase from a year earlier. The percentage of these mortgages in the process of foreclosure was 3.2 percent, a decrease of 12.4 percent from the previous quarter and 30.1 percent from a year earlier. Since 2009, mortgages owned by the servicers have performed more poorly than mortgages serviced for GSEs because of concentrations in nontraditional loans, weaker markets, and delinquent loans repurchased from investors.

Table 8. Performance of Mortgages Held by Reporting Banks and Thrift (Percentage)*							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Current and Performing	86.6%	87.1%	87.4%	88.5%	88.3%	-0.2%	1.9%
30–59 Days Delinquent	3.4%	3.3%	3.3%	2.8%	3.0%	7.7%	-10.3%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	1.3%	1.3%	1.4%	1.2%	1.2%	6.2%	-4.0%
90 or More Days Delinquent	2.6%	2.6%	2.5%	2.5%	2.7%	8.8%	2.1%
Bankruptcy 30 or More Days Delinquent	1.6%	1.6%	1.5%	1.5%	1.6%	8.2%	3.0%
Subtotal for Seriously Delinquent	5.5%	5.5%	5.4%	5.1%	5.5%	8.0%	0.9%
Foreclosures in Process	4.5%	4.2%	3.9%	3.6%	3.2%	-12.4%	-30.1%
Performance of Mortgages Held by Reporting Banks and Thrift (Number)							
Current and Performing	2,059,325	1,997,134	1,943,856	1,949,937	2,029,337	4.1%	-1.5%
30–59 Days Delinquent	80,314	74,648	72,595	62,004	69,656	12.3%	-13.3%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	30,784	30,782	31,121	25,801	28,568	10.7%	-7.2%
90 or More Days Delinquent	62,544	59,376	55,269	54,412	61,717	13.4%	-1.3%
Bankruptcy 30 or More Days Delinquent	36,970	35,591	33,736	32,635	36,809	12.8%	-0.4%
Subtotal for Seriously Delinquent	130,298	125,749	120,126	112,848	127,094	12.6%	-2.5%
Foreclosures in Process	107,493	95,643	87,120	79,569	72,678	-8.7%	-32.4%
Total	2,377,430	2,293,174	2,223,697	2,204,358	2,298,765	4.3%	-3.3%

*The data in this table exclude government-guaranteed mortgages owned and held by the reporting institutions.

Figure 3. Performance of Mortgages Held by Reporting Banks and Thrift

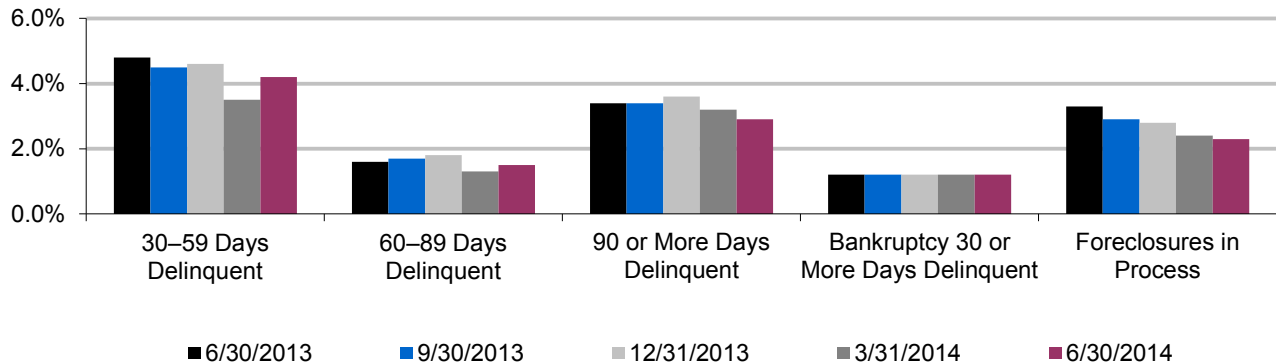


Performance of Government-Guaranteed Mortgages

Government-guaranteed mortgages were 24.9 percent of the loans in this report at the end of the second quarter of 2014, an increase in share from 24.6 percent a year earlier. The percentage of these mortgages that were current at the end of the quarter was 87.9 percent, an increase from 85.7 percent a year earlier. The percentage of loans that were 30 to 59 days delinquent was 4.2 percent at the end of the quarter, a decrease of 11.8 percent from a year earlier. The percentage of these loans that were seriously delinquent was 5.5 percent, a decrease of 10.9 percent from a year earlier. The percentage of these loans in the process of foreclosure was 2.3 percent, a decrease of 30.1 percent from a year earlier.

Table 9. Performance of Government-Guaranteed Mortgages (Percentage)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Current and Performing	85.7%	86.2%	86.1%	88.4%	87.9%	-0.5%	2.6%
30–59 Days Delinquent	4.8%	4.5%	4.6%	3.5%	4.2%	20.6%	-11.8%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	1.6%	1.7%	1.8%	1.3%	1.5%	15.1%	-4.1%
90 or More Days Delinquent	3.4%	3.4%	3.6%	3.2%	2.9%	-10.0%	-15.8%
Bankruptcy 30 or More Days Delinquent	1.2%	1.2%	1.2%	1.2%	1.2%	-0.1%	-6.4%
Subtotal for Seriously Delinquent	6.2%	6.3%	6.5%	5.7%	5.5%	-2.2%	-10.9%
Foreclosures in Process	3.3%	2.9%	2.8%	2.4%	2.3%	-5.5%	-30.1%
Performance of Government-Guaranteed Mortgages (Number)							
Current and Performing	5,592,058	5,398,697	5,274,464	5,371,735	5,294,069	-1.4%	-5.3%
30–59 Days Delinquent	313,250	284,697	282,698	213,169	254,733	19.5%	-18.7%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	102,475	105,993	109,272	79,494	90,615	14.0%	-11.6%
90 or More Days Delinquent	222,428	213,035	217,842	193,907	172,855	-10.9%	-22.3%
Bankruptcy 30 or More Days Delinquent	81,430	77,129	74,144	71,104	70,341	-1.1%	-13.6%
Subtotal for Seriously Delinquent	406,333	396,157	401,258	344,505	333,811	-3.1%	-17.8%
Foreclosures in Process	216,324	181,965	170,180	148,859	139,437	-6.3%	-35.5%
Total	6,527,965	6,261,516	6,128,600	6,078,268	6,022,050	-0.9%	-7.7%

Figure 4. Performance of Government-Guaranteed Mortgages

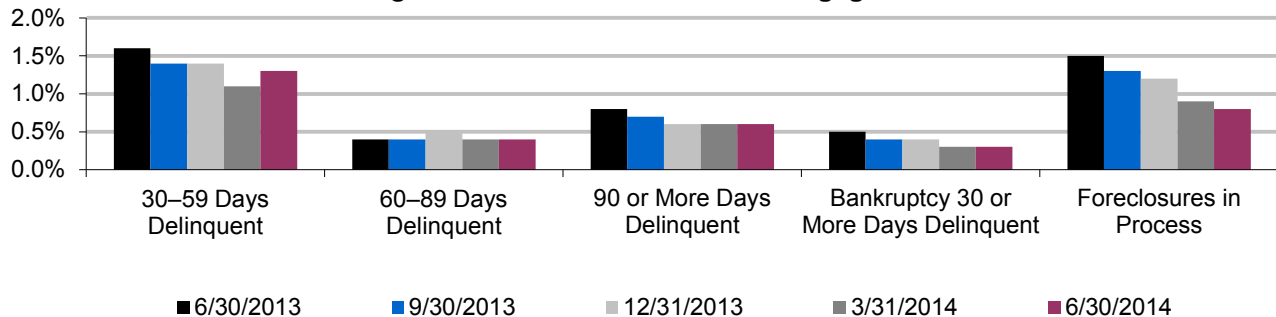


Performance of GSE Mortgages

GSE mortgages made up 58.3 percent of the mortgages in this report, an increase in share from 57.1 percent a year earlier. GSE mortgages perform better than the overall portfolio because they contain more prime loans. The percentage of GSE mortgages that were current at the end of the quarter was 96.6 percent, up from 95.1 percent a year earlier. The percentage of GSE mortgages that were 30 to 59 days delinquent was 1.3 percent, a decrease of 23.0 percent from a year earlier. The percentage of GSE mortgages that were seriously delinquent was 1.3 percent at the end of the quarter, a decrease of 21.3 percent from a year earlier. The percentage of these loans in the foreclosure process was 0.8 percent, a decrease of 48.8 percent from a year earlier. Fifty-six percent of the GSE mortgages were serviced for Fannie Mae and 44 percent for Freddie Mac.

Table 10. Performance of GSE Mortgages (Percentage)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Current and Performing	95.1%	95.7%	95.9%	96.7%	96.6%	-0.03%	1.6%
30–59 Days Delinquent	1.6%	1.4%	1.4%	1.1%	1.3%	11.0%	-23.0%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	0.4%	0.4%	0.5%	0.4%	0.4%	1.7%	-19.4%
90 or More Days Delinquent	0.8%	0.7%	0.6%	0.6%	0.6%	-2.3%	-18.1%
Bankruptcy 30 or More Days Delinquent	0.5%	0.4%	0.4%	0.3%	0.3%	-1.0%	-28.1%
Subtotal for Seriously Delinquent	1.7%	1.5%	1.5%	1.3%	1.3%	-0.9%	-21.3%
Foreclosures in Process	1.5%	1.3%	1.2%	0.9%	0.8%	-9.6%	-48.8%
Performance of GSE Mortgages (Number)							
Current and Performing	14,415,761	14,202,109	14,068,620	13,943,433	13,602,966	-2.4%	-5.6%
30–59 Days Delinquent	248,747	212,335	211,814	164,306	177,951	8.3%	-28.5%
The Following Three Categories Are Classified as Seriously Delinquent							
60–89 Days Delinquent	67,829	65,255	67,106	51,148	50,775	-0.7%	-25.1%
90 or More Days Delinquent	113,809	101,216	93,692	90,828	86,565	-4.7%	-23.9%
Bankruptcy 30 or More Days Delinquent	70,996	63,155	57,990	49,057	47,395	-3.4%	-33.2%
Subtotal for Seriously Delinquent	252,634	229,626	218,788	191,033	184,735	-3.3%	-26.9%
Foreclosures in Process	233,967	189,610	170,779	126,306	111,400	-11.8%	-52.4%
Total	15,151,109	14,833,680	14,670,001	14,425,078	14,077,052	-2.4%	-7.1%

Figure 5. Performance of GSE Mortgages

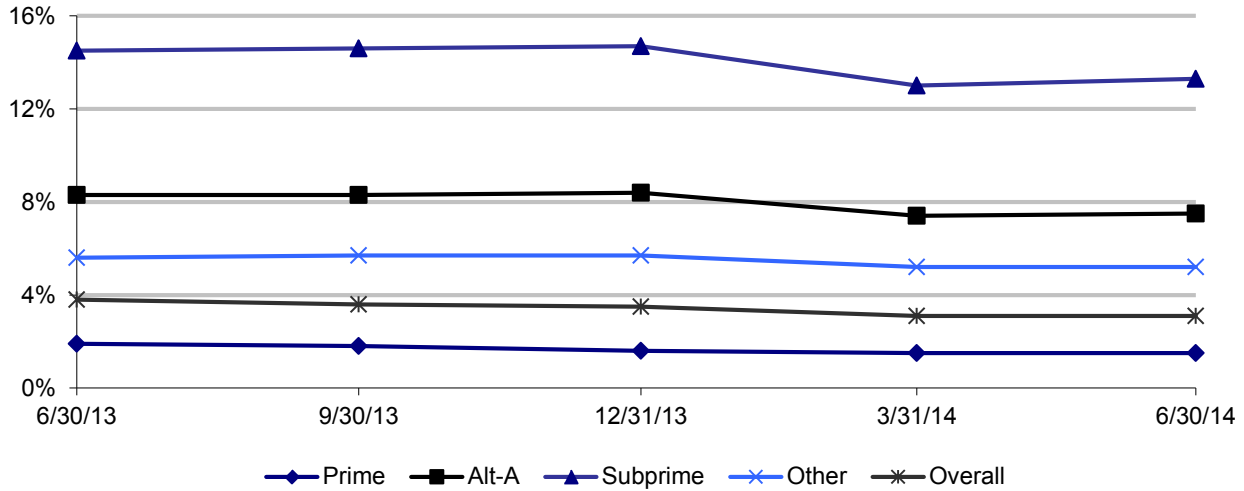


Seriously Delinquent Mortgages, by Risk Category

The portfolio contained 244,917 fewer seriously delinquent loans at the end of the second quarter of 2014 than a year earlier—a 24.5 percent decrease. Seriously delinquent loans were 3.1 percent of the portfolio at the end of the quarter, a decrease of 17.0 percent from a year earlier.

Table 11. Seriously Delinquent Mortgages, by Risk Category							
(Percentage of Mortgages in Each Category)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Prime	1.9%	1.8%	1.6%	1.5%	1.5%	-1.1%	-23.2%
Alt-A	8.3%	8.3%	8.4%	7.4%	7.5%	1.2%	-9.9%
Subprime	14.5%	14.6%	14.7%	13.0%	13.3%	1.7%	-8.7%
Other	5.6%	5.7%	5.7%	5.2%	5.2%	0.2%	-6.1%
Overall	3.8%	3.6%	3.5%	3.1%	3.1%	0.6%	-17.0%
(Number of Mortgages in Each Category)							
Prime	372,519	335,590	305,796	273,518	266,433	-2.6%	-28.5%
Alt-A	231,168	218,764	212,203	183,670	184,424	0.4%	-20.2%
Subprime	254,085	238,446	224,412	190,956	193,569	1.4%	-23.8%
Other	141,744	136,796	128,598	113,219	110,173	-2.7%	-22.3%
Total	999,516	929,596	871,009	761,363	754,599	-0.9%	-24.5%

Figure 6. Seriously Delinquent Mortgages, by Risk Category
Percentage of Mortgages in Each Category

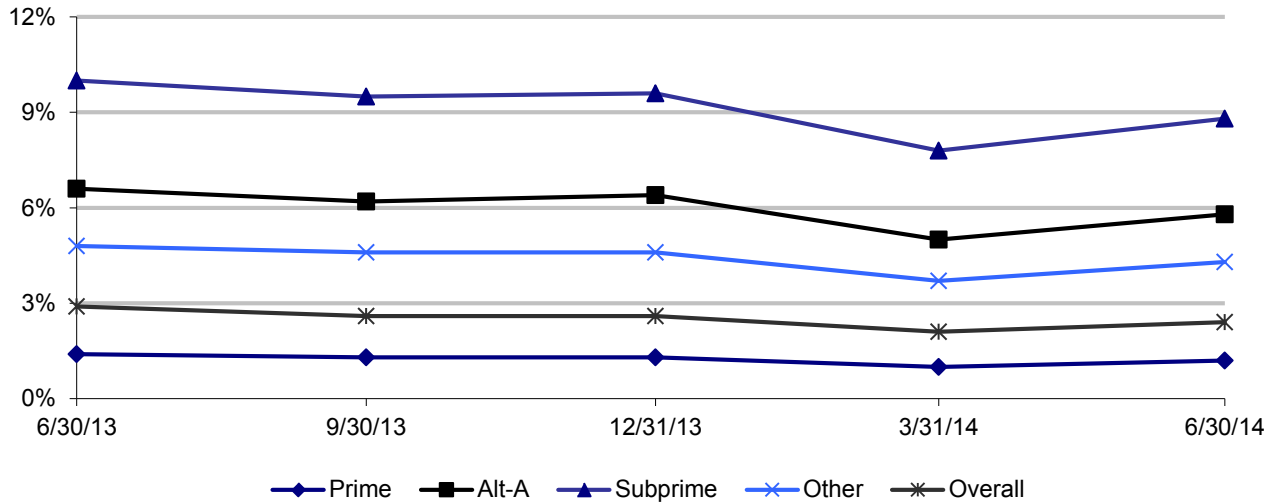


Mortgages 30 to 59 Days Delinquent, by Risk Category

The percentage of loans that were 30 to 59 days delinquent was 2.4 percent of the portfolio at the end of the second quarter of 2014, an increase of 15.0 percent from the previous quarter but a decrease of 17.3 percent from a year earlier. The number of early stage delinquencies increased across all risk categories from the previous quarter and decreased from the previous year across all risk categories, consistent with observed seasonal trends.

Table 12. Mortgages 30 to 59 Days Delinquent, by Risk Category							
(Percentage of Mortgages in Each Category)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Prime	1.4%	1.3%	1.3%	1.0%	1.2%	14.9%	-18.9%
Alt-A	6.6%	6.2%	6.4%	5.0%	5.8%	16.7%	-12.6%
Subprime	10.0%	9.5%	9.6%	7.8%	8.8%	12.7%	-12.0%
Other	4.8%	4.6%	4.6%	3.7%	4.3%	14.5%	-10.3%
Overall	2.9%	2.6%	2.6%	2.1%	2.4%	15.0%	-17.3%
(Number of Mortgages in Each Category)							
Prime	279,111	244,277	236,900	186,187	210,774	13.2%	-24.5%
Alt-A	184,916	164,185	161,013	123,503	142,987	15.8%	-22.7%
Subprime	174,660	154,832	146,067	114,042	128,141	12.4%	-26.6%
Other	121,391	109,823	104,314	80,986	90,109	11.3%	-25.8%
Total	760,078	673,117	648,294	504,718	572,011	13.3%	-24.7%

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.

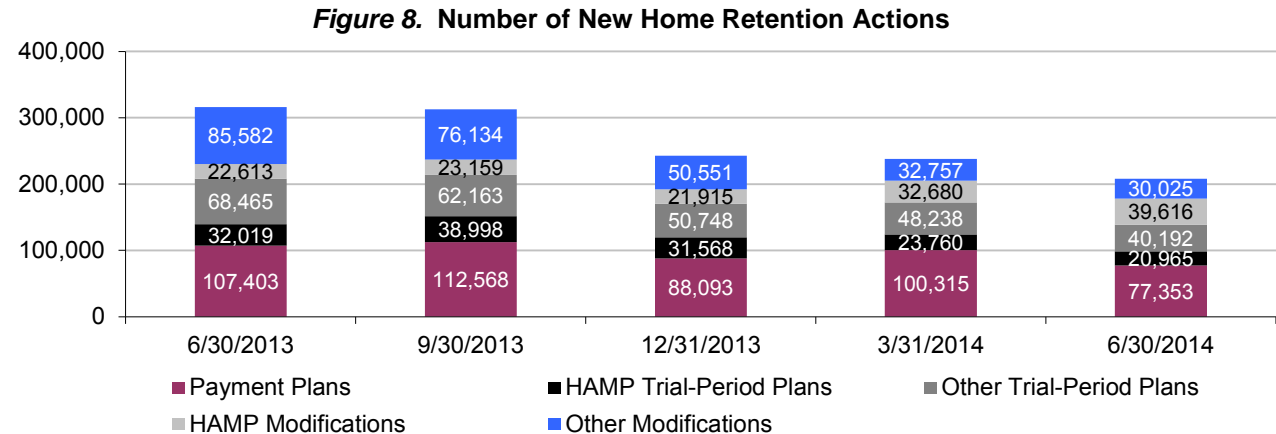
A. Loan Modifications, Trial-Period Plans, and Payment Plans

New Home Retention Actions

Servicers implemented 208,150 home retention actions—loan modifications, trial-period plans, and payment plans—during the second quarter of 2014. The number of home retention actions decreased 12.5 percent from the previous quarter and 34.1 percent from a year earlier. Servicers implemented 69,641 modifications, an increase of 6.4 percent from the previous quarter but a decrease of 35.6 percent from a year earlier. New HAMP modifications increased 21.2 percent to 39,616 during the quarter, as program changes to FHA-HAMP materially increased the number of actions completed under the program. Other modifications decreased 8.3 percent from the previous quarter, to 30,025. Servicers implemented 61,157 new trial-period plans, a decrease of 15.1 percent from the previous quarter and 39.1 percent from a year earlier. New payment plans decreased by 22.9 percent from the previous quarter to 77,352. During the past five quarters, servicers initiated 1.3 million home retention actions—415,032 modifications, 417,116 trial-period plans, and 485,731 payment plans.

Table 13. Number of New Home Retention Actions

	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Other Modifications	85,582	76,134	50,551	32,757	30,025	-8.3%	-64.9%
HAMP Modifications	22,613	23,159	21,915	32,680	39,616	21.2%	75.2%
Other Trial-Period Plans	68,465	62,163	50,748	48,238	40,192	-16.7%	-41.3%
HAMP Trial-Period Plans	32,019	38,998	31,568	23,760	20,965	-11.8%	-34.5%
Payment Plans	107,403	112,568	88,093	100,315	77,352	-22.9%	-28.0%
Total	316,082	313,022	242,875	237,750	208,150	-12.5%	-34.1%



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

Servicers implemented 39,616 HAMP modifications during the quarter, an increase of 75.2 percent from a year earlier. GSE mortgages received 8.6 percent of HAMP modifications completed during the quarter, government-guaranteed loans received 74.5 percent, loans held in portfolio received 9.5 percent, and loans serviced for private investors received 7.4 percent. Prime mortgages represented 75 percent of the total portfolio and received 30.2 percent of all HAMP modifications. Subprime loans represented 6 percent of the total portfolio and received 26.2 percent of HAMP modifications during the quarter.

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

	Fannie Mae	Freddie Mac	Government-Guaranteed	Portfolio	Private	Total
Prime	860	1,048	7,400	1,482	1,176	11,966
Alt-A	275	352	10,030	861	656	12,174
Subprime	197	172	7,806	1,264	931	10,370
Other	357	144	4,272	145	188	5,106
Total	1,689	1,716	29,508	3,752	2,951	39,616

Servicers implemented 20,965 HAMP trial-period plans during the quarter, a decrease of 34.5 percent from a year earlier. GSE mortgages received 11.7 percent of HAMP trial-period plans initiated during the quarter, government-guaranteed loans received 65.7 percent, loans held in portfolio received 10.1 percent, and loans serviced for private investors received 12.5 percent. Prime mortgages received 33.0 percent of the HAMP trial-period plans implemented during the quarter, Alt-A loans received 29.0 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 Second Quarter of 2014)

	Fannie Mae	Freddie Mac	Government-Guaranteed	Portfolio	Private	Total
Prime	694	712	3,625	838	1,051	6,920
Alt-A	180	223	4,661	468	558	6,090
Subprime	132	122	3,280	663	843	5,040
Other	285	105	2,213	152	160	2,915
Total	1,291	1,162	13,779	2,121	2,612	20,965

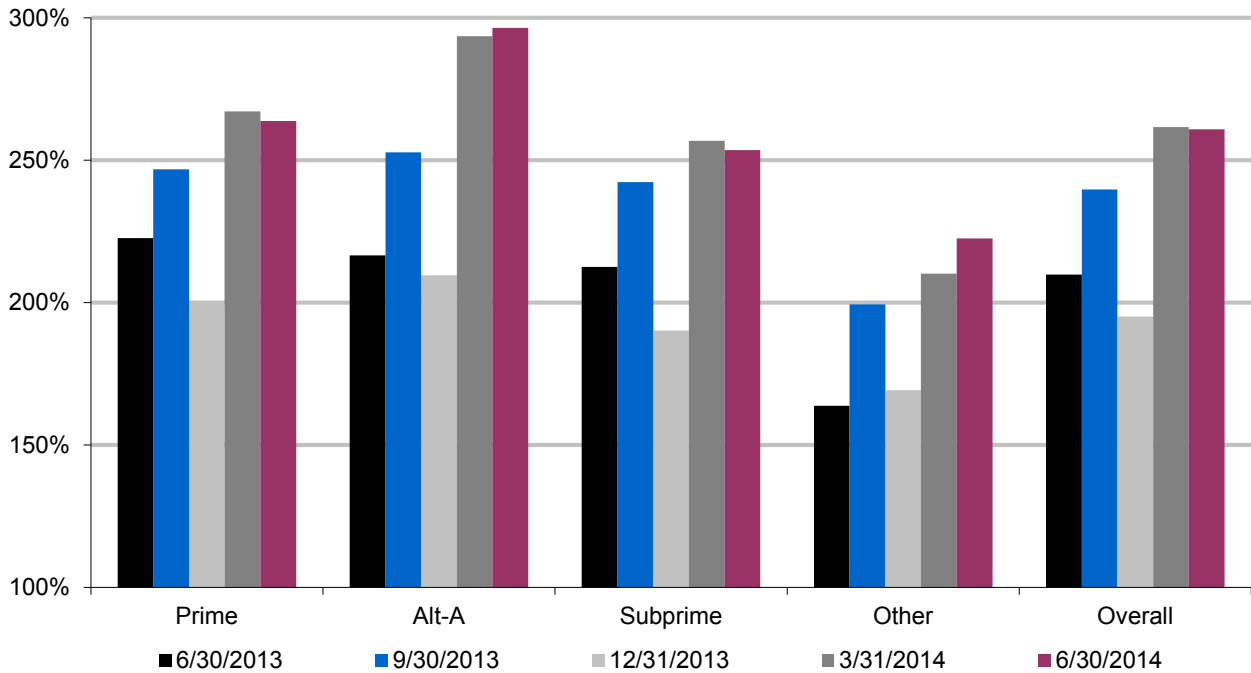
New Home Retention Actions Relative to Newly Initiated Foreclosures

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 24.3 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 from a year earlier.

Table 16. Percentage of New Home Retention Actions Relative to Newly Initiated Foreclosures, by Risk Category

	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Prime	222.7%	246.8%	199.8%	267.2%	261.5%	-2.1%	17.4%
Alt-A	216.6%	252.8%	209.6%	293.6%	295.0%	0.5%	36.2%
Subprime	212.5%	242.3%	190.2%	256.8%	252.2%	-1.8%	18.7%
Other	163.8%	199.4%	169.3%	210.2%	222.2%	5.7%	35.6%
Overall	209.9%	239.7%	195.1%	261.7%	260.9%	-0.3%	24.3%
Number of New Home Retention Actions	316,082	313,022	242,875	237,750	208,150	-12.5%	-34.1%
Number of Newly Initiated Foreclosures	150,592	130,592	124,468	90,852	79,781	-12.2%	-47.0%

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 89.2 percent of modifications implemented during the second 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 59.0 percent of modifications implemented during the quarter, reduced interest rates in 71.9 percent, and extended loan maturity in 84.0 percent. Servicers reduced some portion of the unpaid principal in 5.0 percent of modifications completed during the quarter, a decrease of 38.4 percent from the previous quarter and 58.8 percent from a year earlier. Servicers deferred repayment of some portion of the unpaid principal in 11.5 percent of modifications made during the quarter, down 43.8 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 Second Quarter of 2014							
(Percentage of Total Modifications in Each Category)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Capitalization	81.6%	83.5%	87.7%	74.3%	59.0%	-20.6%	-27.7%
Rate Reduction	81.0%	78.9%	76.7%	73.3%	71.9%	-1.9%	-11.3%
Rate Freeze	5.2%	5.5%	7.0%	6.5%	7.1%	8.7%	36.9%
Term Extension	67.7%	69.3%	75.9%	78.0%	84.0%	7.7%	24.1%
Principal Reduction	12.2%	13.6%	10.5%	8.1%	5.0%	-38.4%	-58.8%
Principal Deferral	20.5%	25.3%	30.6%	25.1%	11.5%	-54.1%	-43.8%
Not Reported*	1.5%	2.2%	0.7%	0.7%	0.7%	5.0%	-52.1%
(Number of Changes in Each Category)							
Capitalization	88,240	82,894	63,545	48,625	41,065	-15.5%	-53.5%
Rate Reduction	87,639	78,309	55,554	47,939	50,047	4.4%	-42.9%
Rate Freeze	5,619	5,413	5,072	4,279	4,952	15.7%	-11.9%
Term Extension	73,254	68,820	55,026	51,030	58,515	14.7%	-20.1%
Principal Reduction	13,150	13,502	7,634	5,322	3,488	-34.5%	-73.5%
Principal Deferral	22,195	25,150	22,195	16,450	8,031	-51.2%	-63.8%
Not Reported	1,571	2,191	508	433	484	11.8%	-69.2%

*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. FHA-HAMP modifications generally did not capitalize delinquent amounts. Servicers used capitalization in 34.6 percent of modifications, down from 88.6 percent a year ago. Servicers used term extension in 91.0 percent of modifications, up from 57.6 percent a year ago. Servicers used principal deferral in 11.8 percent of HAMP modifications during the second quarter of 2014, down from 36.2 percent a year earlier. Servicers used principal reduction in 5.1 percent of HAMP modifications implemented during the quarter—a decrease of 21.2 percent from the previous quarter and 74.3 percent from a year earlier, when 20.0 percent of HAMP modifications included principal reduction.

Table 18. Changes in Loan Terms for HAMP Modifications Through the Second Quarter of 2014							
(Percentage of Total Modifications in Each Category)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	1Q %Change	1Y %Change
Capitalization	88.6%	90.3%	71.5%	53.5%	34.6%	-35.3%	-60.9%
Rate Reduction	88.8%	88.9%	90.6%	86.5%	81.0%	-6.3%	-8.7%
Rate Freeze	2.6%	3.1%	2.3%	4.0%	6.4%	59.4%	148.2%
Term Extension	57.6%	60.1%	72.5%	86.1%	91.0%	5.7%	57.9%
Principal Reduction	20.0%	21.8%	15.2%	6.5%	5.1%	-21.2%	-74.3%
Principal Deferral	36.2%	35.0%	26.5%	29.5%	11.8%	-60.0%	-67.4%
Not Reported*	0.4%	1.2%	0.3%	0.2%	0.1%	-40.3%	-62.2%
(Number of Changes in Each Category)							
Capitalization	20,027	20,912	15,672	17,476	13,702	-21.6%	-31.6%
Rate Reduction	20,072	20,589	19,856	28,259	32,107	13.6%	60.0%
Rate Freeze	582	729	499	1,310	2,531	93.2%	334.9%
Term Extension	13,032	13,913	15,895	28,148	36,052	28.1%	176.6%
Principal Reduction	4,527	5,046	3,342	2,131	2,036	-4.5%	-55.0%
Principal Deferral	8,176	8,103	5,803	9,655	4,676	-51.6%	-42.8%
Not Reported	83	278	68	76	55	-27.6%	-33.7%

*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 term extension, interest-rate reduction, 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. Servicers used most actions relatively consistently across all risk categories.

Table 19. Changes in Loan Terms for Modifications, by Risk Category, During the Second Quarter of 2014					
(Percentage of Total Modifications in Each Category)					
	Prime	Alt-A	Subprime	Other	Overall
Capitalization	69.1%	49.7%	56.2%	55.1%	59.0%
Rate Reduction	69.5%	71.7%	75.2%	72.8%	71.9%
Rate Freeze	6.7%	7.7%	6.4%	8.4%	7.1%
Term Extension	82.9%	85.4%	81.4%	89.4%	84.0%
Principal Reduction	5.4%	4.5%	7.1%	1.2%	5.0%
Principal Deferral	13.6%	9.8%	10.6%	11.1%	11.5%
Not Reported*	0.7%	0.6%	0.7%	0.9%	0.7%
(Number of Changes in Each Category)					
Total Mortgages Modified	25,263	18,950	16,724	8,704	69,641
Capitalization	17,449	9,422	9,396	4,798	41,065
Rate Reduction	17,560	13,581	12,572	6,334	50,047
Rate Freeze	1,688	1,461	1,070	733	4,952
Term Extension	20,931	16,190	13,612	7,782	58,515
Principal Reduction	1,357	844	1,183	104	3,488
Principal Deferral	3,435	1,854	1,773	969	8,031
Not Reported	182	118	109	75	484

*See note to table 17.

Types of Modification Actions, by Investor and Product Type

Modifications of mortgages serviced for the GSEs accounted for 27.4 percent of all modifications made during the second quarter of 2014. Government-guaranteed loans received 49.2 percent of all modifications, mortgages serviced for private investors received 11.0 percent, and mortgages held in the servicers' own portfolios received 12.4 percent of all second-quarter modifications. Term extension, interest-rate reduction, and capitalization of missed payments and fees, 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 Second Quarter of 2014						
(Percentage of Total Modifications in Each Category)						
	Fannie Mae	Freddie Mac	Government-Guaranteed	Private Investor	Portfolio	Overall
Capitalization	97.3%	96.6%	21.8%	91.0%	94.1%	59.0%
Rate Reduction	52.1%	70.0%	78.0%	73.3%	72.1%	71.9%
Rate Freeze	10.2%	5.7%	6.8%	4.1%	8.5%	7.1%
Term Extension	93.0%	94.0%	96.6%	31.9%	59.2%	84.0%
Principal Reduction*	0.09%	0.03%	0.1%	16.2%	25.5%	5.0%
Principal Deferral	13.5%	18.5%	3.9%	23.1%	22.1%	11.5%
Not Reported**	0.6%	0.2%	0.8%	1.2%	0.3%	0.7%
(Number of Changes in Each Category)						
Total Mortgages Modified	10,395	8,706	34,285	7,640	8,615	69,641
Capitalization	10,110	8,407	7,489	6,955	8,104	41,065
Rate Reduction	5,413	6,090	26,738	5,598	6,208	50,047
Rate Freeze	1,061	496	2,347	314	734	4,952
Term Extension	9,665	8,185	33,129	2,435	5,101	58,515
Principal Reduction	9	3	39	1,241	2,196	3,488
Principal Deferral	1,402	1,609	1,351	1,768	1,901	8,031
Not Reported	60	15	289	95	25	484

*A small number of loans are reported incorrectly each month as principal reduction actions on Fannie Mae and Freddie Mac mortgages. Servicers generally correct the coding of these loans in subsequent months.

**See note to table 17.

