

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Second Quarter 2016

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

September 2016

Contents

About Mortgage Metrics 3

Executive Summary 4

 Figure 1. Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions..... 5

 Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands 5

 Figure 3. Composition—Loans in Thousands by Borrower Risk Category 6

 Figure 4. Composition—Percentage of Mortgages by Borrower Risk Category 6

 Figure 5. Number of Loans in Delinquency and Foreclosures in Process 7

 Figure 6. Percentage of Loans Current and Performing and in Delinquency..... 7

 Figure 7. Newly Initiated Foreclosures—Loans in Thousands..... 8

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

Table 1. Number of Mortgage Modification Actions..... 9

Table 2. Number of Modification Actions in Combination Actions..... 10

Table 3. Changes in Monthly Principal and Interest Payments by State..... 11

Table 4. Number of Re-Defaults for Loans Modified Six Months Previously 12

Appendix A—Definitions and Method 13

About Mortgage Metrics

The Office of the Comptroller of the Currency (OCC) collects data on the volume of mortgage modifications completed 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 in the federal banking system, to support supervision of regulated institutions, and to fulfill section 104 of the Helping Families Save Their Homes Act of 2009 (codified at 12 USC 1715z-25).

- This report presents performance data for the second quarter of 2016.
- The data in this report reflect a significant portion of first-lien residential mortgages in the country, but the characteristics of the loans included here may differ from the overall population. The loans included are not a statistically representative, random sample.
- The loans include those owned by the reporting banks, as well as loans that the banks serviced for others as a fee-based business. At quarter's end, about 89 percent of these loans were serviced for third parties.
- This report includes enhancements to logic used in calculating changes in principal and interest for table 3. This enhanced logic more closely aligns with the legal requirements of the *Mortgage Metrics Report*.

This report uses reporting elements standard in the residential mortgage industry. Please see “Appendix A—Definitions and Method” for defined terms and method.

¹ The seven national banks are Bank of America, Citibank, HSBC, JPMorgan Chase, PNC, U.S. Bank, and Wells Fargo. Data up to and including fourth quarter of 2015 include CIT/OneWest.

Executive Summary

Overall Mortgage Portfolio and Performance

- As of June 30, 2016, the reporting banks serviced approximately 20.7 million first-lien mortgage loans with \$3.6 trillion in unpaid principal balances (see figures 1 and 2). This \$3.6 trillion was 37 percent of all first-lien residential mortgage debt outstanding in the United States.
- The overall performance of mortgages in this report remained relatively unchanged from the previous quarter but improved from a year earlier. The percentage of mortgages that were current and performing at the end of the second quarter of 2016 was 94.7 percent, compared with 93.8 percent a year earlier (see figure 6).
- Servicers initiate foreclosure actions at defined stages of loan delinquency. Foreclosure actions progress to sale of the property only if servicers and borrowers cannot arrange a permanent loss mitigation action, modification, home sale, or alternate workout solution. Servicers initiated 48,732 new foreclosures in the second quarter of 2016, a decrease of 17.3 percent from the previous quarter and 31.1 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 29.0 percent from a year earlier, to 33,344 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 34,604 modifications during the second quarter of 2016.

- Of these 34,604 modifications, 94.2 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. An additional 1,855 loan modifications received only a single action (see table 1).
- Among the 32,592 combination modifications completed during the quarter, 93.9 percent included capitalization of delinquent interest and fees, 81.8 percent included an interest rate reduction or freeze, 87.6 percent included a term extension, 7.5 percent had principal reduced, and 11.9 percent had principal deferred (see table 2).
- Among the 34,604 modifications completed during the quarter, 30,179, or 87.2 percent, reduced the loan’s pre-modification monthly payment (see table 3).

Modified Loan Performance

The fourth quarter of 2015 is the first quarter for which all loans modified during the quarter could have aged at least six months by June 30, 2016. Among modifications that were completed during the fourth quarter of 2015, servicers reported that 4,404 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. Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions

Figure 1 reports the outstanding principal balance of reported loans and shows the declining amount of unpaid balance from the second quarter of 2014 through the second quarter of 2016.

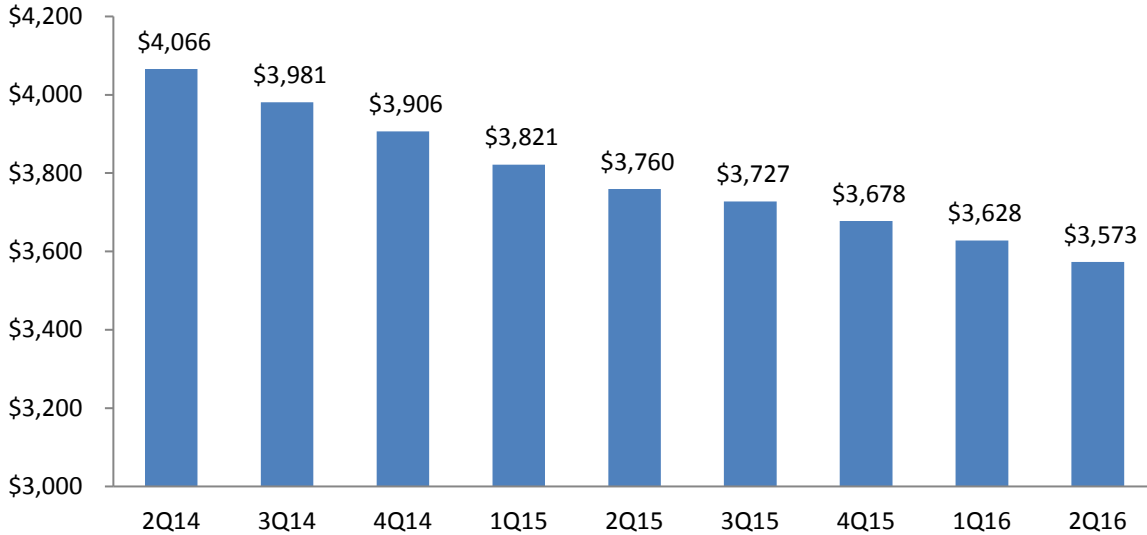


Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands

Figure 2 reports the aggregate number of the first-lien residential mortgages serviced by the seven reporting banks and illustrates the decline in reporting banks’ servicing portfolio from the second quarter of 2014 through the second quarter of 2016.

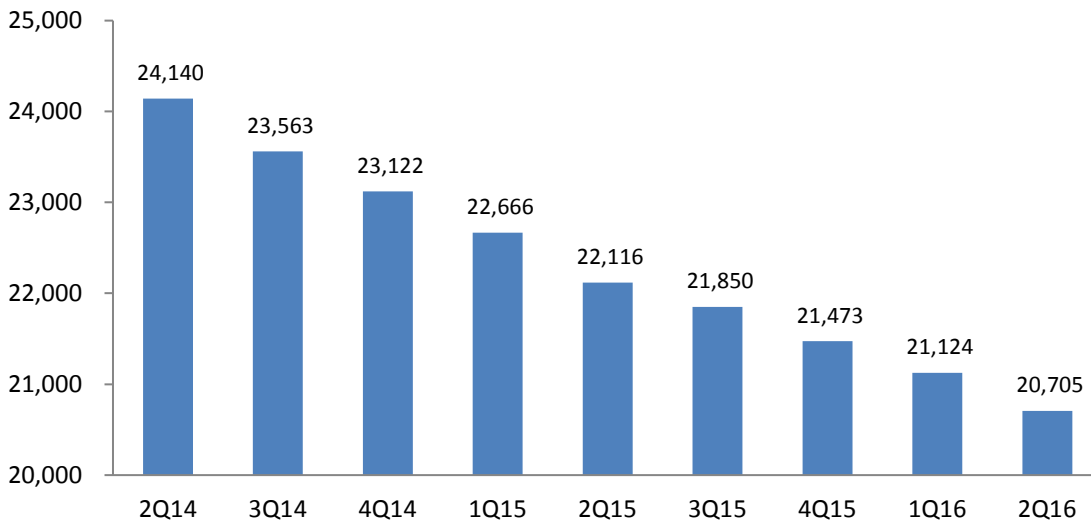


Figure 3. Composition—Loans in Thousands by Borrower Risk Category

Figure 3 shows the number of loans in each risk category from the second quarter of 2014 through the second quarter of 2016.

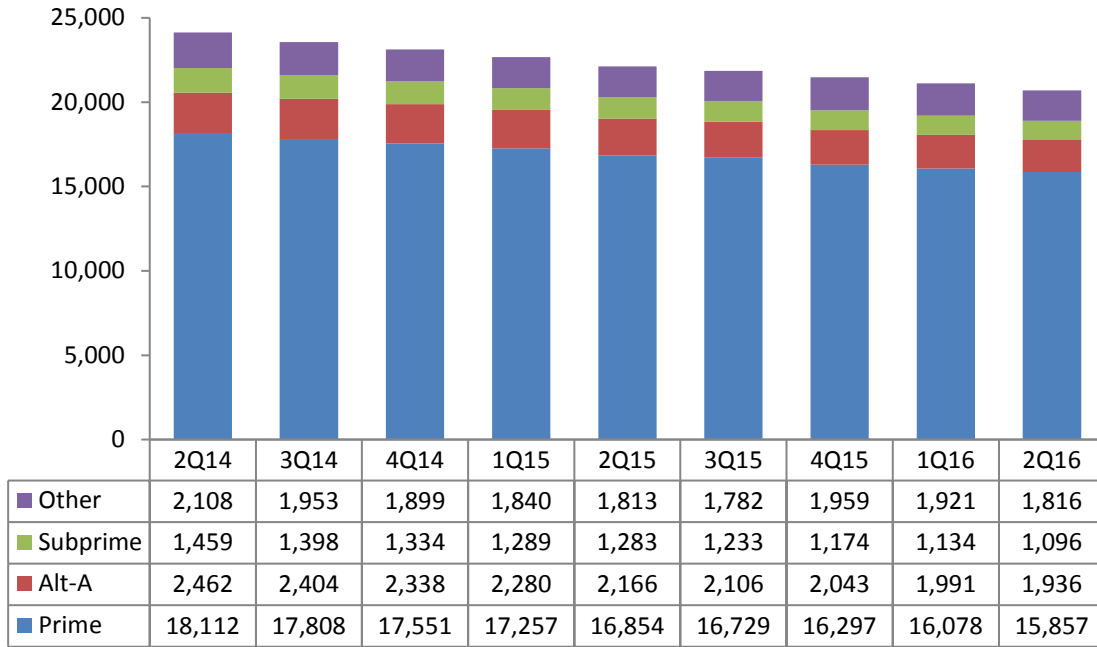


Figure 4. Composition—Percentage of Mortgages by Borrower Risk Category

Figure 4 reports the percentage of loans in each risk category, which shows the composition has remained relatively stable from the second quarter of 2014 through the second quarter of 2016.

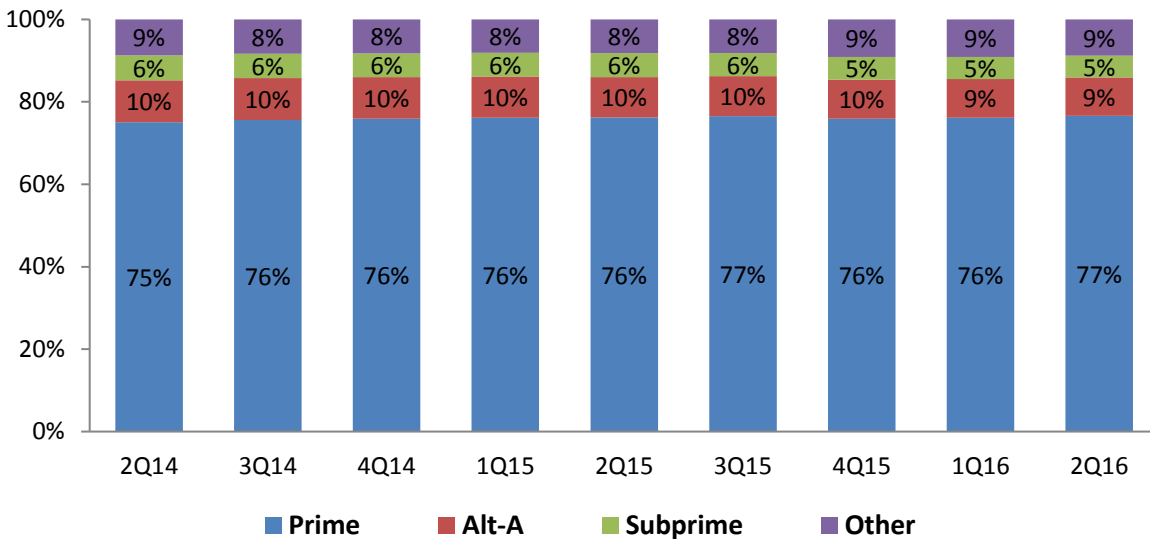


Figure 5. Number of Loans in Delinquency and Foreclosures in Process

Figure 5 provides the quarterly number of loans in each category of delinquency from the second quarter of 2014 through the second quarter of 2016. Data show delinquencies have declined gradually during that period.

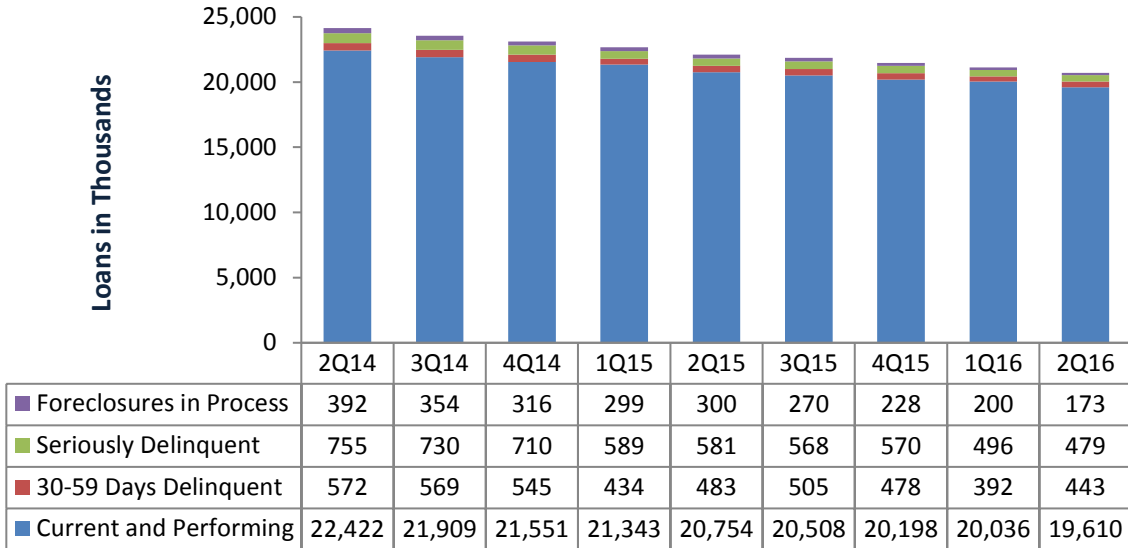


Figure 6. Percentage of Loans Current and Performing and in Delinquency

Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the second quarter of 2014 through the second quarter of 2016. Data show the composition of delinquencies has been relatively stable over that period.

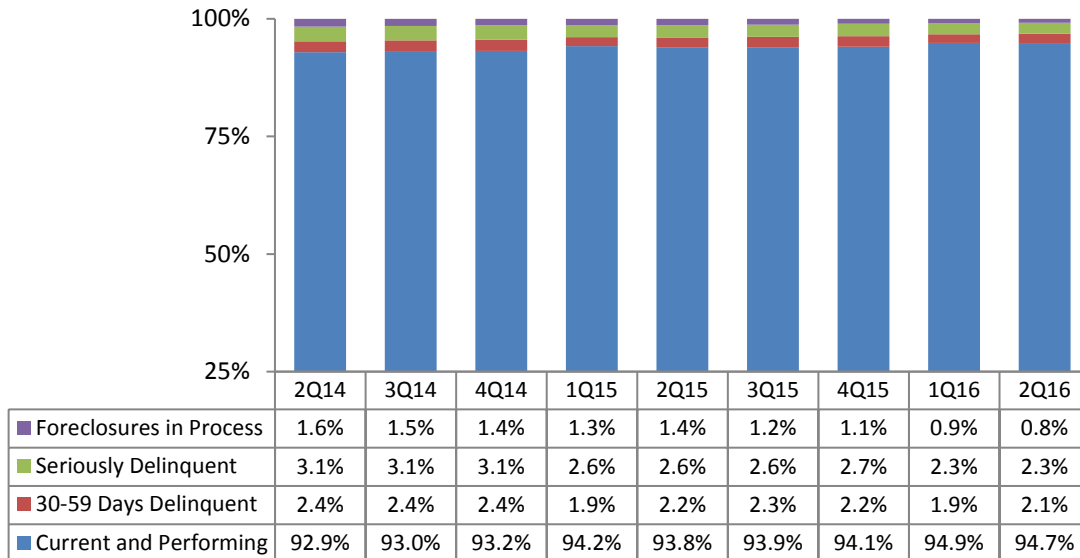


Figure 7. Newly Initiated Foreclosures—Loans in Thousands

Figure 7 reports the number of new foreclosure actions initiated quarterly from the second quarter of 2014 through the second quarter of 2016.

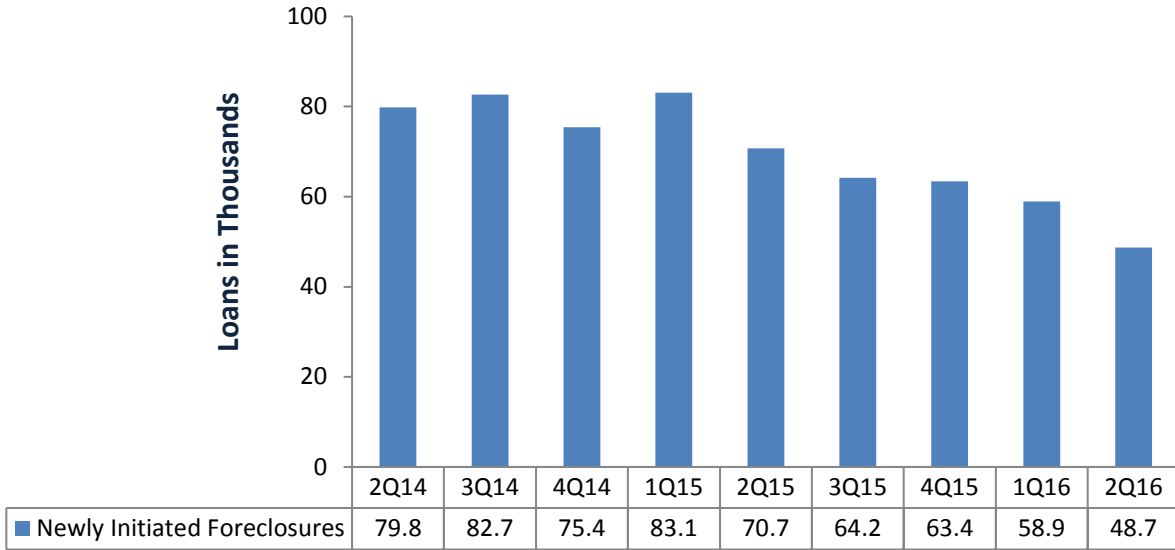


Figure 8. Completed Foreclosures and Other Home Forfeiture Actions—Loans in Thousands

Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the second quarter of 2014 through the second quarter of 2016.

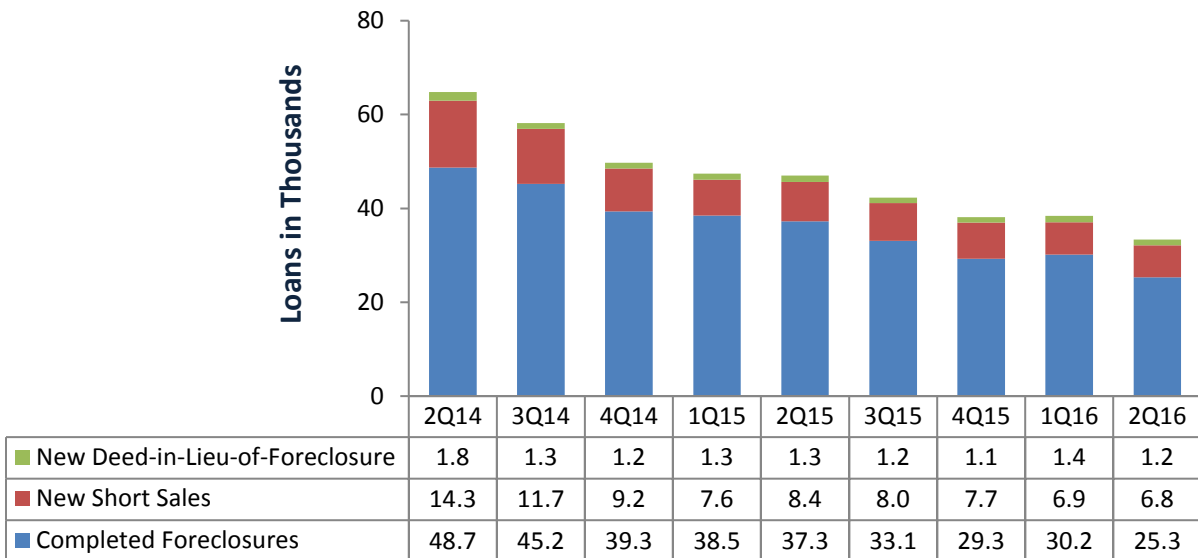


Table 1. Number of Mortgage Modification Actions Implemented in the Second Quarter of 2016								
States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	845	58	773	1	178	32,592	157	34,604
Alabama	12	1	8	-	1	470	1	493
Alaska	-	-	-	-	-	33	-	33
Arizona	20	-	21	-	7	646	4	698
Arkansas	1	1	-	-	-	287	1	290
California	97	20	106	-	28	2,687	22	2,960
Colorado	12	-	7	-	2	339	2	362
Connecticut	13	1	15	-	2	483	2	516
Delaware	11	-	3	-	-	214	1	229
District of Columbia	3	-	2	-	-	66	1	72
Florida	71	4	34	-	10	2,525	20	2,664
Georgia	64	1	32	-	5	1,419	9	1,530
Hawaii	3	-	-	-	1	74	-	78
Idaho	2	-	2	-	-	117	-	121
Illinois	26	7	33	-	11	1,933	9	2,019
Indiana	19	-	7	-	1	748	2	777
Iowa	10	-	9	-	4	202	-	225
Kansas	-	-	4	-	1	200	-	205
Kentucky	4	-	7	-	1	321	1	334
Louisiana	8	-	15	-	8	567	4	602
Maine	7	-	2	-	-	128	2	139
Maryland	46	1	35	-	3	1,089	8	1,182
Massachusetts	18	1	13	-	2	555	-	589
Michigan	22	1	13	-	3	771	8	818
Minnesota	13	2	12	-	2	586	3	618
Mississippi	7	-	2	-	1	239	3	252
Missouri	17	-	9	-	6	614	1	647
Montana	-	-	1	-	1	65	-	67
Nebraska	2	-	2	-	2	135	-	141
Nevada	8	2	13	1	5	324	3	356
New Hampshire	3	-	5	-	1	112	-	121
New Jersey	18	2	41	-	4	1,533	3	1,601
New Mexico	4	-	2	-	1	178	-	185
New York	34	5	59	-	5	2,281	14	2,398
North Carolina	48	-	28	-	8	1,188	3	1,275
North Dakota	1	-	1	-	-	15	-	17
Ohio	20	1	16	-	3	1,351	9	1,400
Oklahoma	6	-	3	-	2	338	1	350
Oregon	7	-	5	-	1	314	1	328
Pennsylvania	31	1	42	-	12	1,466	4	1,556
Rhode Island	4	-	4	-	1	136	-	145
South Carolina	16	-	14	-	5	569	1	605
South Dakota	1	-	-	-	1	41	-	43
Tennessee	14	3	19	-	10	617	3	666
Texas	66	-	62	-	8	2,381	7	2,524
Utah	5	-	12	-	1	231	-	249
Vermont	1	-	3	-	-	42	-	46
Virginia	29	3	22	-	5	900	2	961
Washington	14	1	24	-	1	495	-	535
West Virginia	3	-	1	-	-	95	1	100
Wisconsin	3	-	2	-	2	418	1	426
Wyoming	1	-	1	-	-	41	-	43
Other	-	-	-	-	-	13	-	13

Table 2. Number of Modification Actions in Combination Actions Implemented in the Second Quarter of 2016						
States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	30,602	26,676	28,552	2,438	3,863	32,592
Alabama	444	393	417	22	37	470
Alaska	32	27	29	2	4	33
Arizona	606	522	547	58	40	646
Arkansas	282	258	252	6	10	287
California	2,465	2,093	2,145	339	542	2,687
Colorado	323	271	293	5	14	339
Connecticut	450	382	422	78	79	483
Delaware	204	181	183	14	15	214
District of Columbia	59	51	58	4	8	66
Florida	2,394	2,093	2,168	366	474	2,525
Georgia	1,323	1,153	1,244	76	117	1,419
Hawaii	71	58	55	7	7	74
Idaho	113	88	105	4	9	117
Illinois	1,816	1,644	1,720	205	525	1,933
Indiana	716	654	685	30	46	748
Iowa	187	157	179	3	11	202
Kansas	188	164	178	6	5	200
Kentucky	307	273	285	9	17	321
Louisiana	541	502	465	26	31	567
Maine	121	114	107	3	14	128
Maryland	1,011	881	941	130	157	1,089
Massachusetts	524	415	492	42	73	555
Michigan	730	629	671	71	74	771
Minnesota	564	474	537	19	35	586
Mississippi	230	210	197	22	24	239
Missouri	583	517	547	51	49	614
Montana	62	50	57	3	5	65
Nebraska	134	114	123	3	10	135
Nevada	297	257	271	35	50	324
New Hampshire	108	86	103	1	9	112
New Jersey	1,409	1,219	1,373	167	278	1,533
New Mexico	165	152	165	6	13	178
New York	2,145	1,776	2,080	138	353	2,281
North Carolina	1,133	959	1,045	52	81	1,188
North Dakota	13	12	12	1	-	15
Ohio	1,302	1,200	1,218	68	113	1,351
Oklahoma	320	298	311	7	13	338
Oregon	298	234	274	10	27	314
Pennsylvania	1,376	1,150	1,303	103	156	1,466
Rhode Island	125	109	120	9	25	136
South Carolina	545	447	490	23	36	569
South Dakota	38	31	37	-	2	41
Tennessee	579	523	497	35	31	617
Texas	2,179	2,075	2,183	53	52	2,381
Utah	206	183	209	2	10	231
Vermont	40	38	38	-	6	42
Virginia	841	709	786	56	65	900
Washington	458	388	441	26	54	495
West Virginia	91	83	73	10	4	95
Wisconsin	402	334	376	28	53	418
Wyoming	39	33	37	-	-	41
Other	13	12	8	4	-	13

Table 3. Changes in Monthly Principal and Interest Payments by State Modifications Implemented in the Second Quarter of 2016							
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	17,478	7,209	5,492	217	4,145	63	34,604
Alabama	250	105	76	3	59	-	493
Alaska	9	14	5	-	5	-	33
Arizona	355	166	114	6	57	-	698
Arkansas	122	63	51	2	52	-	290
California	1,576	660	447	21	254	2	2,960
Colorado	157	98	60	5	42	-	362
Connecticut	262	113	74	1	63	3	516
Delaware	106	44	44	-	35	-	229
District of Columbia	38	17	11	-	6	-	72
Florida	1,365	519	383	14	373	10	2,664
Georgia	766	339	237	6	176	6	1,530
Hawaii	28	22	12	1	15	-	78
Idaho	62	33	11	1	14	-	121
Illinois	1,253	338	230	8	186	4	2,019
Indiana	370	161	132	3	111	-	777
Iowa	89	53	46	3	34	-	225
Kansas	87	56	33	-	29	-	205
Kentucky	155	83	61	2	33	-	334
Louisiana	274	118	106	8	94	2	602
Maine	61	22	28	-	28	-	139
Maryland	584	231	216	5	143	3	1,182
Massachusetts	266	130	107	2	83	1	589
Michigan	455	154	124	3	81	1	818
Minnesota	318	134	95	2	69	-	618
Mississippi	136	42	41	2	31	-	252
Missouri	336	129	101	12	68	1	647
Montana	24	14	16	-	13	-	67
Nebraska	50	41	24	1	25	-	141
Nevada	181	71	60	2	42	-	356
New Hampshire	51	32	23	-	15	-	121
New Jersey	845	306	240	6	200	4	1,601
New Mexico	94	41	34	1	15	-	185
New York	1,201	473	340	13	361	10	2,398
North Carolina	591	284	235	14	149	2	1,275
North Dakota	7	2	3	-	4	1	17
Ohio	706	267	250	3	171	3	1,400
Oklahoma	182	60	56	3	49	-	350
Oregon	171	73	42	1	41	-	328
Pennsylvania	7	2	2	-	2	-	13
Rhode Island	822	343	229	12	149	1	1,556
South Carolina	70	35	17	1	22	-	145
South Dakota	278	128	109	5	84	1	605
Tennessee	19	7	8	2	7	-	43
Texas	328	115	101	10	111	1	666
Utah	1,268	540	419	18	274	5	2,524
Vermont	98	75	48	1	27	-	249
Virginia	20	10	11	1	4	-	46
Washington	440	213	190	9	109	-	961
West Virginia	253	123	86	2	70	1	535
Wisconsin	47	22	17	-	13	1	100
Wyoming	230	75	76	2	43	-	426
Other	15	13	11	-	4	-	43

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 Modifications
Total - All States	1,564	936	883	83	934	4	4,404
Alabama	28	15	18	5	20	-	86
Alaska	2	2	-	1	1	-	6
Arizona	23	17	12	2	8	-	62
Arkansas	18	13	19	1	19	-	70
California	105	69	40	2	58	-	274
Colorado	16	8	15	2	5	-	46
Connecticut	22	10	10	-	8	-	50
Delaware	10	3	2	-	6	-	21
District of Columbia	5	-	1	-	3	-	9
Florida	99	57	46	5	82	2	291
Georgia	86	48	40	5	59	-	238
Hawaii	-	-	1	-	2	-	3
Idaho	-	5	2	1	5	-	13
Illinois	95	37	35	4	42	1	214
Indiana	27	25	15	1	18	-	86
Iowa	10	9	6	-	2	-	27
Kansas	11	11	11	1	4	-	38
Kentucky	22	12	7	1	18	-	60
Louisiana	36	21	21	1	28	-	107
Maine	7	1	4	-	11	-	23
Maryland	51	33	35	3	32	-	154
Massachusetts	31	10	15	1	22	-	79
Michigan	33	21	17	2	17	-	90
Minnesota	28	18	16	-	15	-	77
Mississippi	10	5	13	-	11	-	39
Missouri	36	18	17	3	21	-	95
Montana	3	3	4	-	2	-	12
Nebraska	5	5	9	-	4	-	23
Nevada	16	6	15	1	9	-	47
New Hampshire	6	6	-	-	6	-	18
New Jersey	80	46	37	8	30	-	201
New Mexico	11	7	6	-	4	-	28
New York	107	52	58	4	59	-	280
North Carolina	54	34	34	5	40	-	167
North Dakota	-	1	1	-	-	-	2
Ohio	82	50	41	-	31	-	204
Oklahoma	15	9	13	-	12	-	49
Oregon	10	6	11	-	6	-	33
Pennsylvania	68	41	48	3	30	1	191
Rhode Island	4	2	3	-	4	-	13
South Carolina	27	23	17	3	31	-	101
South Dakota	-	2	2	1	-	-	5
Tennessee	33	21	22	5	18	-	99
Texas	136	81	75	8	69	-	369
Utah	4	4	7	1	6	-	22
Vermont	1	2	-	-	2	-	5
Virginia	31	35	32	2	24	-	124
Washington	25	18	12	1	12	-	68
West Virginia	6	4	5	-	1	-	16
Wisconsin	24	8	11	-	13	-	56
Wyoming	2	2	2	-	4	-	10
Other	3	-	-	-	-	-	3

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 borrowers whose credit scores at the time of origination range from 620 to 659.
- **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 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 do not reflect the borrowers' credit scores at origination.
- **Prime**—Mortgages to borrowers whose credit scores at the time of origination are 660 and above.
- **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, 2015, 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, 2016, 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 whose credit scores at the time of origination are less than 620.

- **Term extensions**—Actions that delay the final maturity date of the loan that was in effect prior to the modification action.

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.