

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Second Quarter 2018

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

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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 2018.
- 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.
- The loans include those owned by the reporting banks, as well as loans that the banks service for others as a fee-based business.
- 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 (HELOCs), and Home Equity Conversion Mortgages (reverse mortgages).
- The OCC continually reviews the format and content of this report to ensure it supports supervisory needs and provides meaningful data. As a result of this process, the following two changes were made, beginning with the report for the third quarter of 2016:
 - Original FICO credit score had been used previously to describe borrower credit risk characteristics. The OCC does not endorse or require the use of any particular proprietary or vendor-provided credit-scoring model for credit risk management or other reporting purposes. Therefore, servicers now submit data for “Prime,” “Alt-A,” “Subprime,” and “Other” mortgages, as displayed in figures 3 and 4 on page 6, using their internal credit scoring system.
 - First-lien mortgages for the purchase of homes or refinancings of first-lien mortgages had previously been included in the report and continue to be included. The report now also includes first-lien, closed-end home equity loans.
- The OCC also instituted changes to its data collection method beginning with the third quarter of 2016. Banks now submit aggregate data directly to the OCC rather than loan-level data to a third-party aggregator. This new process resulted in some variances from previous quarters. The OCC directed reporting banks to address these processing issues in the fourth quarter of 2016 and reflect any adjustments in the year-end 2016 data.

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, 2018, the reporting banks serviced approximately 17.5 million first-lien mortgage loans with \$3.28 trillion in unpaid principal balances (see figures 1 and 2). This \$3.28 trillion was 33 percent of all residential mortgage debt outstanding in the United States.²
- The overall performance of mortgages this quarter was largely unchanged from a year ago. The percentage of mortgages that were current and performing at the end of the second quarter of 2018 was 95.6 percent compared with 95.4 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 29,612 new foreclosures in the second quarter of 2018, a decrease of 20.6 percent from the previous quarter and a decrease of 17.7 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 28.2 percent from a year earlier to 18,506 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 32,655 modifications during the second quarter of 2018, a 39.4 percent increase from the prior quarter's 23,427 modifications.

- Of these 32,655 modifications, 24,392, or 74.7 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 8,263, 8,163 loan modifications received a single action and 100 modifications were not assigned a modification type (see table 1).
- Among the 24,392 combination modifications completed during the quarter, 95.1 percent included capitalization of delinquent interest and fees, 50.5 percent included an interest rate reduction or freeze, 96.2 percent included a term extension, 1.2 percent included principal reduction, and 12.4 percent included principal deferral (see table 2).
- Of the 32,655 modifications completed during the quarter, 20,920, or 64.1 percent, reduced the loan's pre-modification monthly payment (see table 3).

Modified Loan Performance

The fourth quarter of 2017 is the first quarter for which all loans modified during that quarter could have aged at least six months by June 30, 2018. Of the 21,866 modifications that were completed during the fourth quarter of 2017, servicers reported that 3,302, or 15.1 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).

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, 2018.

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 2016 through the second quarter of 2018.



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

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 2016 through the second quarter of 2018.

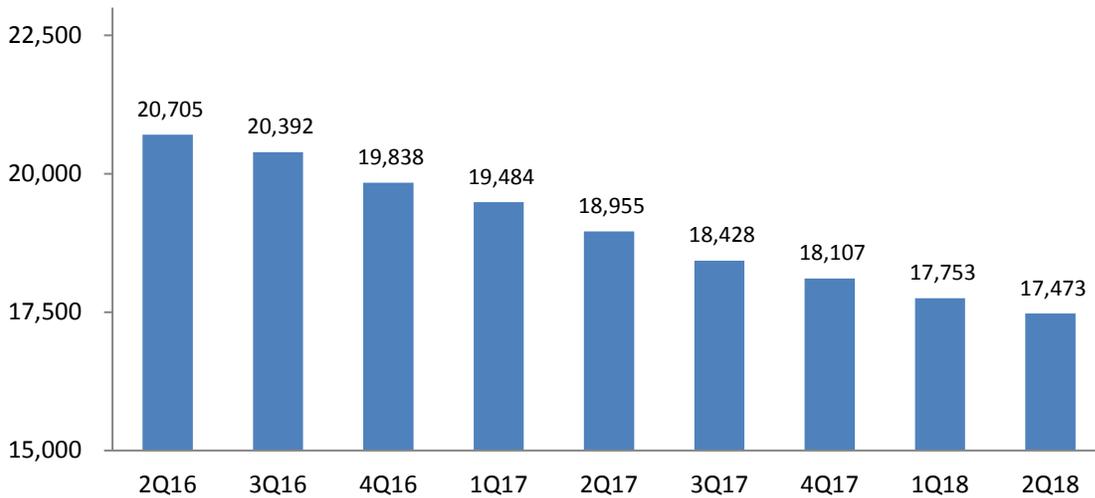


Figure 3. Composition—Loans in Thousands by Borrower Risk Category

Figure 3 shows the number of loans in each risk category from the second quarter of 2016 through the second quarter of 2018.³

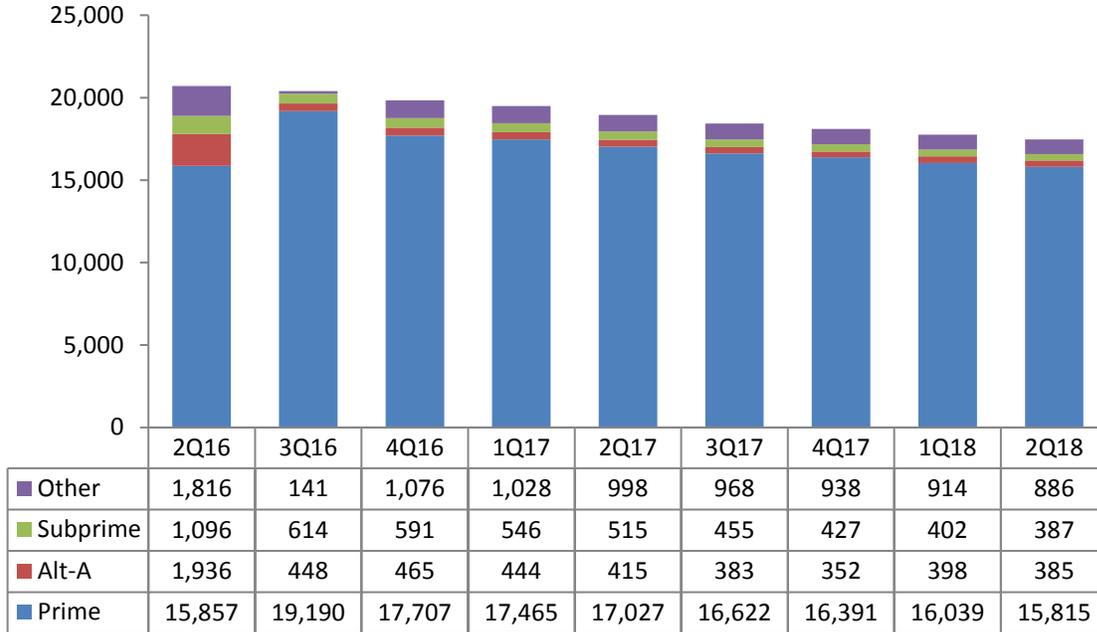
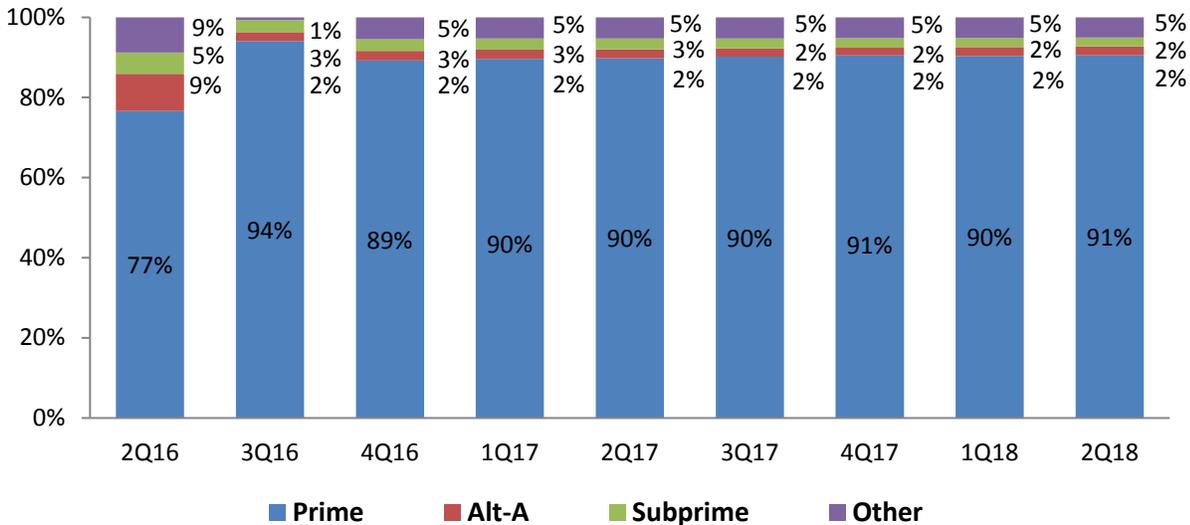


Figure 4. Composition—Percentage of Mortgages by Borrower Risk Category

Figure 4 reports the percentage of loans in each risk category and shows that composition has remained relatively stable during the past six quarters.



³ In the third quarter of 2016, the borrower risk categories were adjusted to reflect the banks' internal credit scoring for Prime, Alt-A, or Subprime borrowers. The three categories are defined in appendix A.

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 2016 through the second quarter of 2018.

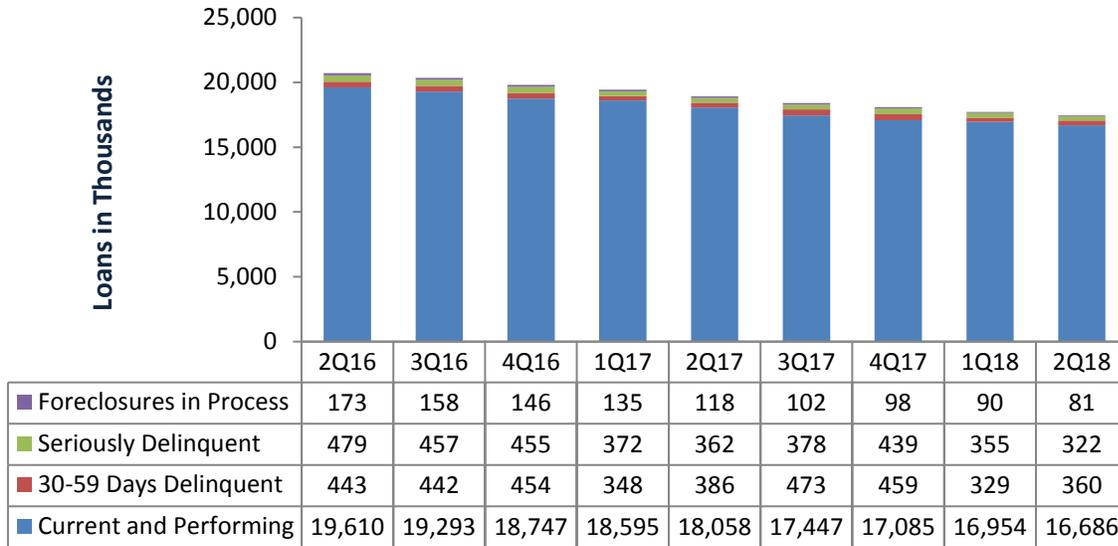


Figure 6. Percentage of Loans Current and Performing and in Delinquency

Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the second quarter of 2016 through the second quarter of 2018. Data show that the concentration of seriously delinquent loans and foreclosures in process remains relatively low.

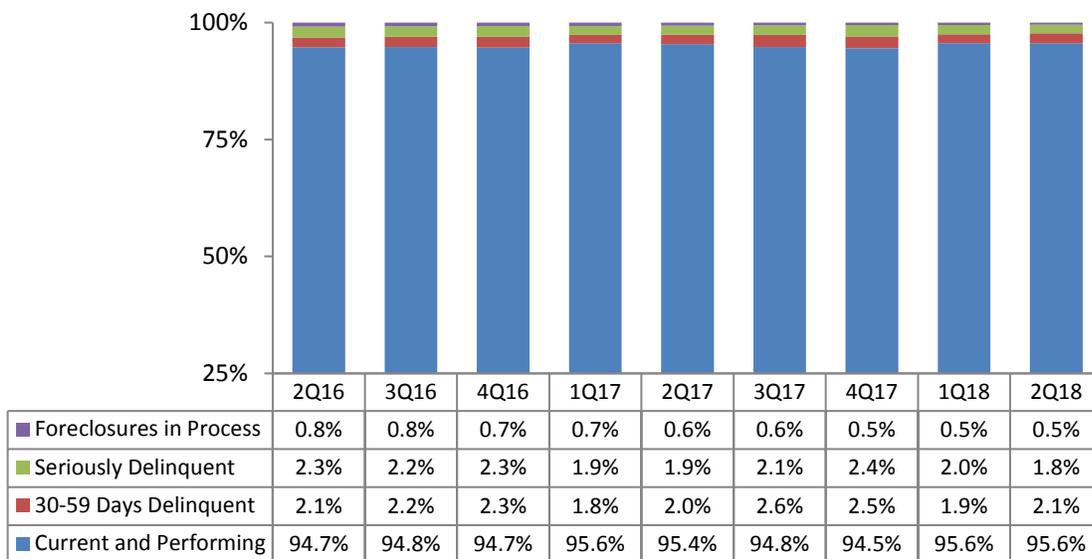


Figure 7. Newly Initiated Foreclosures—Loans in Thousands

Figure 7 reports the number of new foreclosure actions initiated quarterly from the second quarter of 2016 through the second quarter of 2018. New foreclosure actions decreased 20.6 percent to 29,612 during the second quarter of 2018.

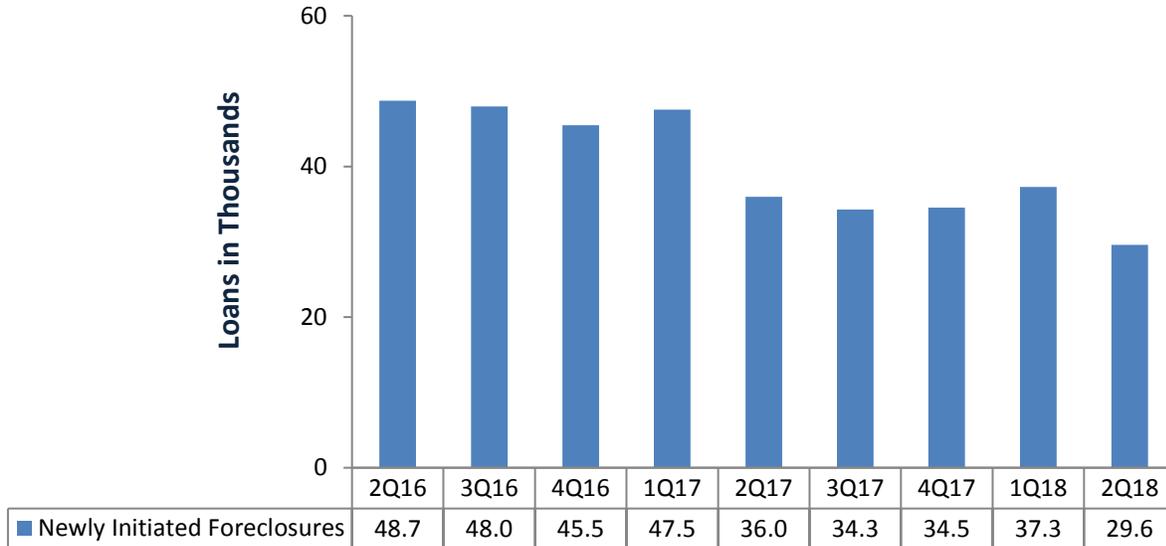


Figure 8. Completed Foreclosures and Other Home Forfeiture Actions—Loans in Thousands

Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the second quarter of 2016 through the second quarter of 2018. Completed foreclosures and other forfeiture actions decreased 4.4 percent to 18,506 during the second quarter of 2018.

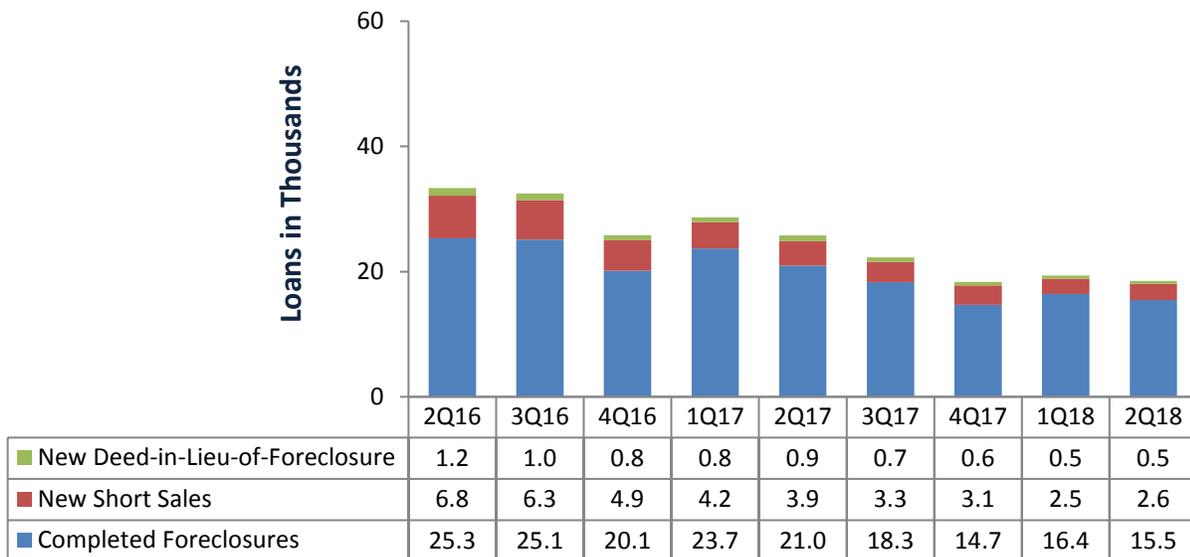


Table 1. Number of Mortgage Modification Actions
Implemented in the Second Quarter of 2018

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	627	287	6,739	25	485	24,392	100	32,655
Alabama	15	2	15	1	10	322	1	366
Alaska	-	-	4	-	4	31	-	39
Arizona	8	6	19	-	7	367	3	410
Arkansas	8	2	7	-	-	192	3	212
California	41	66	132	2	90	995	9	1,335
Colorado	2	4	15	-	7	150	1	179
Connecticut	4	2	25	-	8	286	2	327
Delaware	6	3	11	1	2	140	-	163
District of Columbia	-	2	-	-	-	44	3	49
Florida	91	30	4,424	1	60	4,536	5	9,147
Georgia	45	9	136	2	16	1,055	4	1,267
Hawaii	2	2	1	-	-	36	-	41
Idaho	1	-	3	-	1	57	-	62
Illinois	21	7	61	3	16	1,042	3	1,153
Indiana	20	4	26	-	8	531	1	590
Iowa	5	1	8	-	4	137	1	156
Kansas	2	-	8	-	2	134	1	147
Kentucky	8	-	9	-	2	238	1	258
Louisiana	26	5	30	-	14	404	5	484
Maine	5	1	3	-	1	45	-	55
Maryland	15	17	44	1	14	736	4	831
Massachusetts	12	3	28	1	11	281	1	337
Michigan	10	4	22	1	7	365	1	410
Minnesota	4	1	14	-	5	319	2	345
Mississippi	13	2	6	1	9	175	1	207
Missouri	12	2	19	-	8	380	-	421
Montana	4	1	-	-	-	39	-	44
Nebraska	1	-	7	-	2	118	-	128
Nevada	2	1	4	-	6	140	2	155
New Hampshire	-	-	6	-	1	57	-	64
New Jersey	12	15	49	3	21	853	6	959
New Mexico	4	1	5	-	2	124	-	136
New York	6	14	66	1	10	952	3	1,052
North Carolina	38	5	37	1	18	754	4	857
North Dakota	-	-	5	-	1	18	-	24
Ohio	16	4	27	2	9	799	5	862
Oklahoma	5	1	11	-	-	259	-	276
Oregon	5	2	11	-	4	129	1	152
Pennsylvania	17	7	58	1	32	913	5	1,033
Rhode Island	1	1	7	-	1	53	-	63
South Carolina	25	8	23	-	8	388	2	454
South Dakota	1	1	1	-	-	30	-	33
Tennessee	11	7	16	1	9	360	1	405
Texas	58	33	1,240	-	23	4,165	10	5,529
Utah	3	-	10	-	4	147	1	165
Vermont	3	-	1	-	-	12	-	16
Virginia	18	8	58	1	8	551	7	651
Washington	8	3	13	-	7	214	-	245
West Virginia	2	-	4	-	3	39	-	48
Wisconsin	8	-	5	1	8	254	1	277
Wyoming	3	-	3	-	2	24	-	32
Other	-	-	2	-	-	2	-	4

Table 2. Number of Modification Actions in Combination Actions
Implemented in the Second Quarter of 2018

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	23,189	12,328	23,459	303	3,023	24,392
Alabama	312	171	316	2	33	322
Alaska	29	8	30	-	2	31
Arizona	351	202	349	2	59	367
Arkansas	184	101	185	1	13	192
California	940	487	896	18	202	995
Colorado	145	66	147	-	6	150
Connecticut	266	148	271	13	62	286
Delaware	138	74	134	2	35	140
District of Columbia	41	21	42	1	6	44
Florida	4,182	1,882	4,393	32	614	4,536
Georgia	1,013	506	1,028	8	108	1,055
Hawaii	35	14	34	-	6	36
Idaho	53	36	52	-	5	57
Illinois	992	616	999	31	195	1,042
Indiana	511	323	517	4	40	531
Iowa	135	73	133	-	19	137
Kansas	132	75	132	2	14	134
Kentucky	230	129	234	1	20	238
Louisiana	392	214	388	3	45	404
Maine	45	22	45	1	7	45
Maryland	698	382	691	23	142	736
Massachusetts	266	153	269	6	48	281
Michigan	348	211	351	9	33	365
Minnesota	311	174	310	1	47	319
Mississippi	162	93	166	3	23	175
Missouri	364	216	368	8	44	380
Montana	38	26	39	-	6	39
Nebraska	117	71	112	1	15	118
Nevada	133	80	130	4	20	140
New Hampshire	56	21	54	-	4	57
New Jersey	788	469	802	30	212	853
New Mexico	120	76	117	2	21	124
New York	889	513	891	33	171	952
North Carolina	719	370	737	4	80	754
North Dakota	17	8	18	-	-	18
Ohio	768	507	763	13	98	799
Oklahoma	249	151	249	1	19	259
Oregon	124	57	125	1	13	129
Pennsylvania	869	480	884	8	143	913
Rhode Island	47	30	51	2	10	53
South Carolina	376	195	371	2	54	388
South Dakota	29	14	28	-	1	30
Tennessee	345	230	321	3	28	360
Texas	4,044	1,971	4,092	8	130	4,165
Utah	144	70	143	-	19	147
Vermont	11	10	12	-	3	12
Virginia	524	266	526	8	61	551
Washington	199	123	209	1	22	214
West Virginia	39	21	37	1	3	39
Wisconsin	245	158	244	10	57	254
Wyoming	22	12	23	-	5	24
Other	2	2	1	-	-	2

Table 3. Changes in Monthly Principal and Interest Payments by State
 Modifications Implemented in the Second Quarter of 2018

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	8,402	5,213	7,305	6,422	5,266	46	32,655
Alabama	133	68	73	12	80	-	366
Alaska	15	5	8	4	7	-	39
Arizona	148	96	83	10	72	1	410
Arkansas	68	39	46	2	56	-	212
California	466	272	229	165	202	1	1,335
Colorado	56	40	41	8	34	-	179
Connecticut	120	74	48	7	76	3	327
Delaware	52	32	33	5	41	-	163
District of Columbia	12	17	14	-	6	-	49
Florida	855	785	2,179	4,615	705	6	9,147
Georgia	387	221	311	85	261	2	1,267
Hawaii	9	12	11	-	9	-	41
Idaho	26	12	16	1	7	-	62
Illinois	434	232	198	18	269	1	1,153
Indiana	204	112	135	12	126	1	590
Iowa	51	38	25	6	36	-	156
Kansas	48	29	33	2	35	-	147
Kentucky	90	41	57	5	62	3	258
Louisiana	162	71	100	26	124	1	484
Maine	24	7	7	3	14	-	55
Maryland	306	169	164	18	174	-	831
Massachusetts	113	77	62	12	73	-	337
Michigan	169	81	85	7	68	-	410
Minnesota	133	84	63	4	61	1	345
Mississippi	71	37	38	9	52	-	207
Missouri	140	86	78	14	101	2	421
Montana	18	12	6	-	8	-	44
Nebraska	32	22	37	3	34	-	128
Nevada	58	33	27	6	31	-	155
New Hampshire	25	16	13	1	9	-	64
New Jersey	365	213	159	27	195	-	959
New Mexico	61	27	22	3	23	-	136
New York	402	211	179	17	236	9	1,052
North Carolina	271	182	190	26	188	-	857
North Dakota	11	4	4	2	3	-	24
Ohio	308	155	175	11	208	5	862
Oklahoma	110	58	52	-	56	-	276
Oregon	57	35	31	5	24	-	152
Pennsylvania	399	199	194	37	200	4	1,033
Rhode Island	26	10	18	3	6	-	63
South Carolina	135	83	110	10	116	-	454
South Dakota	8	11	5	-	9	-	33
Tennessee	160	71	74	13	87	-	405
Texas	1,144	840	1,583	1,157	802	3	5,529
Utah	56	40	35	6	28	-	165
Vermont	7	3	2	-	4	-	16
Virginia	237	125	130	18	138	2	651
Washington	85	54	50	8	48	-	245
West Virginia	22	6	9	3	8	-	48
Wisconsin	100	62	55	12	47	1	277
Wyoming	13	4	7	2	6	-	32
Other	-	-	1	2	1	-	4

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	915	680	682	11	996	18	3,302
Alabama	20	23	18	-	16	2	79
Alaska	1	-	-	-	1	-	2
Arizona	20	12	10	1	14	-	57
Arkansas	11	7	9	-	17	-	44
California	42	32	27	-	29	-	130
Colorado	5	5	2	-	10	-	22
Connecticut	15	11	15	-	15	-	56
Delaware	6	8	9	-	5	-	28
District of Columbia	1	1	1	-	1	-	4
Florida	59	32	27	-	48	-	166
Georgia	52	36	37	-	52	-	177
Hawaii	1	-	2	-	2	-	5
Idaho	3	2	1	-	-	-	6
Illinois	42	38	38	1	54	-	173
Indiana	28	20	30	2	29	2	111
Iowa	10	3	5	-	6	-	24
Kansas	13	7	10	-	13	-	43
Kentucky	8	8	10	-	11	-	37
Louisiana	30	18	13	-	36	-	97
Maine	3	1	3	-	7	-	14
Maryland	36	24	32	1	46	-	139
Massachusetts	8	10	6	-	13	-	37
Michigan	17	12	22	-	24	-	75
Minnesota	19	18	13	-	24	-	74
Mississippi	11	9	6	1	6	-	33
Missouri	7	11	13	-	22	-	53
Montana	1	3	-	-	2	-	6
Nebraska	4	2	2	-	5	-	13
Nevada	4	4	4	-	3	-	15
New Hampshire	2	3	3	-	2	-	10
New Jersey	31	27	27	-	40	1	126
New Mexico	9	2	-	-	6	-	17
New York	46	37	22	-	55	3	163
North Carolina	45	30	33	-	25	3	136
North Dakota	-	-	-	-	-	-	-
Ohio	44	21	34	-	63	2	164
Oklahoma	12	19	5	-	14	-	50
Oregon	8	6	3	-	5	-	22
Pennsylvania	45	32	25	1	47	2	152
Rhode Island	2	1	4	-	7	-	14
South Carolina	24	17	24	1	23	-	89
South Dakota	2	-	1	-	5	-	8
Tennessee	27	17	12	-	20	-	76
Texas	78	60	74	2	93	-	307
Utah	8	4	5	-	6	-	23
Vermont	1	-	-	-	2	-	3
Virginia	26	18	23	-	34	1	102
Washington	6	12	8	-	22	1	49
West Virginia	5	3	5	-	4	-	17
Wisconsin	16	10	9	1	12	1	49
Wyoming	1	4	-	-	-	-	5
Other	-	-	-	-	-	-	-

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 prior to the modification action.
- **Loan modifications** - Actions that contractually change the terms of mortgages with respect to interest rates, maturity, principal, or other terms of the loan.
- **Other** - Mortgages in the portfolio that could not be classified by the bank as Prime, Alt-A, or Subprime. Other mortgages are based on the borrower's credit conditions at origination.
- **Prime** - Mortgages to borrowers underwritten as part of a conforming or jumbo loan program. Typically these borrowers are eligible for standard loan programs and pricing. For example, borrowers typically have mortgage insurance when the loan-to-value exceeds 80 percent of the collateral property value. Prime mortgages are based on the borrower's credit conditions at origination.
- **Principal deferral modifications** - Modifications that remove a portion of the unpaid principal from the amount used to calculate monthly principal and interest payments for a set period. The deferred amount becomes due at the end of the loan term.
- **Principal reduction modifications** - Modifications that permanently reduce the unpaid principal owed on a mortgage.
- **Re-default** - For purposes of this report, a loan is defined as in re-default if it was 60 or more days past due as of the end of the month at which the modification was six months old. For example, a loan that was modified as of January 1, 2016, 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, 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 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 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.