

# OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

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Fourth Quarter 2017

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

March 2018

**Contents**

<b>About Mortgage Metrics .....</b>	<b>3</b>
<b>Executive Summary .....</b>	<b>4</b>
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
<b>Table 1. Number of Mortgage Modification Actions .....</b>	<b>9</b>
<b>Table 2. Number of Modification Actions in Combination Actions .....</b>	<b>10</b>
<b>Table 3. Changes in Monthly Principal and Interest Payments by State .....</b>	<b>11</b>
<b>Table 4. Number of Re-Defaults for Loans Modified Six Months Previously .....</b>	<b>12</b>
<b>Appendix A—Definitions and Method .....</b>	<b>13</b>

## **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.<sup>1</sup> 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 fourth quarter of 2017.
- 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.

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<sup>1</sup> The seven national banks are Bank of America, Citibank, HSBC, JPMorgan Chase, PNC, U.S. Bank, and Wells Fargo. Data through the fourth quarter of 2015 include CIT/OneWest.

## **Executive Summary**

### ***Overall Mortgage Portfolio and Performance***

- As of December 31, 2017, the reporting banks serviced approximately 18.1 million first-lien mortgage loans with \$3.32 trillion in unpaid principal balances (see figures 1 and 2). This \$3.32 trillion was 33 percent of all residential mortgage debt outstanding in the United States.<sup>2</sup>
- 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 fourth quarter of 2017 was 94.5 percent compared with 94.7 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 34,519 new foreclosures in the fourth quarter of 2017, an increase of 0.7 percent from the previous quarter and decrease of 24.1 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 28.9 percent from a year earlier to 18,353 (see figure 8).

### ***Number and Type of Modifications Completed and Impact on Payment Amount***

Servicers completed 21,866 modifications during the fourth quarter of 2017, a 15.2 percent decrease from the prior quarter's 25,799 modifications.

- Of these 21,866 modifications, 19,747, or 90.3 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 2,119, 2,001 loan modifications received a single action and 118 modifications were not assigned a modification type (see table 1).
- Among the 19,747 combination modifications completed during the quarter, 94.7 percent included capitalization of delinquent interest and fees, 63.7 percent included an interest rate reduction or freeze, 92.4 percent included a term extension, 2.6 percent included principal reduction, and 8.0 percent included principal deferral (see table 2).
- Of the 21,866 modifications completed during the quarter, 17,314, or 79.2 percent, reduced the loan's pre-modification monthly payment (see table 3).

### ***Modified Loan Performance***

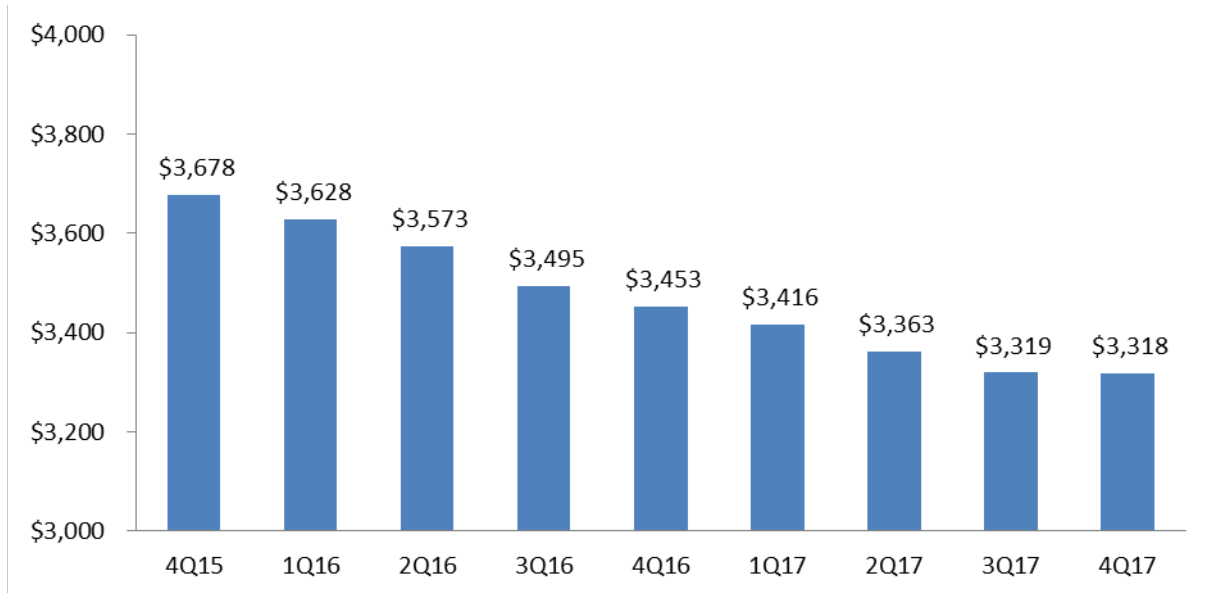
The second quarter of 2017 is the first quarter for which all loans modified during that quarter could have aged at least six months by December 31, 2017. Of the 30,523 modifications that were completed during the second quarter of 2017, servicers reported that 5,454, or 17.9 percent, were 60 or more days past due or in the process of foreclosure at the end of the month that they became six months old (see table 4).

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<sup>2</sup> 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 December 31, 2017.

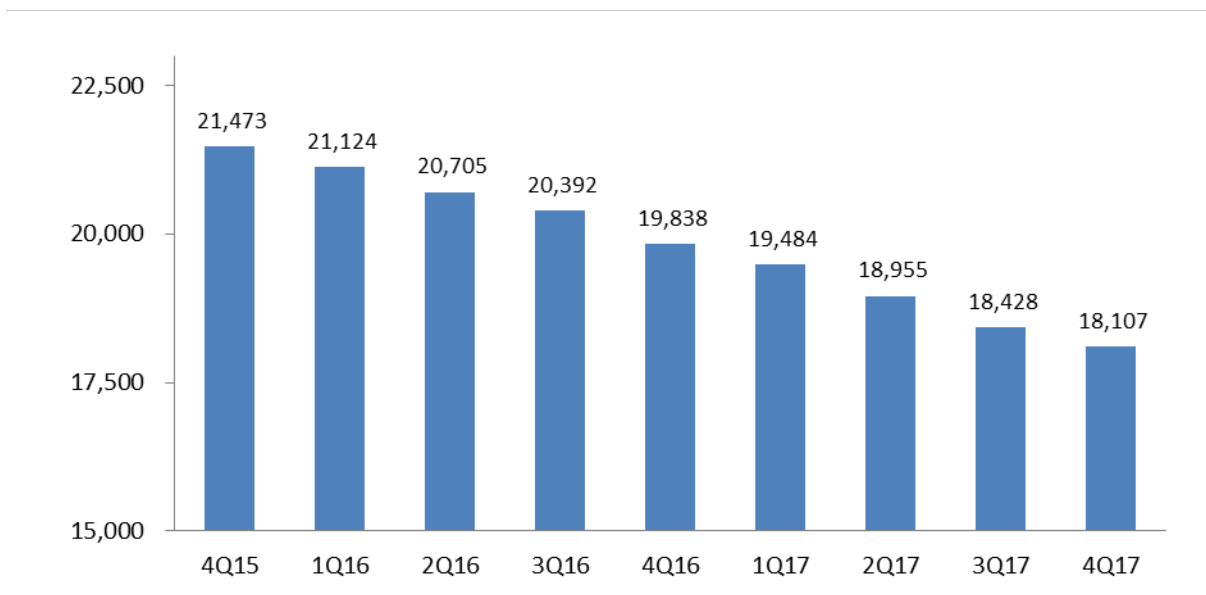
**Figure 1. Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions**

Figure 1 reports the outstanding principal balance of reported loans and shows the declining amount of unpaid balance from the fourth quarter of 2015 through the fourth quarter of 2017.



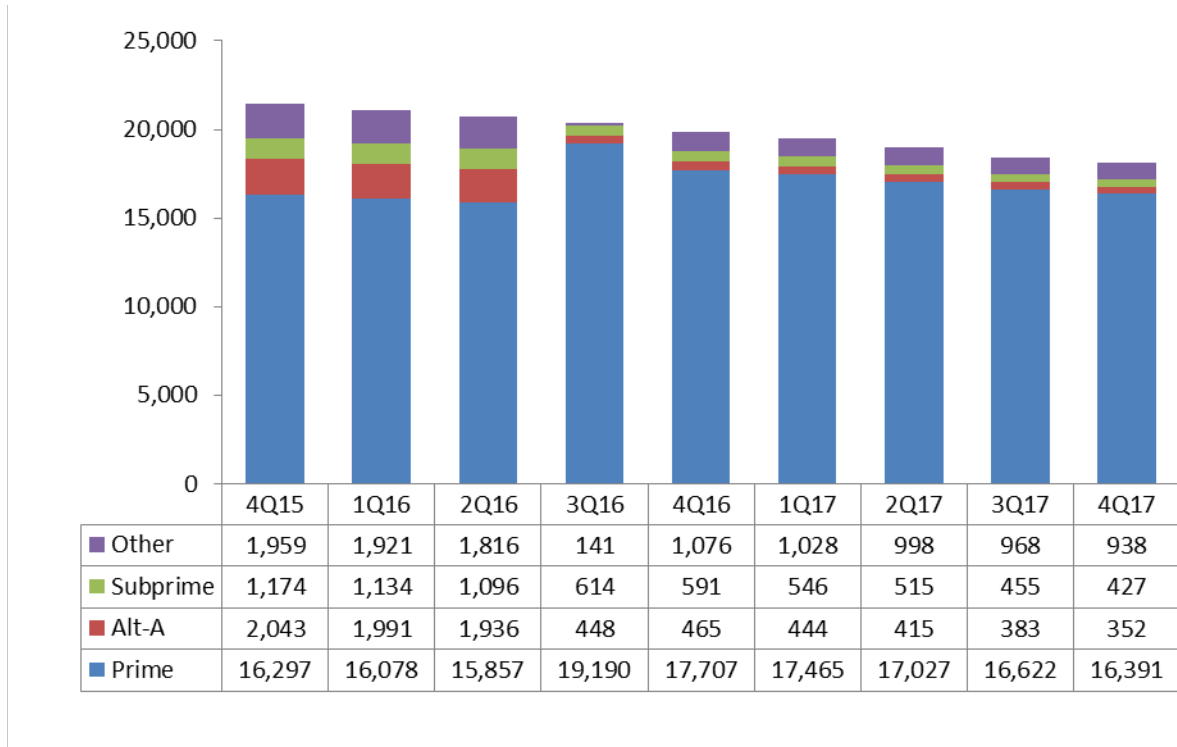
**Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands**

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 fourth quarter of 2015 through the fourth quarter of 2017.



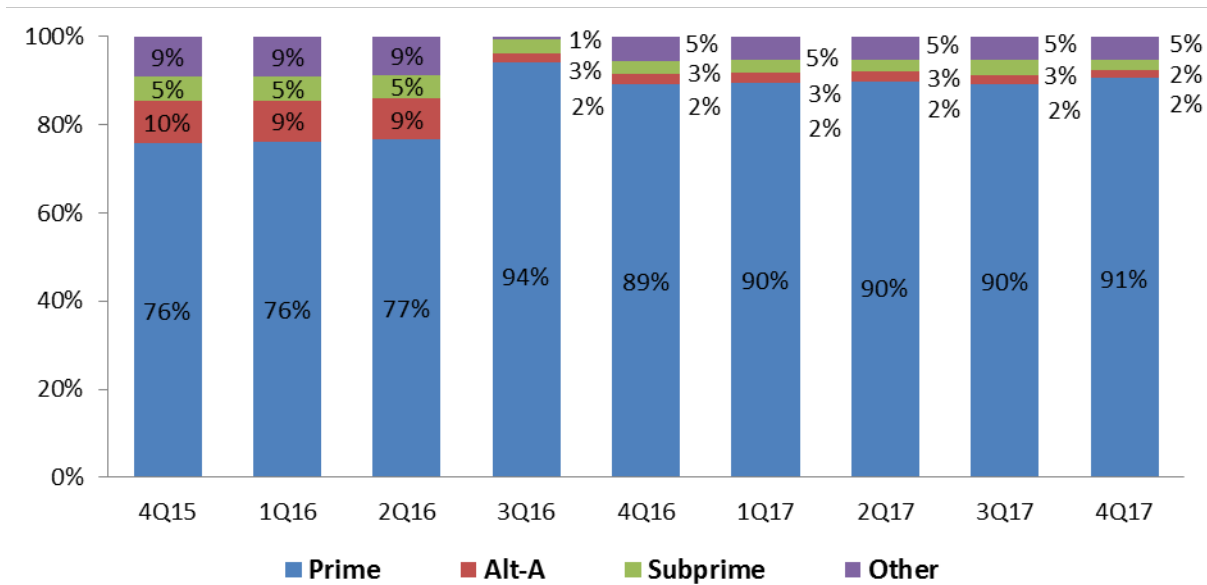
**Figure 3. Composition—Loans in Thousands by Borrower Risk Category**

Figure 3 shows the number of loans in each risk category from the fourth quarter of 2015 through the fourth quarter of 2017.<sup>3</sup>



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

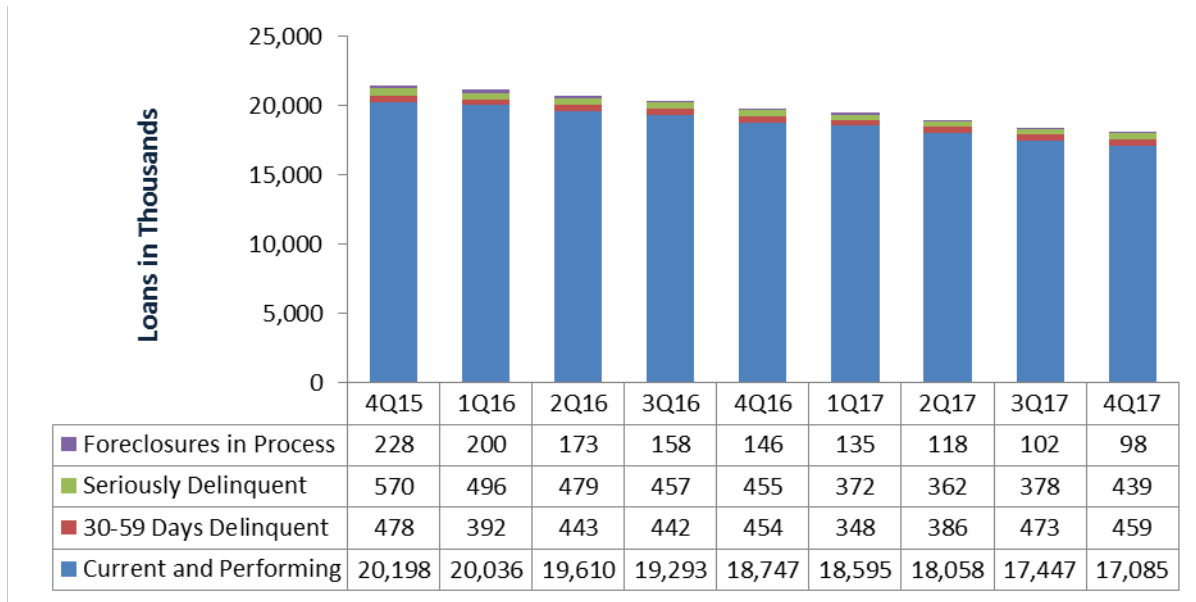
Figure 4 reports the percentage of loans in each risk category and shows that composition has remained relatively stable during the past six quarters.



<sup>3</sup> 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.

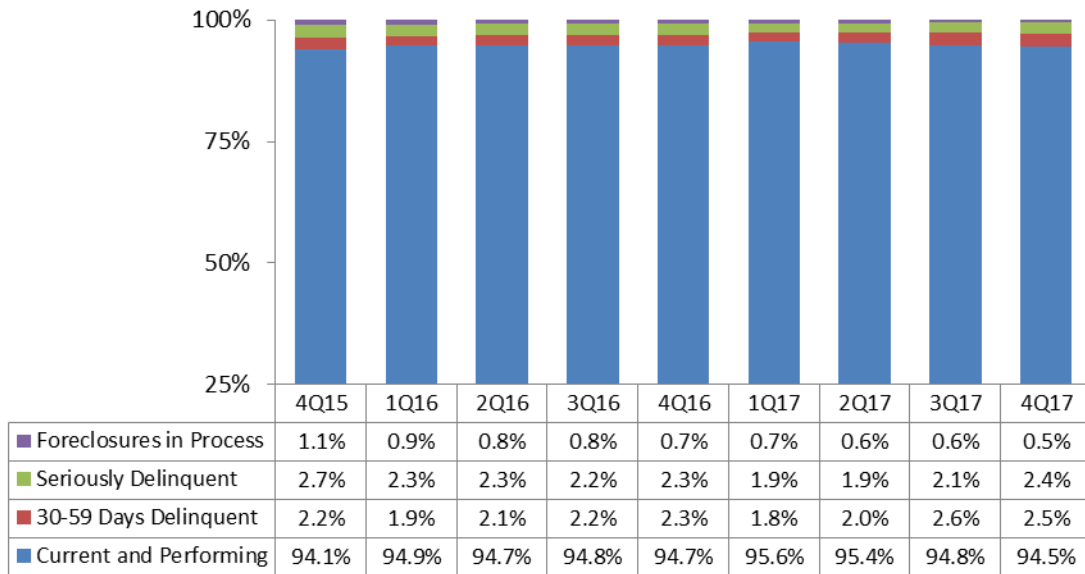
**Figure 5. Number of Loans in Delinquency and Foreclosures in Process**

Figure 5 provides the quarterly number of loans in each category of delinquency from the fourth quarter of 2015 through the fourth quarter of 2017.



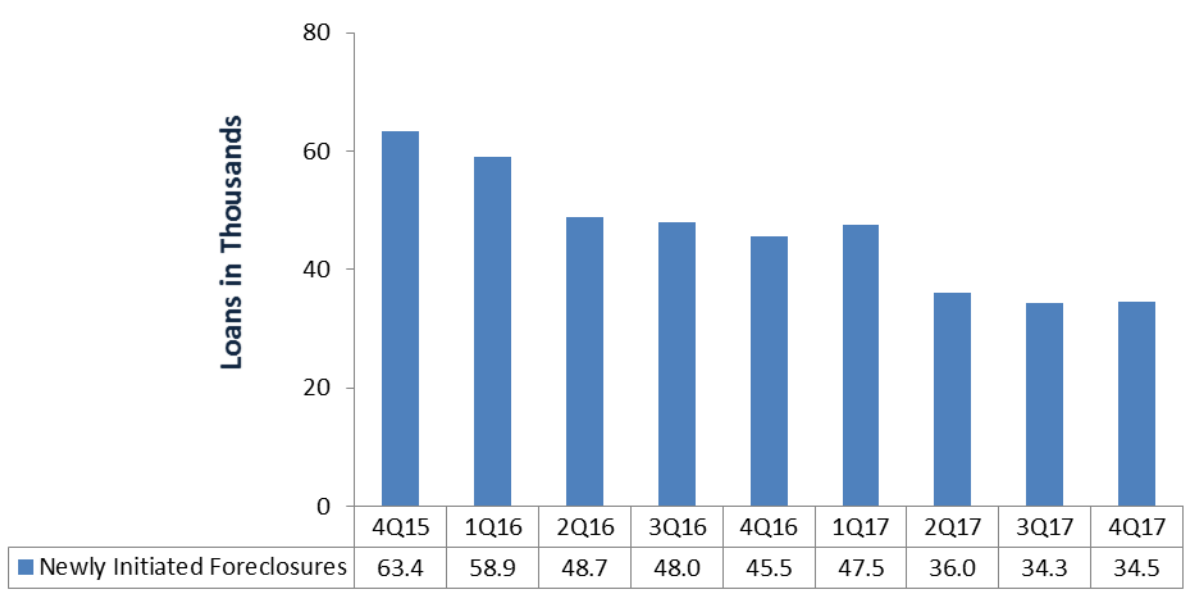
**Figure 6. Percentage of Loans Current and Performing and in Delinquency**

Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the fourth quarter of 2015 through the fourth quarter of 2017. Data show that the concentration of seriously delinquent loans and foreclosures in process remains relatively low.



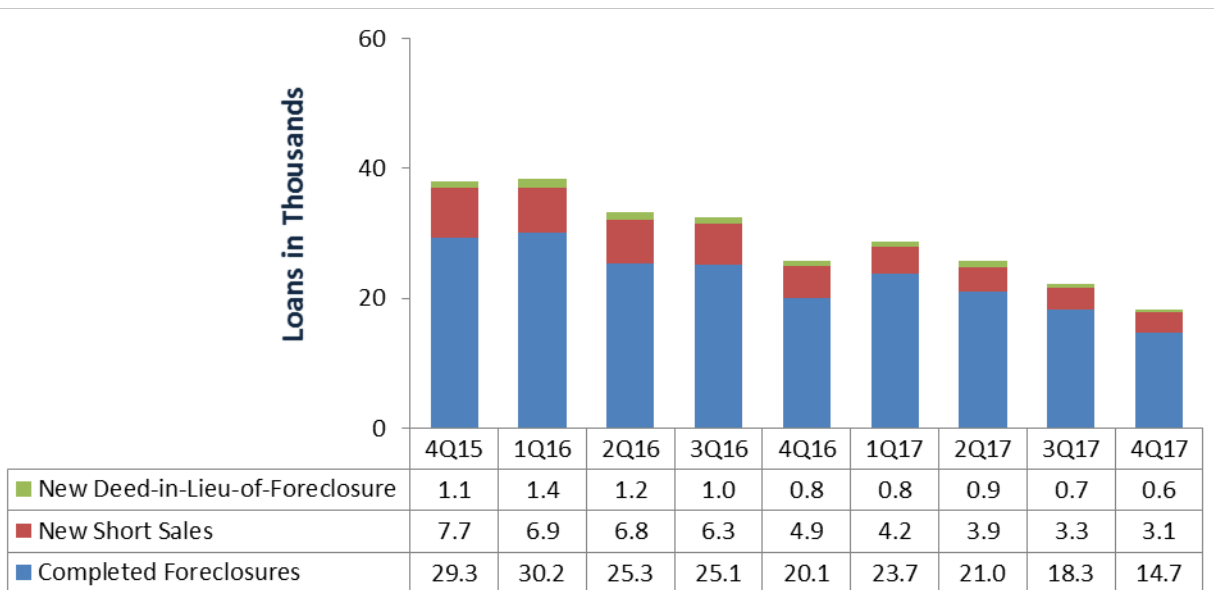
**Figure 7. Newly Initiated Foreclosures—Loans in Thousands**

Figure 7 reports the number of new foreclosure actions initiated quarterly from the fourth quarter of 2015 through the fourth quarter of 2017. New foreclosure actions increased 0.7 percent to 34,519 during the fourth quarter of 2017.



**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 fourth quarter of 2015 through the fourth quarter of 2017. Completed foreclosures and other forfeiture actions decreased 17.6 percent to 18,353 during the fourth quarter of 2017.





**Table 1. Number of Mortgage Modification Actions**  
Implemented in the Fourth Quarter of 2017

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	460	162	1,178	11	190	19,747	118	21,866
Alabama	7	1	18	-	6	332	-	364
Alaska	1	-	4	-	-	33	-	38
Arizona	11	2	24	2	4	365	-	408
Arkansas	4	-	11	-	1	194	-	210
California	52	34	95	2	33	1,109	42	1,367
Colorado	3	1	17	-	4	205	2	232
Connecticut	8	4	23	-	3	297	-	335
Delaware	3	-	8	-	2	139	1	153
District of Columbia	3	2	3	1	-	34	1	44
Florida	30	15	47	2	7	1,207	10	1,318
Georgia	33	8	71	1	6	947	6	1,072
Hawaii	2	1	-	-	-	43	-	46
Idaho	-	-	1	-	2	63	-	66
Illinois	16	4	71	2	12	1,085	3	1,193
Indiana	5	2	21	-	1	593	-	622
Iowa	2	-	3	-	2	143	-	150
Kansas	5	1	9	-	-	160	-	175
Kentucky	3	3	12	-	1	238	-	257
Louisiana	17	5	20	-	2	507	1	552
Maine	3	-	3	-	-	74	1	81
Maryland	20	7	51	-	5	794	1	878
Massachusetts	8	2	19	-	3	263	1	296
Michigan	6	2	20	-	5	407	3	443
Minnesota	7	1	21	-	2	427	-	458
Mississippi	7	2	6	-	3	144	1	163
Missouri	9	3	18	-	2	358	1	391
Montana	1	-	2	-	1	48	-	52
Nebraska	3	-	5	-	3	113	-	124
Nevada	5	1	8	-	1	124	-	139
New Hampshire	1	-	8	1	1	64	-	75
New Jersey	21	11	58	-	10	866	1	967
New Mexico	4	1	12	-	-	113	-	130
New York	17	10	75	-	12	1,046	12	1,172
North Carolina	15	3	49	-	5	803	7	882
North Dakota	-	-	1	-	-	14	-	15
Ohio	7	-	36	-	4	918	6	971
Oklahoma	6	-	7	-	3	243	-	259
Oregon	2	1	5	-	2	178	2	190
Pennsylvania	13	7	59	-	9	886	2	976
Rhode Island	-	1	7	-	-	62	-	70
South Carolina	15	-	15	-	7	431	-	468
South Dakota	1	-	1	-	1	29	-	32
Tennessee	4	2	20	-	4	419	1	450
Texas	41	16	127	-	7	1,881	6	2,078
Utah	3	1	13	-	1	133	1	152
Vermont	-	-	1	-	-	24	-	25
Virginia	22	4	39	-	6	539	-	610
Washington	9	3	19	-	3	268	3	305
West Virginia	-	-	2	-	3	77	-	82
Wisconsin	5	1	12	-	1	264	3	286
Wyoming	-	-	1	-	-	40	-	41
Other	-	-	-	-	-	3	-	3

**Table 2. Number of Modification Actions in Combination Actions**  
Implemented in the Fourth Quarter of 2017

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	18,691	12,584	18,240	515	1,589	19,747
Alabama	317	203	312	6	18	332
Alaska	28	19	32	1	2	33
Arizona	344	245	338	10	23	365
Arkansas	191	116	181	1	6	194
California	1,041	698	891	54	153	1,109
Colorado	190	106	190	1	13	205
Connecticut	287	171	273	15	42	297
Delaware	128	97	126	5	19	139
District of Columbia	33	22	29	-	5	34
Florida	1,142	812	1,078	57	171	1,207
Georgia	886	606	894	16	53	947
Hawaii	41	22	37	1	6	43
Idaho	60	43	60	-	4	63
Illinois	1,029	709	1,001	47	112	1,085
Indiana	571	407	571	7	24	593
Iowa	137	88	137	2	11	143
Kansas	156	107	157	1	6	160
Kentucky	224	160	227	3	13	238
Louisiana	494	332	475	3	28	507
Maine	70	50	67	2	3	74
Maryland	745	455	723	40	79	794
Massachusetts	250	167	231	7	36	263
Michigan	382	279	383	7	25	407
Minnesota	408	244	396	4	20	427
Mississippi	139	100	137	2	8	144
Missouri	348	209	331	33	16	358
Montana	48	32	43	-	2	48
Nebraska	110	69	107	1	6	113
Nevada	117	90	110	7	14	124
New Hampshire	60	37	62	-	5	64
New Jersey	805	532	791	49	130	866
New Mexico	103	80	104	1	7	113
New York	997	647	945	46	144	1,046
North Carolina	761	496	766	8	39	803
North Dakota	14	9	13	-	1	14
Ohio	875	651	880	14	63	918
Oklahoma	232	165	232	1	6	243
Oregon	172	80	163	2	16	178
Pennsylvania	811	557	833	16	82	886
Rhode Island	60	38	60	-	3	62
South Carolina	416	276	405	8	22	431
South Dakota	28	13	28	-	-	29
Tennessee	398	274	345	10	16	419
Texas	1,748	1,268	1,818	4	34	1,881
Utah	125	72	128	-	5	133
Vermont	22	19	22	-	5	24
Virginia	517	319	488	14	38	539
Washington	257	136	253	-	20	268
West Virginia	75	54	70	4	3	77
Wisconsin	256	174	255	5	31	264
Wyoming	40	28	39	-	1	40
Other	3	1	3	-	-	3

**Table 3. Changes in Monthly Principal and Interest Payments by State**  
 Modifications Implemented in the Fourth Quarter of 2017

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	9,003	4,362	3,949	218	4,140	207	21,866
Alabama	136	84	77	7	57	3	364
Alaska	16	11	5	-	6	-	38
Arizona	182	98	75	4	49	1	408
Arkansas	84	39	39	1	46	-	210
California	580	306	232	28	187	37	1,367
Colorado	87	48	45	3	49	1	232
Connecticut	151	52	65	4	62	1	335
Delaware	56	34	30	2	28	3	153
District of Columbia	20	10	8	-	6	-	44
Florida	578	266	202	11	252	9	1,318
Georgia	443	209	225	7	188	1	1,072
Hawaii	17	8	11	1	9	-	46
Idaho	27	19	9	2	9	-	66
Illinois	523	197	204	13	250	6	1,193
Indiana	236	113	138	2	124	9	622
Iowa	59	22	32	1	36	-	150
Kansas	63	34	38	-	39	1	175
Kentucky	99	53	48	3	49	5	257
Louisiana	221	118	99	4	109	1	552
Maine	30	17	14	-	19	1	81
Maryland	357	178	169	4	168	3	878
Massachusetts	121	61	47	2	65	-	296
Michigan	204	90	77	6	63	5	443
Minnesota	187	92	81	2	94	-	458
Mississippi	74	28	31	4	26	-	163
Missouri	155	76	72	7	81	1	391
Montana	21	17	7	1	6	-	52
Nebraska	39	27	27	3	28	-	124
Nevada	58	37	21	1	22	-	139
New Hampshire	27	19	16	1	12	-	75
New Jersey	406	186	156	7	201	12	967
New Mexico	65	19	18	-	27	-	130
New York	490	214	161	12	261	34	1,172
North Carolina	376	203	151	5	141	7	882
North Dakota	4	6	2	-	3	-	15
Ohio	396	167	163	8	223	15	971
Oklahoma	102	53	47	4	52	-	259
Oregon	73	44	31	3	37	2	190
Pennsylvania	416	176	173	10	173	29	976
Rhode Island	29	10	18	-	14	-	70
South Carolina	178	99	86	7	99	-	468
South Dakota	12	3	7	1	9	-	32
Tennessee	178	87	89	5	88	4	450
Texas	851	412	419	14	379	4	2,078
Utah	51	27	47	1	26	-	152
Vermont	10	5	-	-	10	-	25
Virginia	233	121	117	7	127	5	610
Washington	107	67	50	5	71	5	305
West Virginia	43	18	11	3	7	-	82
Wisconsin	116	66	49	2	51	2	286
Wyoming	14	16	10	-	1	-	41
Other	2	-	-	-	1	-	3

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	1,728	1,087	1,227	40	1,360	12	5,454
Alabama	34	26	20	-	14	2	96
Alaska	2	-	1	-	2	-	5
Arizona	27	14	33	-	10	-	84
Arkansas	13	8	18	-	20	-	59
California	78	63	57	2	46	-	246
Colorado	13	8	10	-	12	-	43
Connecticut	22	17	12	1	24	-	76
Delaware	6	11	16	-	10	-	43
District of Columbia	4	4	4	-	1	1	14
Florida	202	107	102	2	130	-	543
Georgia	78	61	62	1	54	-	256
Hawaii	2	2	1	-	6	-	11
Idaho	1	6	2	-	5	-	14
Illinois	93	47	56	3	65	-	264
Indiana	36	30	52	1	42	-	161
Iowa	12	6	13	1	11	-	43
Kansas	16	7	11	-	11	-	45
Kentucky	23	5	13	1	17	-	59
Louisiana	33	23	35	3	47	-	141
Maine	-	1	5	-	9	-	15
Maryland	46	40	48	3	58	-	195
Massachusetts	27	9	15	-	25	1	77
Michigan	31	22	28	2	14	1	98
Minnesota	27	12	8	1	28	-	76
Mississippi	17	12	11	1	21	-	62
Missouri	36	30	30	-	26	-	122
Montana	7	-	-	-	5	-	12
Nebraska	15	6	8	-	11	-	40
Nevada	9	5	7	-	5	-	26
New Hampshire	4	1	4	1	1	-	11
New Jersey	80	44	48	1	57	-	230
New Mexico	10	7	5	-	9	-	31
New York	86	52	32	-	57	2	229
North Carolina	52	38	47	2	52	-	191
North Dakota	2	1	1	-	-	-	4
Ohio	67	40	64	1	50	1	223
Oklahoma	21	5	26	1	26	-	79
Oregon	5	3	4	-	14	-	26
Pennsylvania	80	51	50	4	43	2	230
Rhode Island	7	8	4	-	3	1	23
South Carolina	31	19	29	-	37	-	116
South Dakota	1	4	1	-	3	-	9
Tennessee	37	20	27	-	33	-	117
Texas	249	144	136	4	177	-	710
Utah	9	14	4	1	7	1	36
Vermont	1	2	1	-	3	-	7
Virginia	28	23	27	-	27	-	105
Washington	13	13	15	1	15	-	57
West Virginia	12	3	6	-	3	-	24
Wisconsin	21	11	15	2	13	-	62
Wyoming	2	2	2	-	1	-	7
Other	-	-	1	-	-	-	1

## **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.