

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Fourth Quarter 2019

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 fourth quarter of 2019 for loans that the reporting banks own or service for others as a fee-based business.
- The data in this report reflect a portion of first-lien residential mortgages in the country. The characteristics of the loans included here may differ from the overall population. The loans included are not a statistically representative, random sample.
- This report covers the performance of first-lien home mortgages in the portfolios of reporting banks. It excludes junior liens, home equity lines of credit (HELOC), and home equity conversion mortgages (reverse mortgages).
- Before the third quarter of 2019, certain banks reported completed and post-foreclosure and other real estate owned (OREO) accounts in data used in figures 1 through 4. These accounts should not have been included in those figures. These discrepancies were not material.

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 December 31, 2019, the reporting banks serviced approximately 15.7 million first-lien residential mortgage loans with \$3.1 trillion in unpaid principal balances (see figures 1 and 2). This \$3.1 trillion was 29.2 percent of all residential mortgage debt outstanding in the United States.²
- The overall performance of mortgages this quarter improved slightly from a year ago. The percentage of mortgages that were current and performing at the end of the fourth quarter of 2019 was 96.5 percent compared with 95.8 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 22,248 new foreclosures in the fourth quarter of 2019, an increase of 3.5 percent from the previous quarter and a decrease of 24.6 percent from a year earlier (see figure 7). Home forfeiture actions during the quarter—completed foreclosure sales, short sales, and deed-in-lieu-of-foreclosure actions—decreased 31.5 percent from a year earlier to 9,940 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 13,147 modifications during the fourth quarter of 2019, a 5.8 percent decrease from the previous quarter's 13,950 modifications.

- Of these 13,147 modifications, 12,054, or 91.7 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 1,093 loan modifications, 944 received a single action and 149 modifications were not assigned a modification type (see table 1).
- Among the 12,054 combination modifications completed during the quarter, 94.7 percent included capitalization of delinquent interest and fees, 53.9 percent included an interest rate reduction or freeze, 93.6 percent included a term extension, 1.1 percent included principal reduction, and 14.7 percent included principal deferral (see table 2).
- Of the 13,147 modifications completed during the quarter, 10,286, or 78.2 percent, reduced the loan's pre-modification monthly payment (see table 3).

Modified Loan Performance

The second quarter of 2019 is the first quarter for which all loans modified during that quarter could have aged at least six months by December 31, 2019. Of the 15,683 modifications that

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 December 31, 2019.

were completed during the second quarter of 2019, servicers reported that 2,829, or 18.0 percent, were 60 or more days past due or in the process of foreclosure at the end of the month that they became six months old (see table 4).

Figure 1 reports the outstanding principal balance of reported loans and shows the declining amount of unpaid balance from the fourth quarter of 2017 through the fourth quarter of 2019.

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

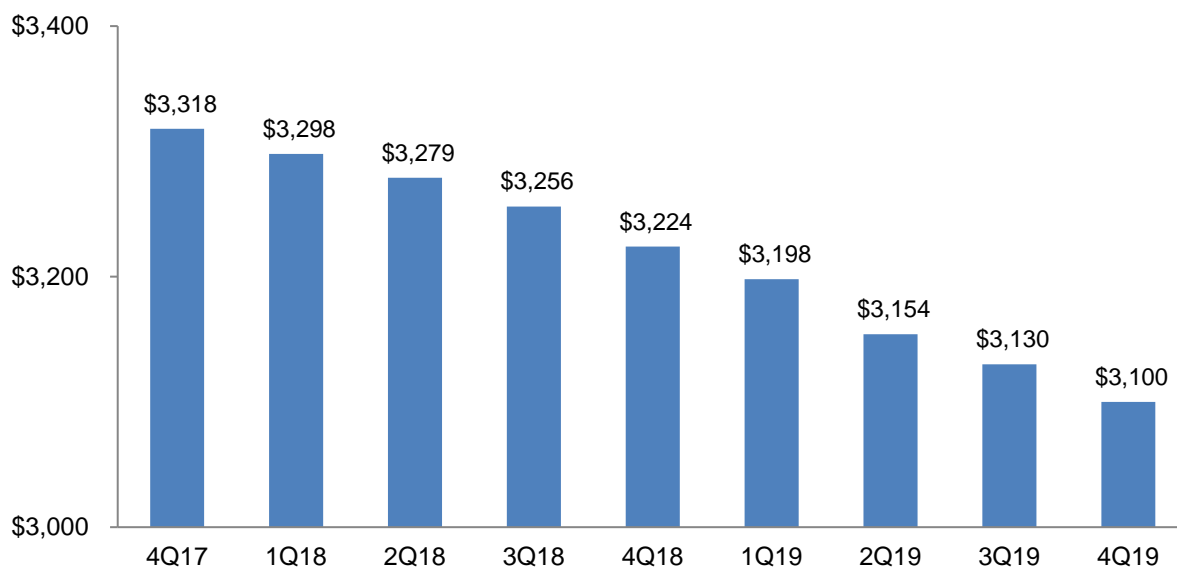


Figure 2 reports the number of first-lien residential mortgages serviced by the seven reporting banks and illustrates the decline in their servicing portfolios from the fourth quarter of 2017 through the fourth quarter of 2019.

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

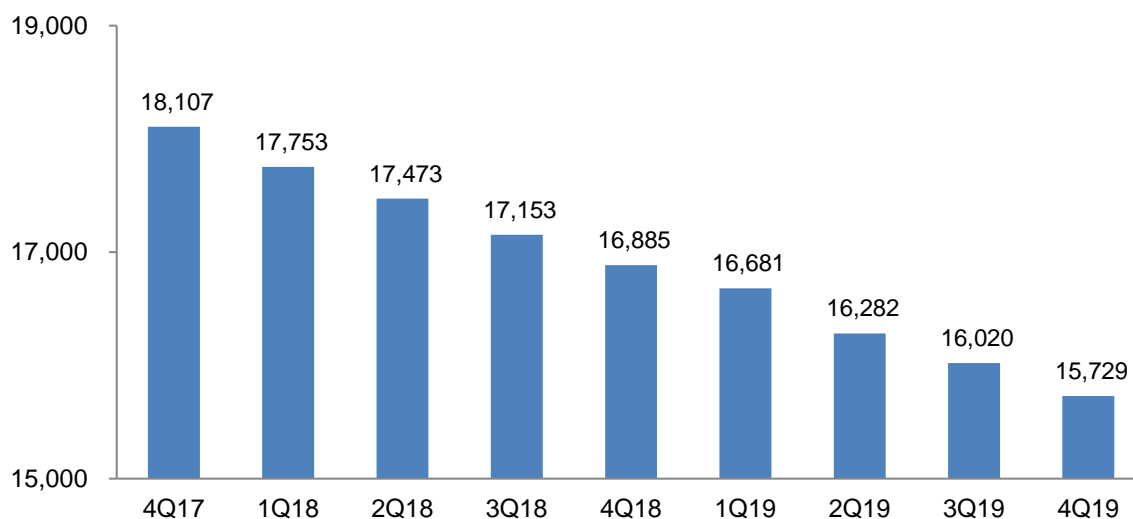


Figure 3 shows the number of loans in each risk category from the fourth quarter of 2017 through the fourth quarter of 2019.

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

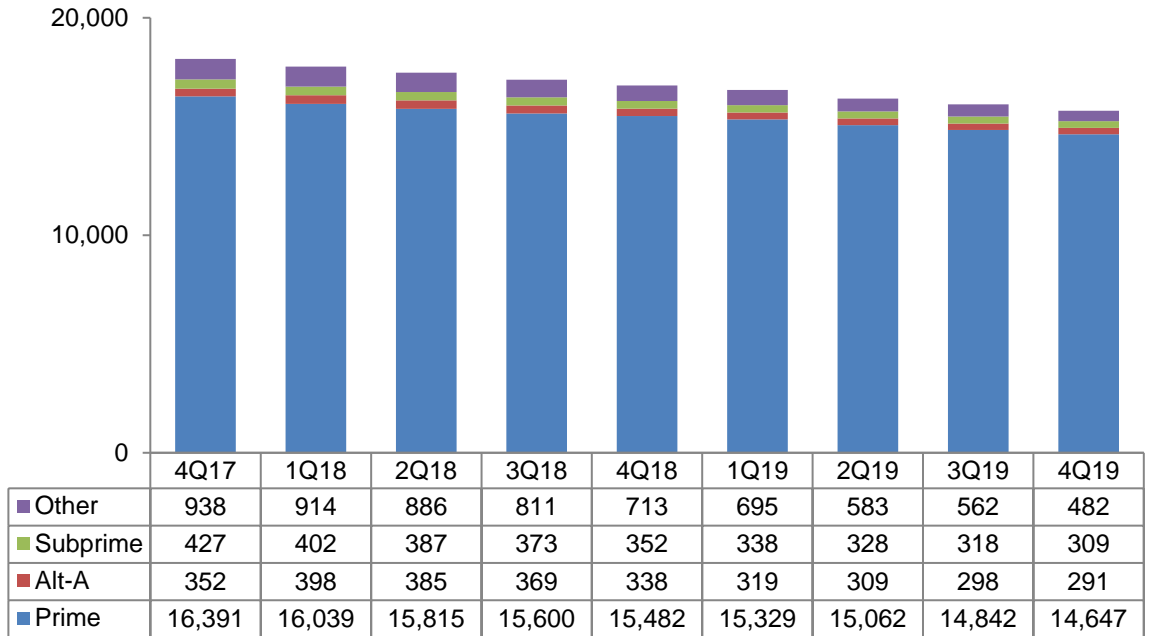


Figure 4 reports the percentage of loans in each risk category and shows that composition has remained relatively stable since the fourth quarter of 2017.

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

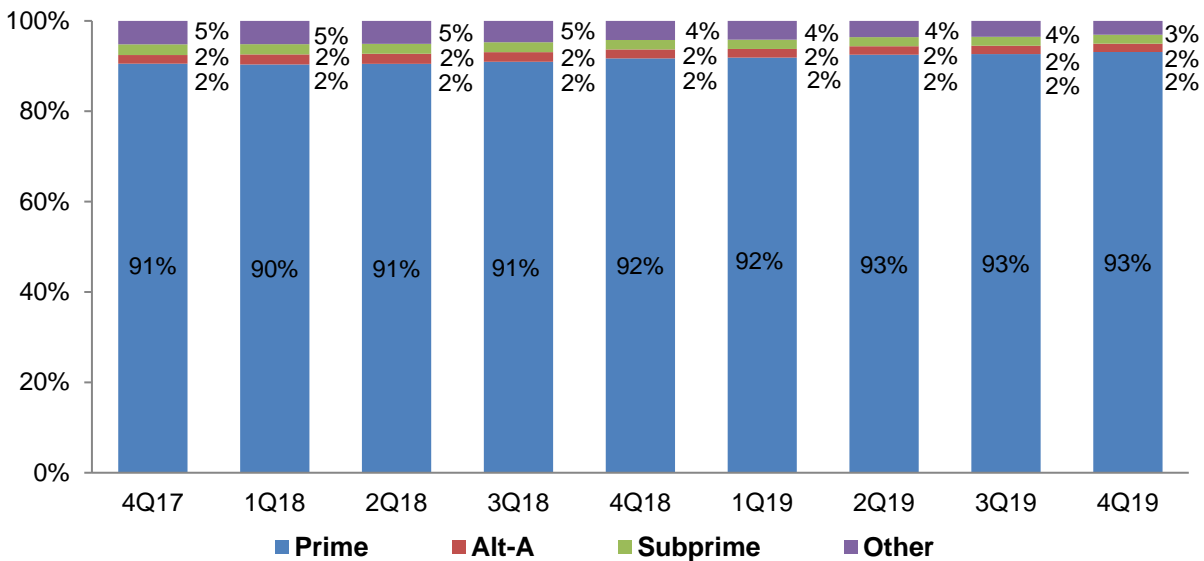


Figure 5 provides the quarterly number of loans in each category of delinquency from the fourth quarter of 2017 through the fourth quarter of 2019.

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

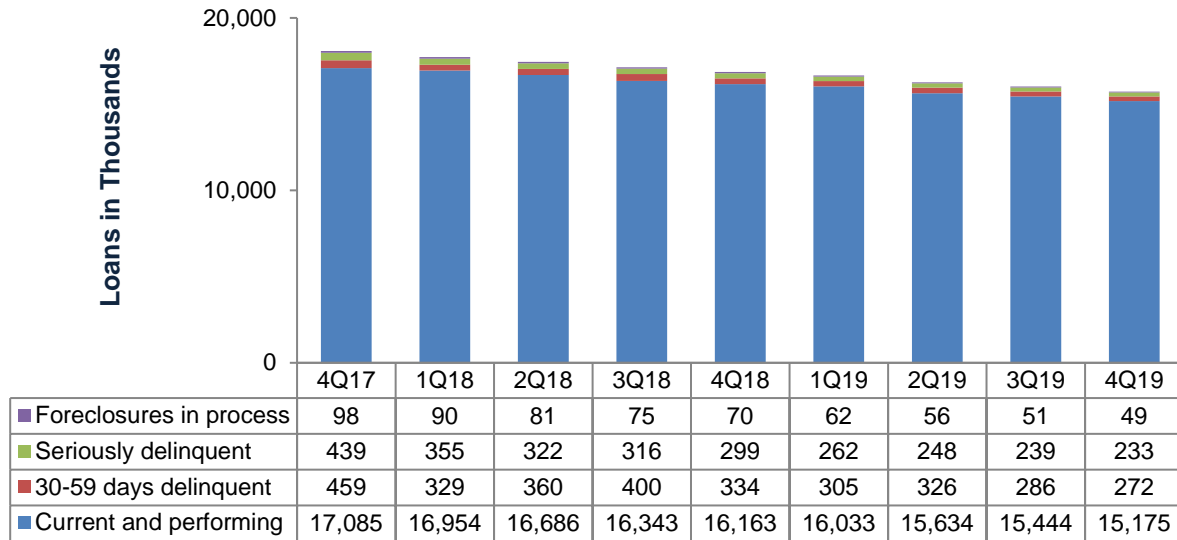


Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the fourth quarter of 2017 through the fourth quarter of 2019. Data show that the concentration of seriously delinquent loans and foreclosures in process remains relatively low.

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

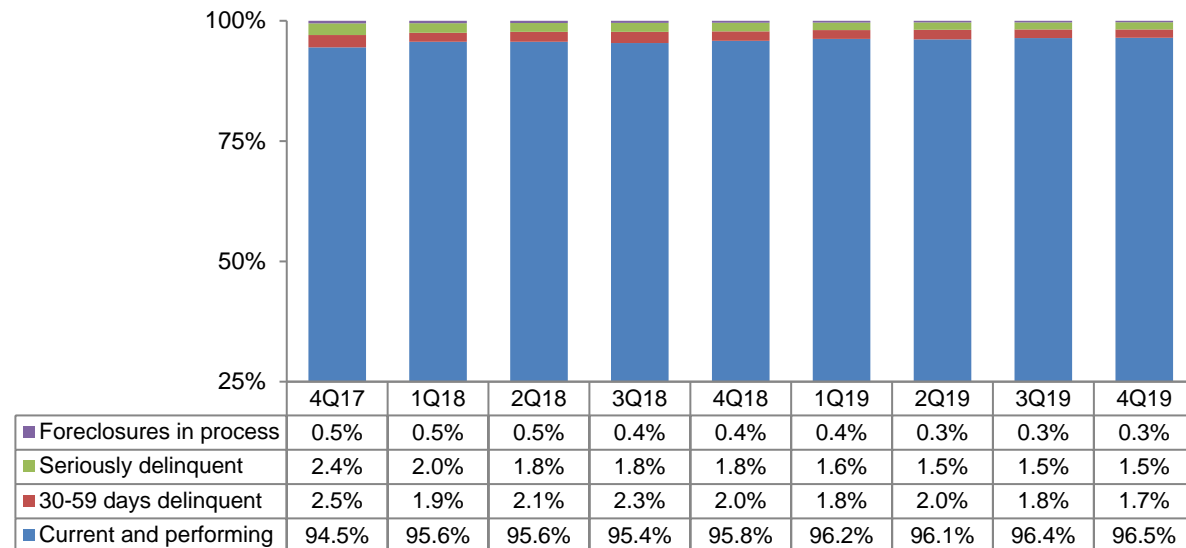


Figure 7 reports the number of new foreclosure actions initiated quarterly from the fourth quarter of 2017 through the fourth quarter of 2019. New foreclosure actions decreased to 22,248 or by 24.6 percent, compared with 29,515 in the fourth quarter of 2018.

Figure 7: Newly Initiated Foreclosures—Loans in Thousands

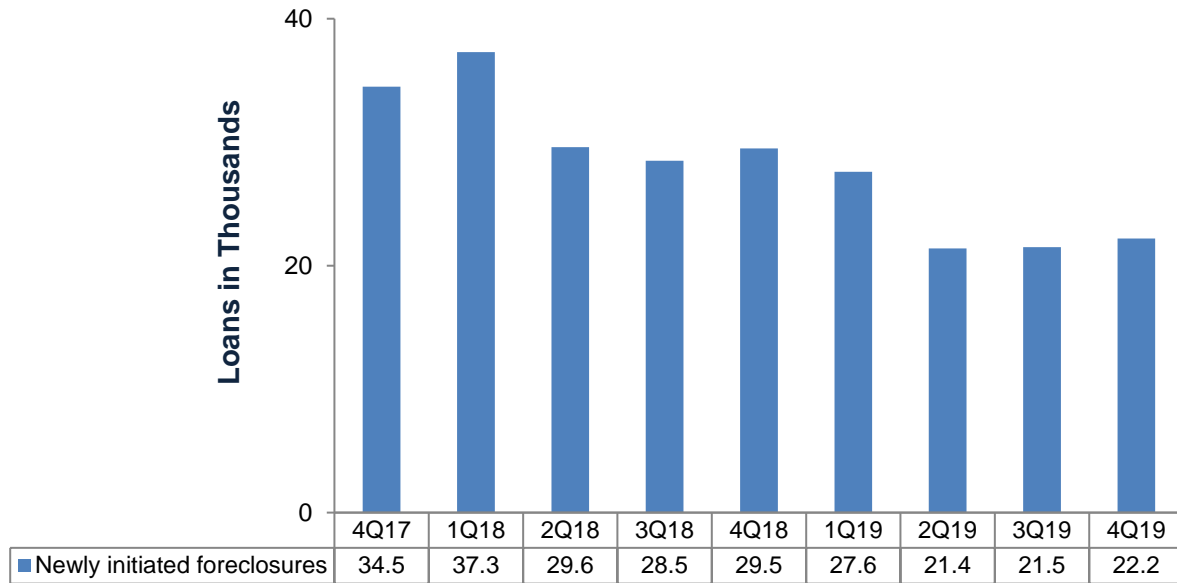
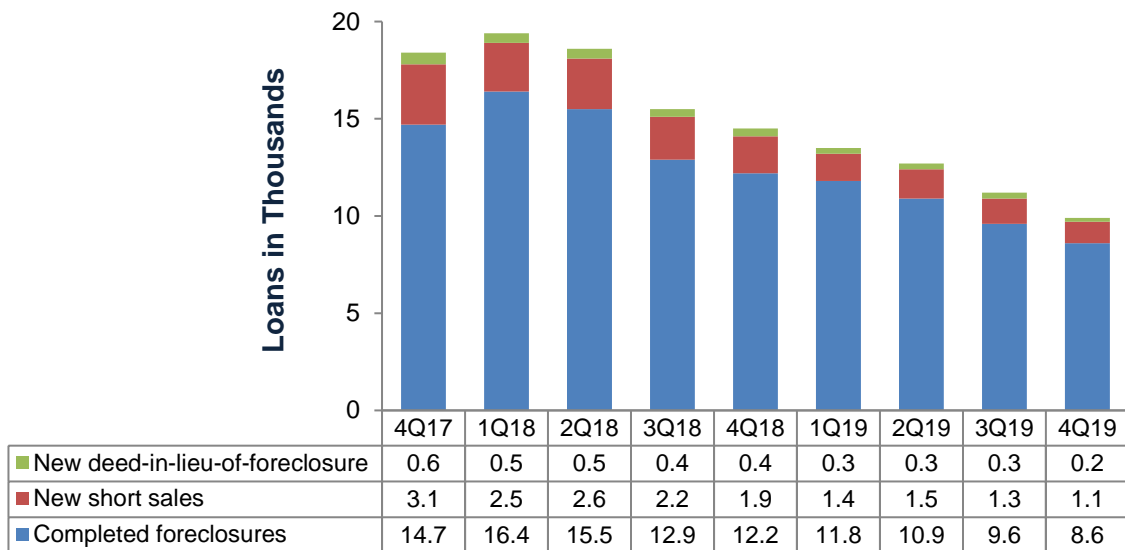


Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the fourth quarter of 2017 through the fourth quarter of 2019. Completed foreclosures and other forfeiture actions decreased 31.5 percent to 9,940 compared with 14,520 in the fourth quarter of 2018.

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



**Table 1. Number of Mortgage Modification Actions
Implemented in the Fourth Quarter of 2019**

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total - all states	83	180	473	0	208	12,054	149	13,147
Alabama	0	4	4	0	7	203	0	218
Alaska	0	1	4	0	1	30	1	37
Arizona	1	5	5	0	1	291	3	306
Arkansas	1	2	6	0	2	128	1	140
California	7	19	22	0	21	721	18	808
Colorado	0	2	6	0	4	127	4	143
Connecticut	1	2	7	0	2	181	2	195
Delaware	0	1	1	0	1	74	2	79
District of Columbia	1	0	2	0	0	32	1	36
Florida	7	9	28	0	17	868	9	938
Georgia	5	9	27	0	10	519	6	576
Hawaii	0	0	0	0	0	22	0	22
Idaho	0	0	1	0	0	34	0	35
Illinois	4	12	30	0	9	672	9	736
Indiana	2	2	8	0	2	354	2	370
Iowa	0	1	3	0	3	100	1	108
Kansas	0	0	4	0	1	91	1	97
Kentucky	1	0	4	0	2	139	1	147
Louisiana	2	8	9	0	4	250	3	276
Maine	0	1	0	0	1	44	1	47
Maryland	6	4	13	0	11	437	7	478
Massachusetts	3	0	10	0	6	148	0	167
Michigan	1	2	8	0	0	240	5	256
Minnesota	0	1	13	0	4	233	2	253
Mississippi	1	4	5	0	3	121	4	138
Missouri	3	2	5	0	3	250	5	268
Montana	0	1	3	0	0	27	0	31
Nebraska	0	0	3	0	0	77	0	80
Nevada	1	0	2	0	0	117	0	120
New Hampshire	1	0	0	0	0	40	0	41
New Jersey	2	2	17	0	10	510	7	548
New Mexico	1	0	1	0	2	72	0	76
New York	3	9	40	0	8	608	9	677
North Carolina	4	10	42	0	11	464	6	537
North Dakota	0	0	0	0	0	14	0	14
Ohio	1	10	8	0	3	515	2	539
Oklahoma	0	5	0	0	1	146	0	152
Oregon	0	4	3	0	3	88	1	99
Pennsylvania	5	7	23	0	10	510	7	562
Rhode Island	0	0	1	0	0	27	0	28
South Carolina	4	1	11	0	5	254	4	279
South Dakota	0	0	0	0	0	21	0	21
Tennessee	2	5	5	0	6	214	5	237
Texas	6	20	51	0	16	1,243	14	1,350
Utah	0	3	4	0	0	80	0	87
Vermont	0	0	0	0	0	14	0	14
Virginia	2	7	18	0	11	376	4	418
Washington	1	3	6	0	2	131	2	145
West Virginia	2	0	0	0	3	33	0	38
Wisconsin	2	2	9	0	2	141	0	156
Wyoming	0	0	1	0	0	21	0	22
Other	0	0	0	0	0	2	0	2

**Table 2. Number of Modification Actions in Combination Actions
Implemented in the Fourth Quarter of 2019**

States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - all states	11,413	6,496	11,279	137	1,769	12,054
Alabama	199	117	187	1	34	203
Alaska	27	11	28	0	3	30
Arizona	278	171	278	1	40	291
Arkansas	124	64	126	0	13	128
California	674	361	628	6	128	721
Colorado	125	61	120	0	10	127
Connecticut	168	97	167	5	48	181
Delaware	66	39	68	2	12	74
District of Columbia	32	16	30	1	6	32
Florida	816	541	800	15	165	868
Georgia	493	275	475	2	72	519
Hawaii	21	7	21	0	4	22
Idaho	33	13	33	0	2	34
Illinois	634	406	634	12	129	672
Indiana	343	227	347	4	34	354
Iowa	95	63	96	0	11	100
Kansas	88	46	84	1	12	91
Kentucky	133	91	134	1	13	139
Louisiana	238	140	236	2	25	250
Maine	41	23	41	1	6	44
Maryland	411	212	405	8	74	437
Massachusetts	139	77	137	3	22	148
Michigan	227	143	229	5	23	240
Minnesota	225	108	228	3	23	233
Mississippi	117	68	115	1	16	121
Missouri	239	132	230	5	41	250
Montana	26	17	26	0	3	27
Nebraska	76	36	75	0	11	77
Nevada	114	74	112	1	14	117
New Hampshire	36	22	36	1	8	40
New Jersey	469	249	480	6	107	510
New Mexico	68	40	69	1	8	72
New York	563	304	571	14	133	608
North Carolina	441	241	436	5	57	464
North Dakota	14	7	13	0	2	14
Ohio	496	304	498	4	47	515
Oklahoma	141	79	140	1	12	146
Oregon	86	40	80	0	9	88
Pennsylvania	479	248	488	9	72	510
Rhode Island	25	13	25	0	7	27
South Carolina	241	143	228	2	33	254
South Dakota	21	8	21	0	2	21
Tennessee	201	109	194	3	32	214
Texas	1,176	656	1,180	3	119	1,243
Utah	78	39	77	0	9	80
Vermont	14	7	12	0	3	14
Virginia	351	189	338	6	55	376
Washington	128	51	120	0	17	131
West Virginia	33	22	32	0	5	33
Wisconsin	131	74	130	2	34	141
Wyoming	17	15	19	0	3	21
Other	2	0	2	0	1	2

Table 3. Changes in Monthly Principal and Interest Payments by State
Modifications Implemented in the Fourth Quarter of 2019

States	Decreased by 20% or more	Decreased by 10% to less than 20%	Decreased by less than 10%	Unchanged	Increased	Not reported	Total modifications
Total - all states	4,990	2,739	2,557	467	2,317	77	13,147
Alabama	88	39	46	16	28	1	218
Alaska	19	7	5	3	3	0	37
Arizona	113	90	69	7	26	1	306
Arkansas	48	28	21	3	36	4	140
California	341	204	139	36	85	3	808
Colorado	51	32	31	8	20	1	143
Connecticut	94	27	39	6	27	2	195
Delaware	42	12	5	4	16	0	79
District of Columbia	15	4	12	0	5	0	36
Florida	356	189	176	25	186	6	938
Georgia	195	118	129	22	110	2	576
Hawaii	9	6	2	0	5	0	22
Idaho	9	8	13	1	4	0	35
Illinois	297	164	122	17	133	3	736
Indiana	141	80	80	2	67	0	370
Iowa	51	15	15	10	16	1	108
Kansas	37	17	16	4	22	1	97
Kentucky	48	39	28	5	24	3	147
Louisiana	103	58	60	12	40	3	276
Maine	18	11	7	2	8	1	47
Maryland	162	85	121	12	94	4	478
Massachusetts	69	31	28	10	29	0	167
Michigan	122	54	48	6	23	3	256
Minnesota	105	54	41	9	43	1	253
Mississippi	47	35	28	5	23	0	138
Missouri	95	54	55	14	46	4	268
Montana	15	6	6	0	4	0	31
Nebraska	26	16	16	1	21	0	80
Nevada	43	30	28	1	18	0	120
New Hampshire	18	13	6	3	1	0	41
New Jersey	232	98	95	17	101	5	548
New Mexico	26	21	15	2	12	0	76
New York	255	124	124	18	154	2	677
North Carolina	172	107	135	28	91	4	537
North Dakota	8	4	0	1	1	0	14
Ohio	193	110	105	6	122	3	539
Oklahoma	57	27	32	5	31	0	152
Oregon	39	25	15	4	15	1	99
Pennsylvania	240	97	111	16	96	2	562
Rhode Island	9	7	5	2	5	0	28
South Carolina	86	61	66	9	54	3	279
South Dakota	3	6	4	0	8	0	21
Tennessee	96	51	43	16	29	2	237
Texas	470	276	254	47	297	6	1,350
Utah	29	25	20	2	10	1	87
Vermont	6	1	2	1	4	0	14
Virginia	153	94	76	27	65	3	418
Washington	53	31	23	8	30	0	145
West Virginia	15	10	4	3	6	0	38
Wisconsin	60	31	33	11	20	1	156
Wyoming	10	7	3	0	2	0	22
Other	1	0	0	0	1	0	2

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	626	527	502	62	1,100	12	2,829
Alabama	13	9	6	0	20	0	48
Alaska	0	0	0	0	1	0	1
Arizona	11	15	6	1	19	0	52
Arkansas	7	9	11	0	12	0	39
California	42	32	18	6	36	0	134
Colorado	3	9	2	0	13	0	27
Connecticut	14	6	3	1	20	1	45
Delaware	2	3	5	3	11	0	24
District of Columbia	1	1	0	0	1	0	3
Florida	49	46	29	6	74	4	208
Georgia	17	30	23	1	68	0	139
Hawaii	1	1	0	0	4	0	6
Idaho	1	1	0	0	4	0	6
Illinois	41	36	30	2	70	0	179
Indiana	28	10	15	1	37	0	91
Iowa	7	8	8	1	10	0	34
Kansas	4	3	3	0	11	0	21
Kentucky	0	2	5	0	12	0	19
Louisiana	17	14	10	4	26	0	71
Maine	3	2	1	0	4	0	10
Maryland	25	16	16	1	44	0	102
Massachusetts	12	7	9	1	13	0	42
Michigan	18	10	10	0	16	0	54
Minnesota	11	12	9	2	15	0	49
Mississippi	7	4	11	1	8	0	31
Missouri	13	11	8	3	15	0	50
Montana	3	0	0	0	2	0	5
Nebraska	4	7	1	1	7	0	20
Nevada	4	10	4	1	11	0	30
New Hampshire	4	3	0	0	1	0	8
New Jersey	23	16	20	1	47	0	107
New Mexico	3	4	3	0	7	0	17
New York	33	28	20	2	47	6	136
North Carolina	23	14	26	5	44	0	112
North Dakota	1	0	1	0	2	0	4
Ohio	22	21	27	0	71	0	141
Oklahoma	11	9	9	0	12	0	41
Oregon	4	2	4	0	2	0	12
Pennsylvania	36	18	23	1	44	0	122
Rhode Island	0	2	0	0	2	0	4
South Carolina	9	13	23	0	23	0	68
South Dakota	2	0	1	0	3	0	6
Tennessee	13	11	14	3	20	0	61
Texas	52	38	53	5	139	0	287
Utah	4	5	2	0	5	0	16
Vermont	1	0	2	0	0	0	3
Virginia	14	17	20	5	19	0	75
Washington	1	4	5	2	14	1	27
West Virginia	3	1	1	2	3	0	10
Wisconsin	9	6	5	0	11	0	31
Wyoming	0	1	0	0	0	0	1
Other	0	0	0	0	0	0	0

Appendix A: Definitions and Method

The *OCC Mortgage Metrics Report* relies on reporting elements and conventions standard in the residential mortgage industry.

Alt-A: Mortgages to prime quality borrowers but do not satisfy the criteria for conforming or jumbo loan programs. For example, these loans may lack high loan-to-value mortgage insurance, have minimal documentation, or be secured by collateral other than the borrower's primary residence. Alt-A mortgages are based on the borrower's credit conditions at origination.

Capitalization: Actions that increase the unpaid principal balance of the loan by the amount of any delinquent payments and fees.

Combination modifications: Modifications that include more than one type of modification action. Most modifications generally require changes to more than one term of a loan to bring a loan current and reduce monthly payments to an amount that is affordable and sustainable.

Foreclosures in process: Mortgages for which servicers have begun formal foreclosure proceedings but have not yet completed the foreclosure process. The foreclosure process varies by state. Many foreclosures in process never result in the loss of borrowers' homes because servicers simultaneously pursue other loss mitigation actions, and borrowers may return their mortgages to current and performing status.

Interest rate reductions and freezes: Actions that reduce or freeze the contractual interest rate of the loan that was in effect before the modification action.

Loan modifications: Actions that contractually change the terms of mortgages with respect to interest rates, maturity, principal, or other terms of the loan.

Other: Mortgages in the portfolio that could not be classified by the bank as Prime, Alt-A, or Subprime. Other mortgages are based on the borrower's credit conditions at origination.

Prime: Mortgages to borrowers underwritten as part of a conforming or jumbo loan program. Typically these borrowers are eligible for standard loan programs and pricing. For example, borrowers typically have mortgage insurance when the loan-to-value exceeds 80 percent of the collateral property value. Prime mortgages are based on the borrower's credit conditions at origination.

Principal deferral modifications: Modifications that remove a portion of the unpaid principal from the amount used to calculate monthly principal and interest payments for a set period. The deferred amount becomes due at the end of the loan term.

Principal reduction modifications: Modifications that permanently reduce the unpaid principal owed on a mortgage.

Re-default: For purposes of this report, a loan is defined as in re-default if it was 60 or more days past due as of the end of the month at which the modification was six months old. For example, a loan that was modified as of June 1, 2019, would be defined as in re-default if it was 60 or more days past due or 30 or more days past due and in the process of foreclosure as of its December 31, 2019, reporting date.

Seriously delinquent loans: Mortgages that are 60 or more days past due and all mortgages held by bankrupt borrowers whose payments are 30 or more days past due.

Subprime: Mortgages to borrowers that display a range of credit risk characteristics that may include a weakened credit history, reduced repayment capacity, or incomplete credit history. A weakened credit history may include prior delinquencies, judgments, bankruptcies, or foreclosures on the credit report at the time of underwriting. Subprime mortgages are based on the borrower's credit conditions at origination.

Term extensions: Actions that delay the final maturity date of the loan that was in effect before the modification action.

OCC Mortgage Metrics Report Method

Loan delinquencies are reported using the Mortgage Bankers Association convention that a loan is past due when a scheduled payment has not been made by the due date of the following scheduled payment. The statistics are based on the number of loans, unless stated otherwise.

Percentages are rounded to one decimal place unless the result is less than 0.1 percent, which is rounded to two decimal places. The report uses whole numbers when approximating. Values in tables may not total 100 percent because of rounding.

Results are not seasonally adjusted.