

# OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

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First Quarter 2017

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

July 2017

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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.<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 first 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 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 March 31, 2017, the reporting banks serviced approximately 19.5 million first-lien mortgage loans with \$3.42 trillion in unpaid principal balances (see figures 1 and 2). This \$3.42 trillion was 35 percent of all residential mortgage debt outstanding in the United States.<sup>2</sup>
- The overall performance of mortgages this quarter showed continued improvement from a year earlier. The percentage of mortgages that were current and performing at the end of the first quarter of 2017 was 95.6 percent, compared with 94.9 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 when servicers and borrowers cannot arrange a permanent loss mitigation action, modification, home sale, or alternate workout solution. Servicers initiated 47,546 new foreclosures in the first quarter of 2017, an increase of 4.5 percent from the previous quarter and decrease of 19.3 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 25.3 percent from a year earlier to 28,696 (see figure 8).

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

Servicers completed 35,137 modifications during the first quarter of 2017, an 8.7 percent increase from the prior quarter's 32,312 modifications.

- Of these 35,137 modifications, 33,194, or 94.5 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 1,943, 1,823 loan modifications received a single action and 120 modifications were not assigned a modification type (see table 1).
- Among the 33,194 combination modifications completed during the quarter, 92.0 percent included capitalization of delinquent interest and fees, 82.1 percent included an interest rate reduction or freeze, 90.5 percent included a term extension, 4.9 percent included principal reduction, and 10.8 percent included principal deferral (see table 2).
- Of these 35,137 modifications completed during the quarter, 31,015, or 88.3 percent, reduced the loan's pre-modification monthly payment (see table 3).

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

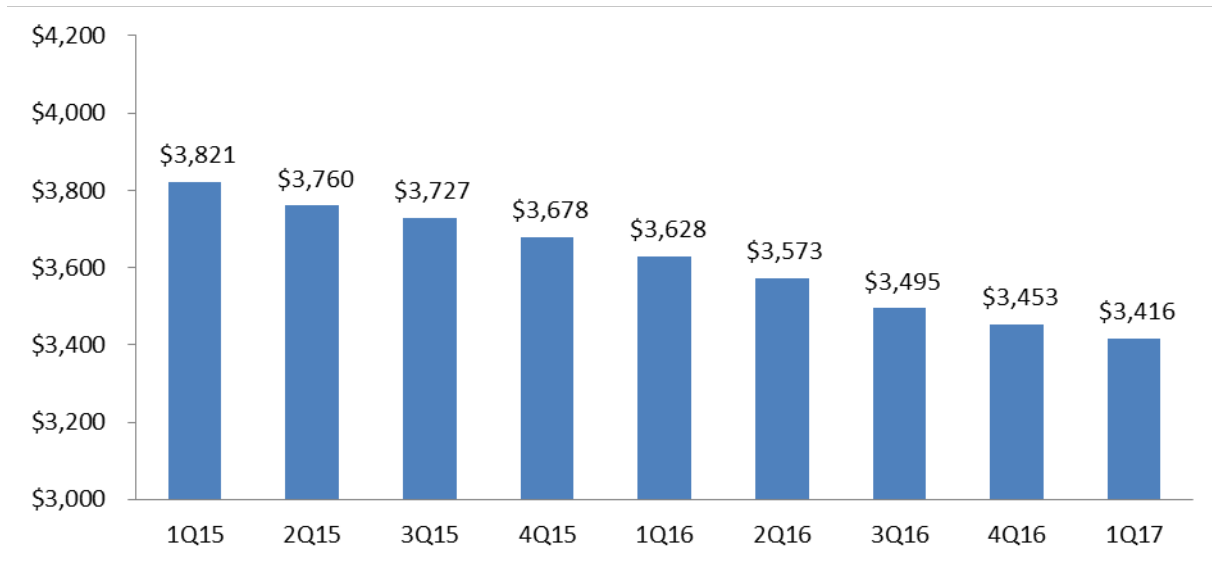
The third quarter of 2016 is the first quarter for which all loans modified during that quarter could have aged at least six months by March 31, 2017. Of the 35,642 modifications that were completed during the third quarter of 2016, servicers reported that 4,386, or 12.3 percent, were 60 or more days 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 March 31, 2017.

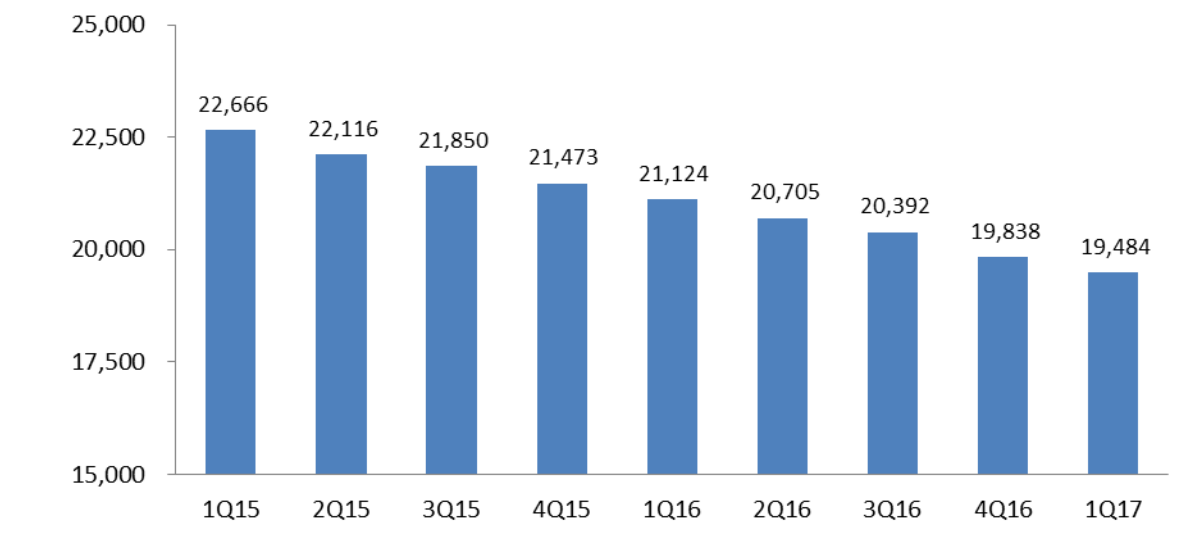
**Figure 1. Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions**

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



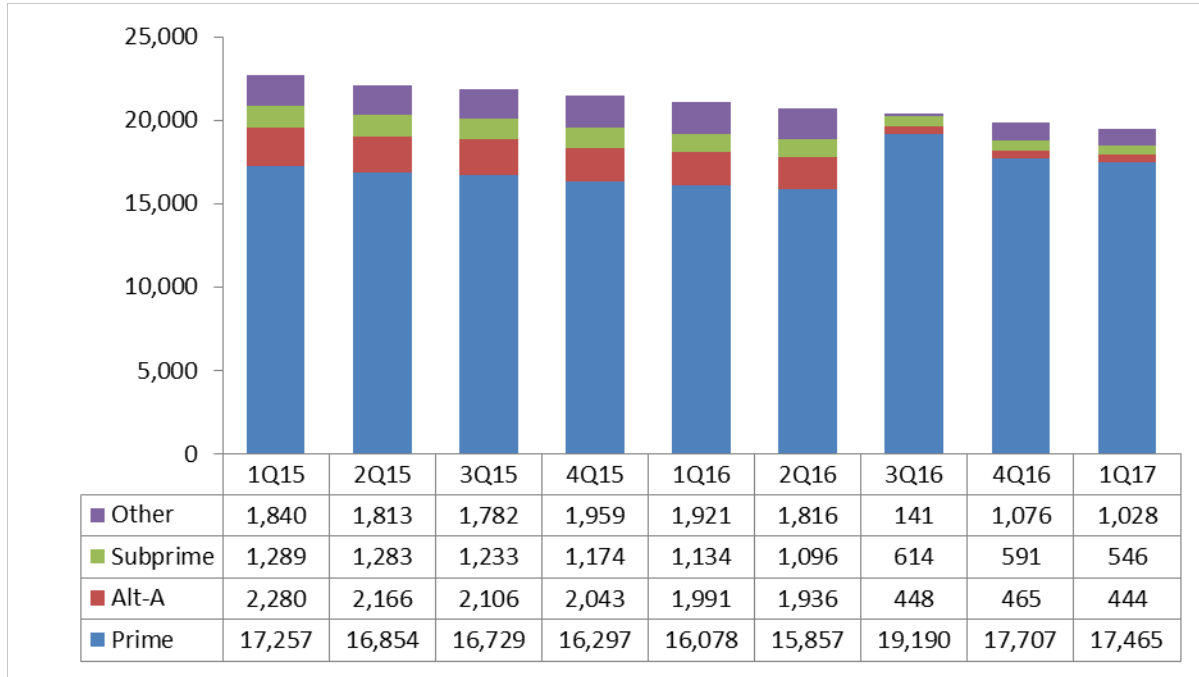
**Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands**

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 first quarter of 2015 through the first quarter of 2017.



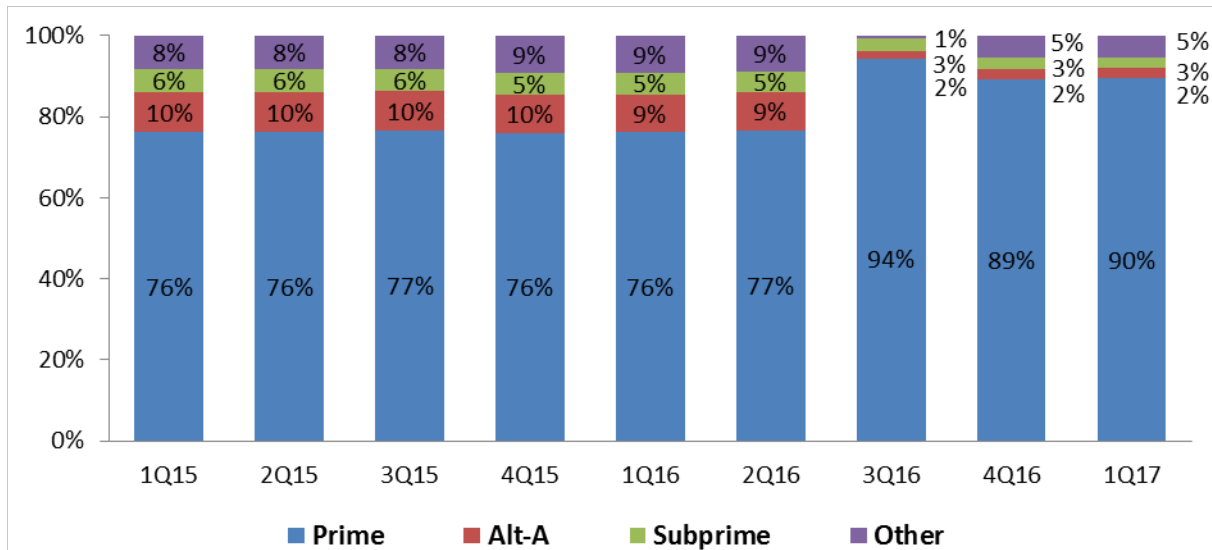
**Figure 3. Composition—Loans in Thousands by Borrower Risk Category**

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



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

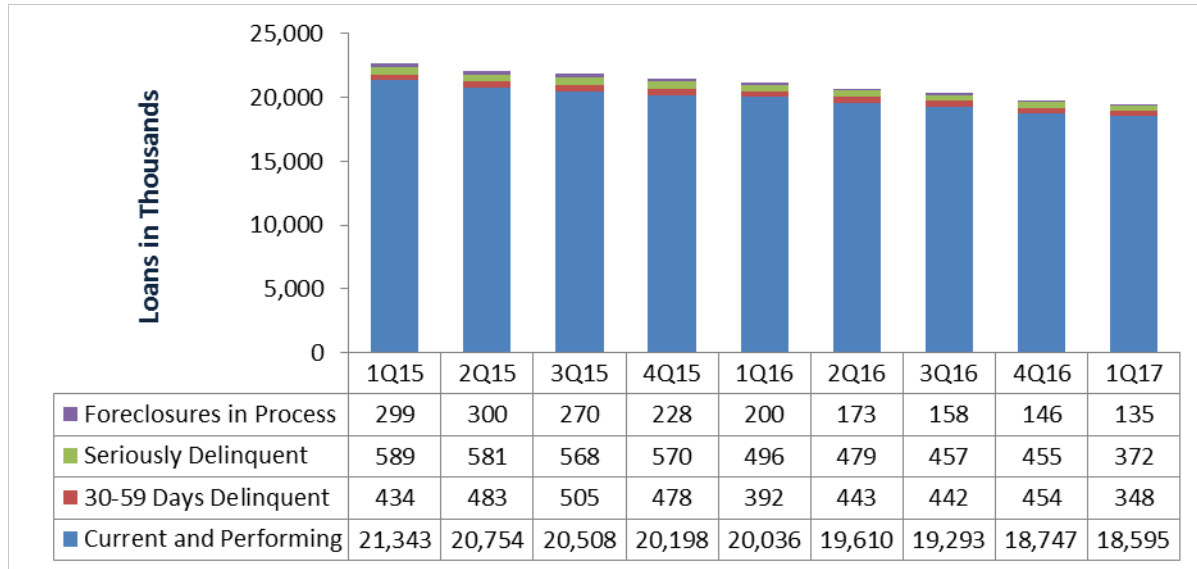
Figure 4 reports the percentage of loans in each risk category and shows that composition had remained relatively stable from the first quarter of 2015 through the second quarter of 2016. The first quarter of 2017 is the third consecutive quarter that banks have reported risk categories based on their internal credit scoring systems.



<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.

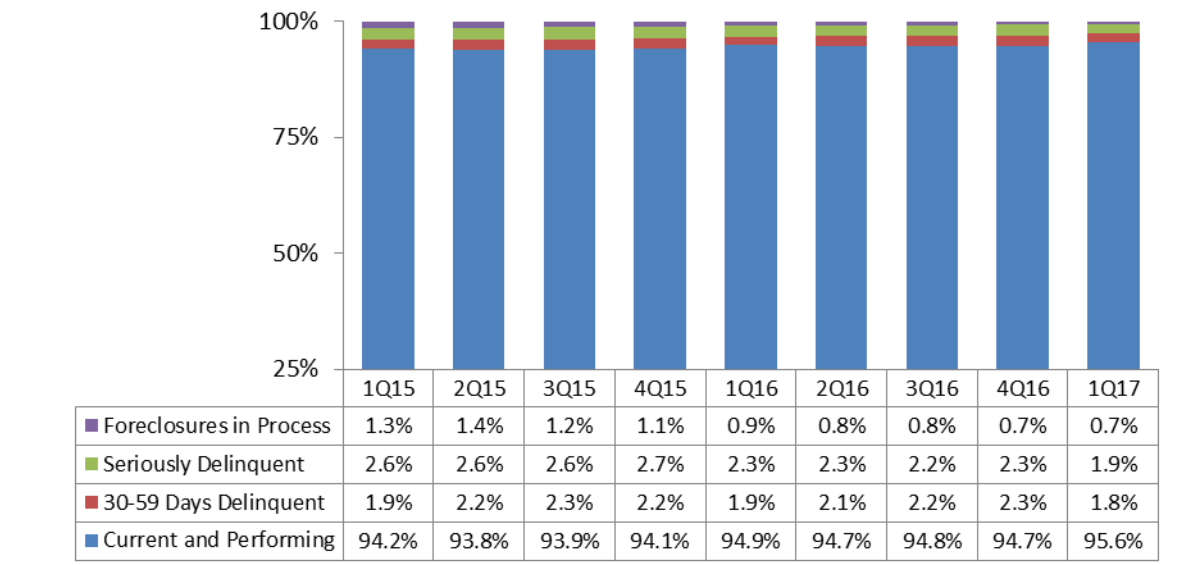
**Figure 5. Number of Loans in Delinquency and Foreclosures in Process**

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



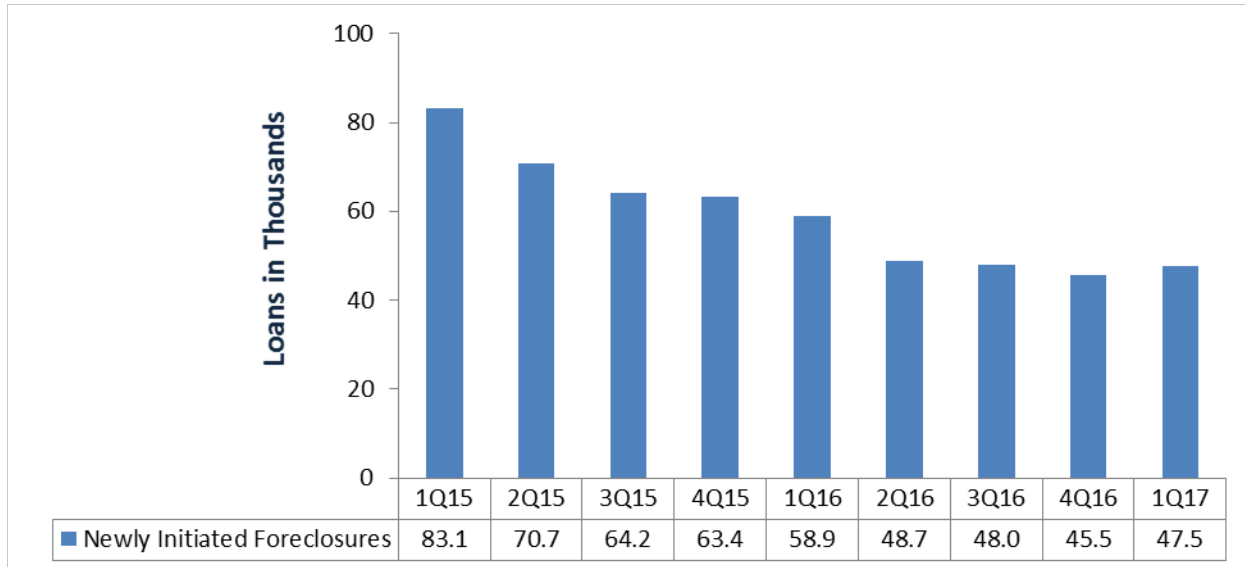
**Figure 6. Percentage of Loans Current and Performing and in Delinquency**

Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the first quarter of 2015 through the first quarter of 2017. Data show that the concentration of seriously delinquent loans and foreclosures in process continues to decline.



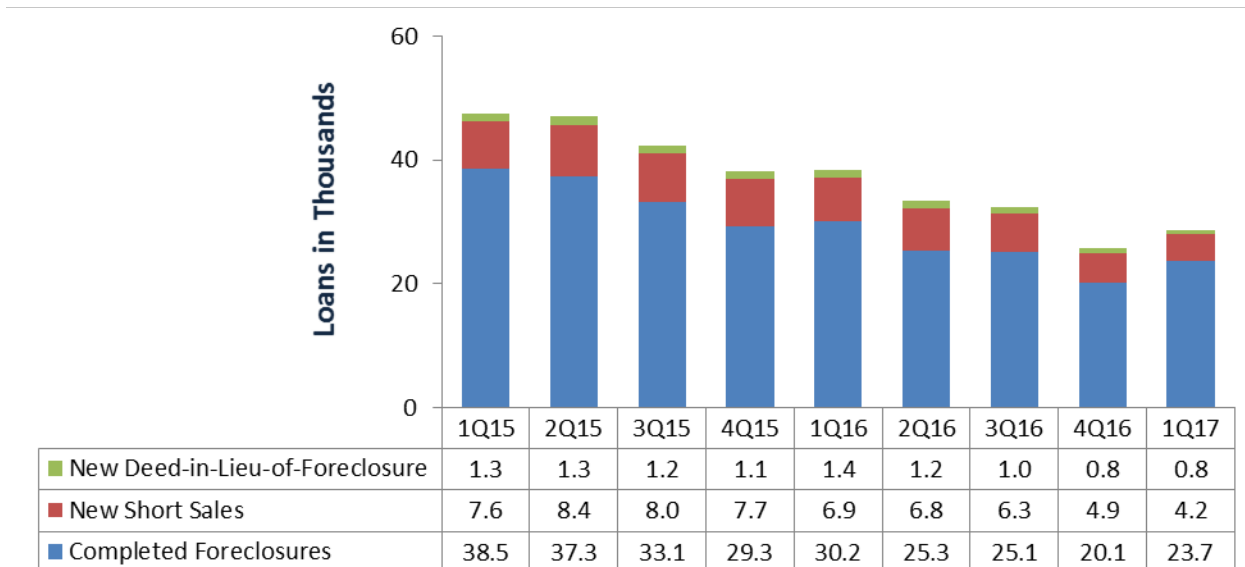
**Figure 7. Newly Initiated Foreclosures—Loans in Thousands**

Figure 7 reports the number of new foreclosure actions initiated quarterly from the first quarter of 2015 through the first quarter of 2017. New foreclosure actions increased 4.5 percent to 47,546 during the first quarter of 2017, the first quarter-over-quarter increase in two years.



**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 first quarter of 2015 through the first quarter of 2017. Completed foreclosures and other forfeiture actions increased 11.1 percent to 28,696, the first quarter-over-quarter increase in over a year.





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

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	758	158	597	51	259	33,194	120	35,137
Alabama	15	3	5	-	1	546	-	570
Alaska	-	-	3	-	2	36	-	41
Arizona	16	4	13	-	6	605	3	647
Arkansas	9	2	6	-	-	261	-	278
California	71	43	43	9	60	2,584	23	2,833
Colorado	5	1	9	-	2	368	1	386
Connecticut	16	1	13	-	2	482	3	517
Delaware	4	-	4	-	-	214	-	222
District of Columbia	1	3	2	-	1	78	-	85
Florida	52	14	25	7	14	2,246	11	2,369
Georgia	48	5	31	2	8	1,590	5	1,689
Hawaii	2	-	-	1	-	68	-	71
Idaho	3	-	4	-	1	104	1	113
Illinois	26	3	35	5	8	1,846	12	1,935
Indiana	13	1	10	-	7	828	2	861
Iowa	2	1	1	-	1	259	-	264
Kansas	4	-	7	-	4	242	-	257
Kentucky	12	-	4	-	2	341	2	361
Louisiana	24	1	8	-	8	619	1	661
Maine	6	1	3	1	-	113	-	124
Maryland	40	13	33	5	7	1,205	8	1,311
Massachusetts	8	7	16	1	3	495	5	535
Michigan	16	6	8	-	2	649	1	682
Minnesota	12	3	5	-	5	554	1	580
Mississippi	12	-	6	-	5	237	2	262
Missouri	11	-	10	-	2	675	-	698
Montana	3	1	4	-	1	63	-	72
Nebraska	3	-	1	-	3	177	-	184
Nevada	8	-	5	-	2	301	1	317
New Hampshire	3	1	1	-	-	108	-	113
New Jersey	29	4	35	5	16	1,605	5	1,699
New Mexico	8	-	2	-	1	203	-	214
New York	21	6	48	5	13	1,933	7	2,033
North Carolina	45	2	20	-	7	1,185	4	1,263
North Dakota	-	-	1	-	-	17	-	18
Ohio	21	2	11	1	8	1,409	1	1,453
Oklahoma	7	1	5	-	2	385	1	401
Oregon	7	2	2	-	-	246	2	259
Pennsylvania	19	4	28	3	15	1,565	2	1,636
Rhode Island	3	-	6	-	1	130	-	140
South Carolina	22	-	8	1	5	547	2	585
South Dakota	1	-	1	-	-	33	-	35
Tennessee	18	2	15	1	7	614	1	658
Texas	53	10	50	1	9	3,003	5	3,131
Utah	7	-	8	-	5	222	-	242
Vermont	1	-	-	-	-	30	-	31
Virginia	27	2	24	2	7	996	5	1,063
Washington	10	3	12	1	3	553	1	583
West Virginia	5	4	1	-	-	103	-	113
Wisconsin	7	2	5	-	2	459	2	477
Wyoming	2	-	-	-	1	52	-	55
Other	-	-	-	-	-	10	-	10

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

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	30,530	27,240	30,043	1,617	3,590	33,194
Alabama	511	443	486	19	40	546
Alaska	30	25	36	1	3	36
Arizona	552	490	556	24	60	605
Arkansas	249	225	242	4	11	261
California	2,388	2,015	2,089	236	389	2,584
Colorado	336	290	331	1	23	368
Connecticut	424	398	443	39	72	482
Delaware	195	177	194	11	16	214
District of Columbia	74	59	67	4	10	78
Florida	2,111	1,838	1,955	207	393	2,246
Georgia	1,438	1,295	1,457	65	150	1,590
Hawaii	67	50	55	2	6	68
Idaho	93	86	97	3	3	104
Illinois	1,696	1,602	1,683	134	361	1,846
Indiana	777	712	772	24	58	828
Iowa	244	212	240	4	16	259
Kansas	226	200	224	4	10	242
Kentucky	315	283	323	8	14	341
Louisiana	569	497	553	28	47	619
Maine	109	90	101	4	10	113
Maryland	1,098	1,011	1,056	87	138	1,205
Massachusetts	458	412	447	24	54	495
Michigan	587	527	600	33	49	649
Minnesota	520	443	517	17	37	554
Mississippi	215	200	208	5	13	237
Missouri	647	582	644	23	57	675
Montana	59	45	60	1	2	63
Nebraska	164	152	164	1	8	177
Nevada	277	244	265	21	43	301
New Hampshire	101	80	99	4	6	108
New Jersey	1,472	1,292	1,453	135	303	1,605
New Mexico	183	164	180	9	16	203
New York	1,779	1,548	1,745	110	307	1,933
North Carolina	1,099	933	1,095	20	82	1,185
North Dakota	17	16	16	-	1	17
Ohio	1,316	1,260	1,310	59	119	1,409
Oklahoma	359	331	354	5	14	385
Oregon	229	184	216	7	22	246
Pennsylvania	1,411	1,262	1,457	63	162	1,565
Rhode Island	114	108	117	10	18	130
South Carolina	512	429	506	20	43	547
South Dakota	29	27	30	-	1	33
Tennessee	563	515	555	16	36	614
Texas	2,677	2,561	2,825	36	141	3,003
Utah	201	176	211	1	10	222
Vermont	28	25	28	2	4	30
Virginia	919	787	887	40	94	996
Washington	509	425	517	12	38	553
West Virginia	97	82	92	4	4	103
Wisconsin	434	378	427	30	66	459
Wyoming	44	45	49	-	7	52
Other	8	9	9	-	3	10

**Table 3. Changes in Monthly Principal and Interest Payments by State**  
Modifications Implemented in the First 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	17,215	7,507	6,293	261	3,645	217	35,137
Alabama	274	122	107	5	58	4	570
Alaska	23	8	6	2	2	-	41
Arizona	304	153	130	6	50	4	647
Arkansas	122	65	42	1	47	1	278
California	1,546	618	386	33	238	12	2,833
Colorado	180	101	84	2	19	-	386
Connecticut	266	106	83	2	58	2	517
Delaware	102	49	41	-	27	3	222
District of Columbia	36	21	20	1	6	1	85
Florida	1,197	469	381	15	295	12	2,369
Georgia	804	388	318	10	165	5	1,689
Hawaii	41	7	14	-	9	-	71
Idaho	49	34	17	-	13	-	113
Illinois	1,069	360	284	9	190	23	1,935
Indiana	380	188	197	9	83	4	861
Iowa	130	56	44	1	33	-	264
Kansas	124	48	53	4	28	-	257
Kentucky	146	88	74	4	44	5	361
Louisiana	321	130	113	7	88	2	661
Maine	48	23	27	-	26	-	124
Maryland	615	267	261	6	149	13	1,311
Massachusetts	247	104	112	2	68	2	535
Michigan	332	154	135	4	47	10	682
Minnesota	278	125	108	3	66	-	580
Mississippi	137	46	39	5	34	1	262
Missouri	346	145	150	3	53	1	698
Montana	29	22	12	-	9	-	72
Nebraska	95	34	42	2	11	-	184
Nevada	170	56	56	1	32	2	317
New Hampshire	57	20	25	1	10	-	113
New Jersey	858	353	272	3	199	14	1,699
New Mexico	109	43	32	2	28	-	214
New York	989	450	313	24	244	13	2,033
North Carolina	559	313	236	12	135	8	1,263
North Dakota	10	5	3	-	-	-	18
Ohio	689	282	293	7	168	14	1,453
Oklahoma	192	90	70	3	46	-	401
Oregon	119	66	47	-	26	1	259
Pennsylvania	796	339	300	19	140	42	1,636
Rhode Island	86	25	17	1	11	-	140
South Carolina	265	127	116	5	71	1	585
South Dakota	13	7	10	-	5	-	35
Tennessee	335	136	113	9	65	-	658
Texas	1,515	694	596	16	302	8	3,131
Utah	101	61	53	4	23	-	242
Vermont	19	3	7	-	2	-	31
Virginia	494	242	211	10	102	4	1,063
Washington	269	138	109	3	62	2	583
West Virginia	58	24	17	-	14	-	113
Wisconsin	235	89	107	3	40	3	477
Wyoming	27	12	10	2	4	-	55
Other	9	1	-	-	-	-	10

**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	1,448	981	1,043	57	846	11	4,386
Alabama	17	19	22	2	18	-	78
Alaska	1	-	1	-	-	-	2
Arizona	24	18	14	-	15	-	71
Arkansas	17	10	17	-	10	-	54
California	73	61	67	5	41	-	247
Colorado	13	11	17	1	2	-	44
Connecticut	15	21	23	-	12	-	71
Delaware	12	7	12	1	9	1	42
District of Columbia	2	2	2	-	-	-	6
Florida	94	54	58	2	54	1	263
Georgia	75	47	45	6	36	-	209
Hawaii	1	1	2	-	2	-	6
Idaho	3	6	5	-	-	-	14
Illinois	105	42	50	1	41	1	240
Indiana	40	33	36	2	33	-	144
Iowa	9	6	19	-	4	-	38
Kansas	18	8	9	-	4	-	39
Kentucky	11	9	10	3	10	-	43
Louisiana	28	15	17	1	22	-	83
Maine	2	1	5	1	4	-	13
Maryland	55	33	44	1	34	1	168
Massachusetts	23	19	20	-	16	-	78
Michigan	30	17	26	1	14	-	88
Minnesota	18	25	16	1	26	1	87
Mississippi	17	9	12	1	4	1	44
Missouri	22	19	12	2	19	-	74
Montana	6	3	9	-	2	-	20
Nebraska	6	6	4	1	2	-	19
Nevada	12	6	5	1	7	-	31
New Hampshire	6	6	3	-	2	-	17
New Jersey	72	42	53	3	46	-	216
New Mexico	7	3	8	-	3	-	21
New York	75	56	47	5	63	2	248
North Carolina	60	46	28	2	32	-	168
North Dakota	3	3	1	-	1	-	8
Ohio	55	35	53	3	45	-	191
Oklahoma	22	15	8	-	13	-	58
Oregon	4	8	6	-	4	-	22
Pennsylvania	76	54	50	2	34	1	217
Rhode Island	12	-	2	-	3	-	17
South Carolina	35	24	23	2	25	-	109
South Dakota	5	-	2	-	-	-	7
Tennessee	30	18	14	-	14	-	76
Texas	121	78	91	6	70	2	368
Utah	12	12	9	-	13	-	46
Vermont	2	-	1	-	2	-	5
Virginia	39	28	38	-	16	-	121
Washington	30	17	10	-	7	-	64
West Virginia	4	4	-	-	2	-	10
Wisconsin	26	20	17	1	9	-	73
Wyoming	3	2	-	-	1	-	6
Other	-	2	-	-	-	-	2

## **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.