

# OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

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Third Quarter 2017

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

December 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 third 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 refinance of a first-lien mortgage 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.

## Overall Mortgage Portfolio and Performance

- As of September 30, 2017, the reporting banks serviced approximately 18.4 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 third quarter of 2017 and the same period last year, was 94.8 percent (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 34,266 new foreclosures in the third quarter of 2017, a decrease of 4.7 percent from the previous quarter and a decrease of 28.5 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 31.4 percent from a year earlier to 22,275 (see figure 8).

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

Servicers completed 25,799 modifications during the third quarter of 2017, a 15.5 percent decrease from the prior quarter's 30,523 modifications.

- Of these 25,799 modifications, 23,174, or 89.8 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 2,625, 2,537 loan modifications received a single action and 88 modifications were not assigned a modification type (see table 1).
- Among the 23,174 combination modifications completed during the quarter, 95.2 percent included capitalization of delinquent interest and fees, 62.6 percent included an interest rate reduction or freeze, 91.1 percent included a term extension, 3.6 percent included principal reduction, and 9.8 percent included principal deferral (see table 2).
- Of the 25,799 modifications completed during the quarter, 20,146, or 78.1 percent, reduced the loan's pre-modification monthly payment (see table 3).

## Modified Loan Performance

The first quarter of 2017 is the first quarter for which all loans modified during that quarter could have aged at least six months by September 30, 2017. Of the 35,137 modifications that were completed during the first quarter of 2017, servicers reported that 4,973, or 14.2 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).

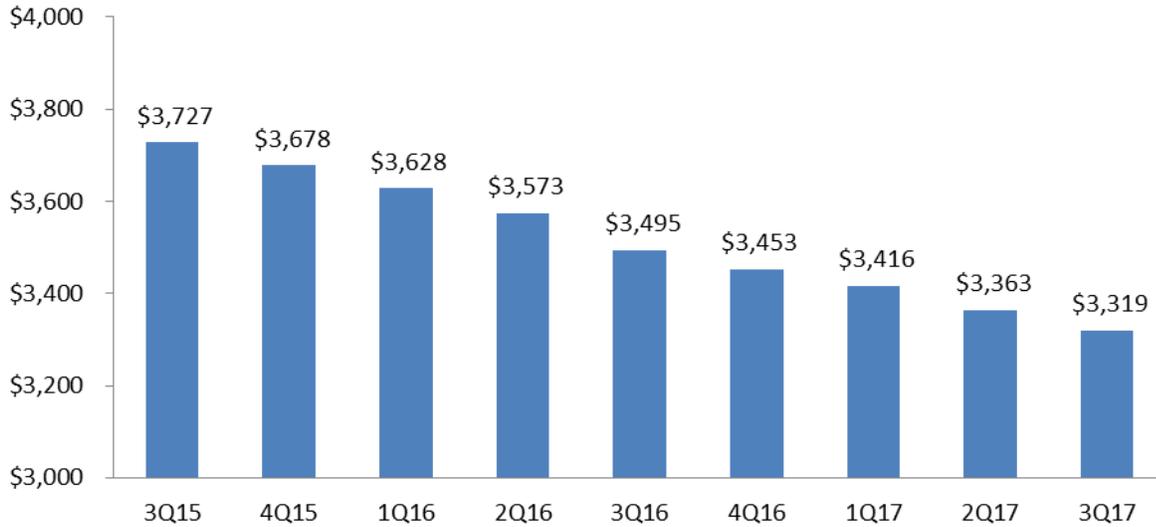
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<sup>2</sup> Residential mortgage debt is determined using the quarterly Federal Reserve Statistical Release, Z.1 Financial Accounts of the United States, Table L.218 Home Mortgages, Household Sector liabilities, data as of September 30, 2017.

**Figures and Tables**

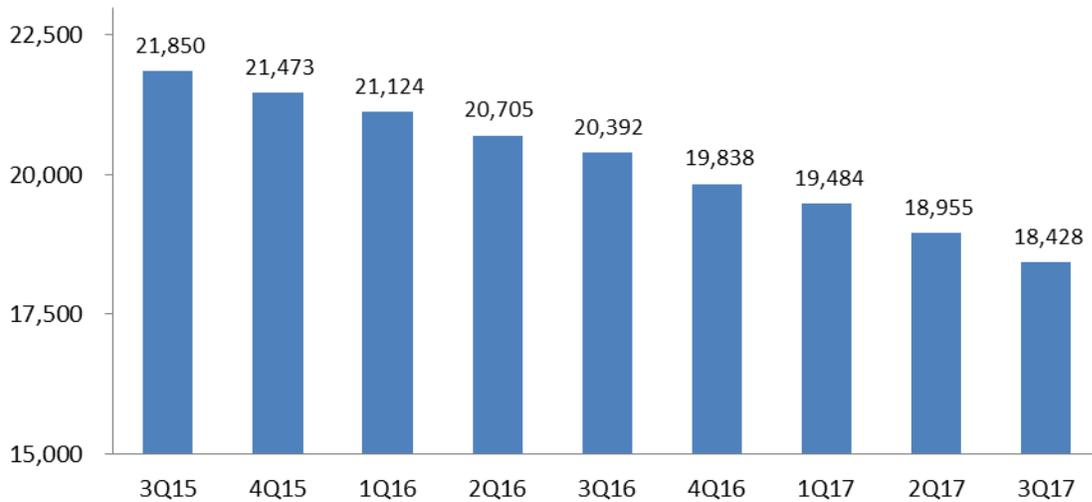
**Figure 1. Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions**

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



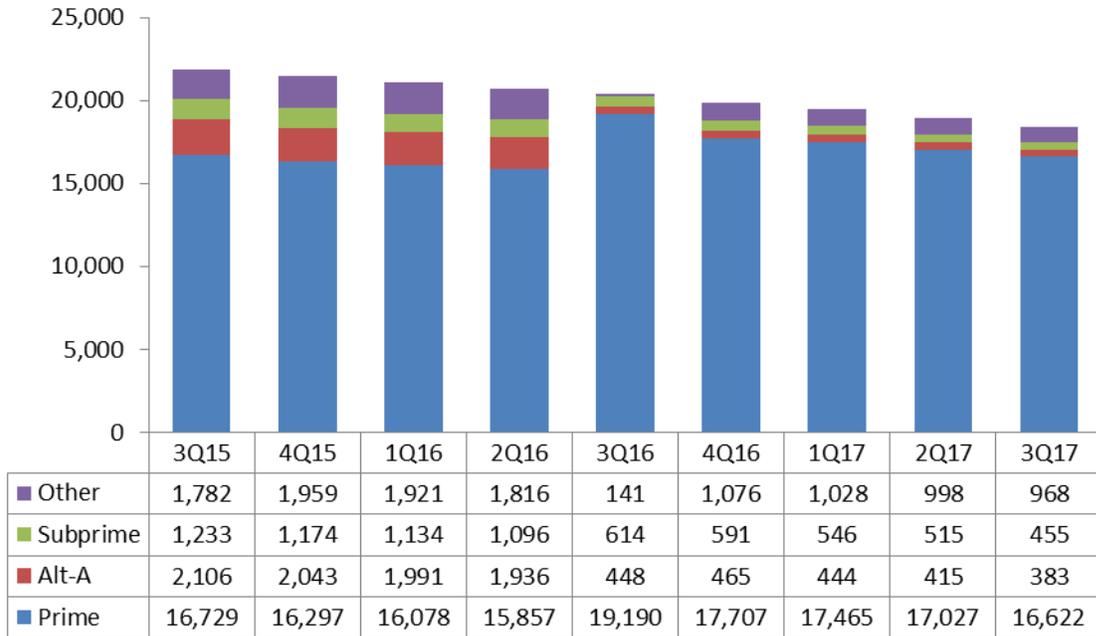
**Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands**

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 third quarter of 2015 through the third quarter of 2017.



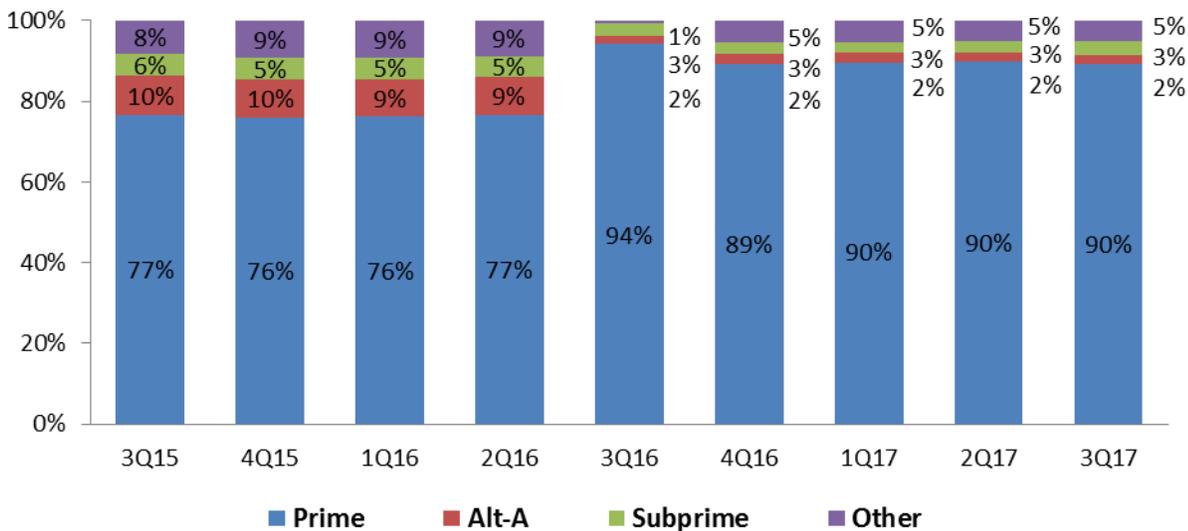
**Figure 3. Composition—Loans in Thousands by Borrower Risk Category**

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



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

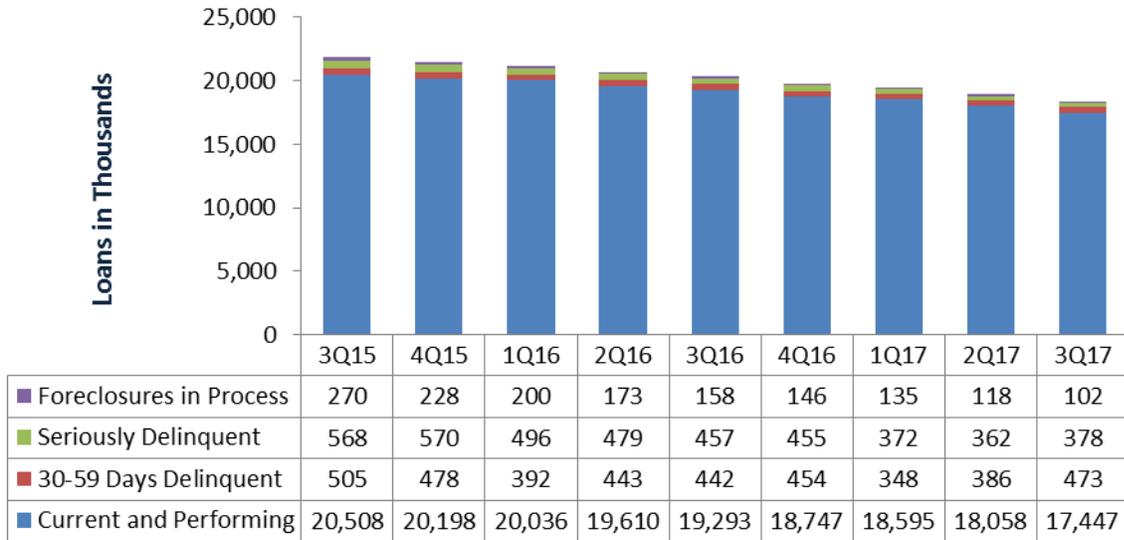
Figure 4 reports the percentage of loans in each risk category and shows that composition has remained relatively stable during the past five quarters.



<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 the appendix.

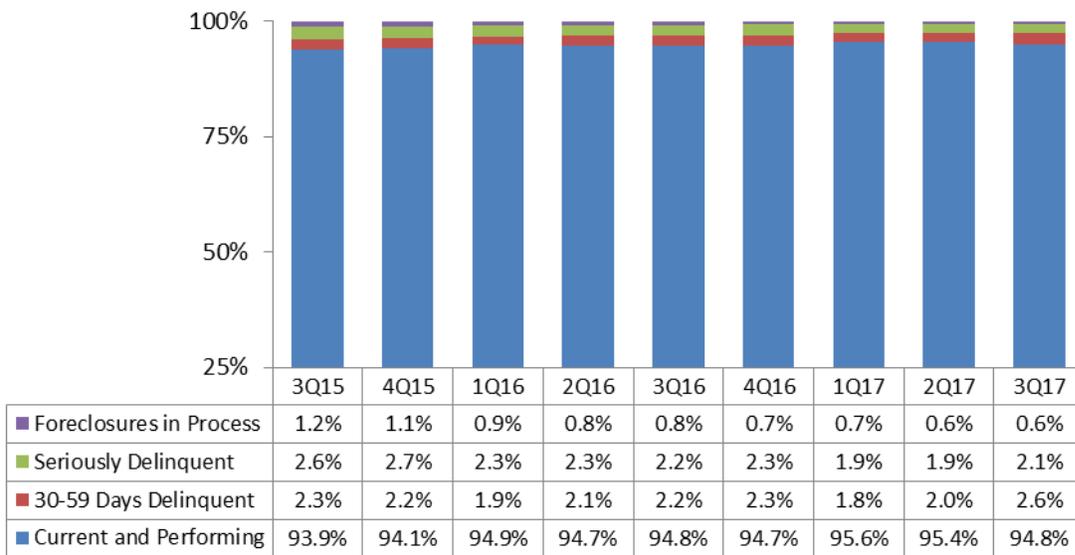
**Figure 5. Number of Loans in Delinquency and Foreclosures in Process**

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



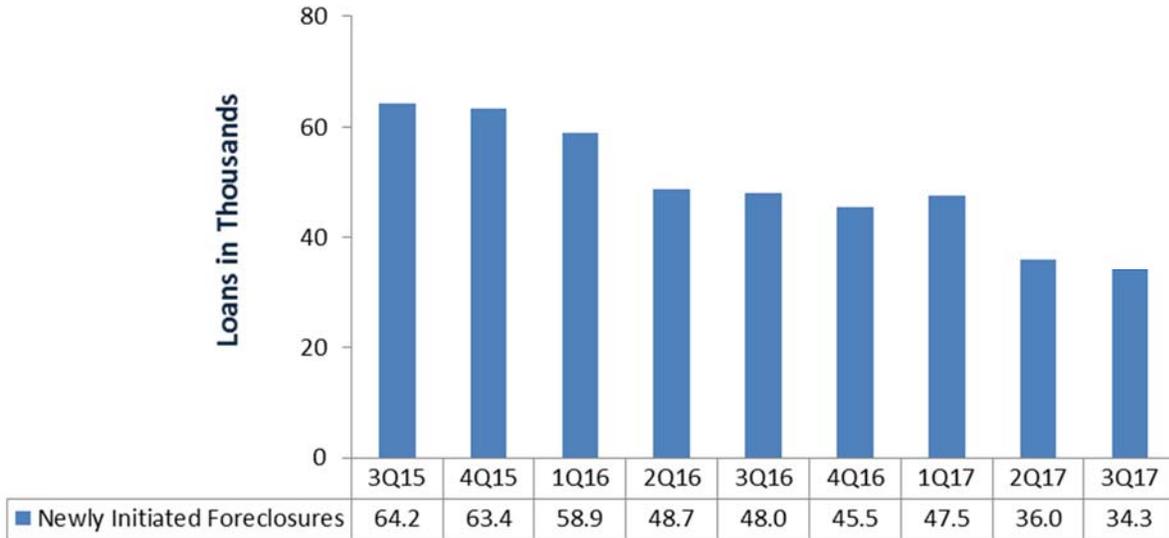
**Figure 6. Percentage of Loans Current and Performing and in Delinquency**

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



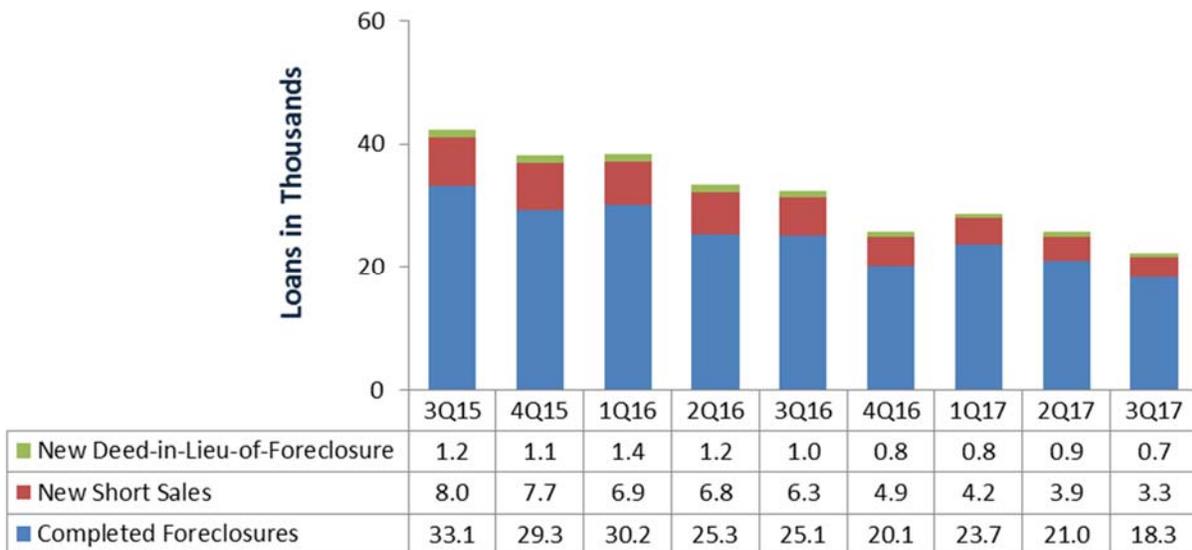
**Figure 7. Newly Initiated Foreclosures—Loans in Thousands**

Figure 7 reports the number of new foreclosure actions initiated quarterly from the third quarter of 2015 through the third quarter of 2017. New foreclosure actions decreased 4.7 percent to 34,266 during the third 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 third quarter of 2015 through the third quarter of 2017. Completed foreclosures and other forfeiture actions decreased 13.6 percent to 22,275 during the third quarter of 2017.



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

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	643	151	1,473	16	254	23,174	88	25,799
Alabama	8	-	21	-	2	388	1	420
Alaska	-	-	8	-	-	36	-	44
Arizona	10	1	32	-	8	451	2	504
Arkansas	9	-	14	-	2	235	-	260
California	84	25	119	1	50	1,458	29	1,766
Colorado	4	3	21	-	3	259	1	291
Connecticut	12	1	37	-	3	370	1	424
Delaware	5	1	10	-	1	193	1	211
District of Columbia	2	-	4	-	-	47	1	54
Florida	46	14	59	1	16	1,445	4	1,585
Georgia	51	10	79	2	6	1,103	10	1,261
Hawaii	2	-	1	-	-	49	-	52
Idaho	-	-	7	-	-	81	-	88
Illinois	31	6	63	2	8	1,334	3	1,447
Indiana	9	2	26	-	5	653	-	695
Iowa	4	2	12	-	2	203	1	224
Kansas	2	1	9	-	3	167	1	183
Kentucky	5	2	11	-	4	219	1	242
Louisiana	22	3	16	-	2	619	-	662
Maine	2	-	4	-	-	69	-	75
Maryland	27	-	78	1	7	792	2	907
Massachusetts	16	2	29	-	4	341	-	392
Michigan	22	3	23	-	3	447	2	500
Minnesota	7	1	27	-	5	458	-	498
Mississippi	10	2	5	-	-	202	-	219
Missouri	6	2	24	-	6	487	1	526
Montana	-	-	4	-	-	40	-	44
Nebraska	1	2	7	-	1	133	1	145
Nevada	6	2	12	1	2	195	-	218
New Hampshire	1	-	7	-	-	53	-	61
New Jersey	19	7	81	1	9	1,079	3	1,199
New Mexico	3	2	5	1	-	144	-	155
New York	18	9	100	1	12	1,258	6	1,404
North Carolina	18	7	61	1	7	881	4	979
North Dakota	1	-	1	-	1	16	-	19
Ohio	8	1	29	1	12	1,090	3	1,144
Oklahoma	8	1	11	-	5	303	-	328
Oregon	7	1	8	1	-	175	-	192
Pennsylvania	23	11	62	-	12	1,082	1	1,191
Rhode Island	-	-	12	-	1	47	-	60
South Carolina	17	3	14	1	6	478	2	521
South Dakota	-	-	1	-	2	26	-	29
Tennessee	12	3	24	-	5	445	-	489
Texas	50	7	159	1	10	2,034	2	2,263
Utah	1	1	21	-	1	164	-	188
Vermont	6	-	1	-	-	26	-	33
Virginia	22	7	59	-	11	599	2	700
Washington	11	4	31	-	11	375	1	433
West Virginia	3	1	1	-	1	70	-	76
Wisconsin	12	1	17	-	5	303	1	339
Wyoming	-	-	5	-	-	46	-	51
Other	-	-	1	-	-	6	1	8

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

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	22,068	14,496	21,118	823	2,281	23,174
Alabama	368	251	361	9	29	388
Alaska	31	17	33	1	2	36
Arizona	433	289	418	8	37	451
Arkansas	228	153	213	3	10	235
California	1,386	916	1,134	112	212	1,458
Colorado	249	148	241	3	10	259
Connecticut	357	227	334	27	77	370
Delaware	187	114	182	6	23	193
District of Columbia	43	29	42	1	-	47
Florida	1,387	964	1,279	78	219	1,445
Georgia	1,037	693	1,018	26	85	1,103
Hawaii	48	32	39	1	10	49
Idaho	78	49	73	1	5	81
Illinois	1,278	829	1,223	77	186	1,334
Indiana	629	438	622	13	35	653
Iowa	194	116	194	1	10	203
Kansas	164	95	158	4	4	167
Kentucky	209	127	206	-	13	219
Louisiana	607	374	566	16	53	619
Maine	68	37	64	1	2	69
Maryland	753	484	702	47	106	792
Massachusetts	323	217	306	19	43	341
Michigan	428	281	404	17	28	447
Minnesota	446	243	439	8	18	458
Mississippi	189	123	174	10	19	202
Missouri	472	276	459	21	30	487
Montana	38	17	39	-	3	40
Nebraska	128	81	126	1	10	133
Nevada	181	134	173	13	19	195
New Hampshire	50	31	50	-	3	53
New Jersey	998	654	966	87	200	1,079
New Mexico	139	90	137	4	7	144
New York	1,200	801	1,157	44	189	1,258
North Carolina	838	502	835	8	69	881
North Dakota	16	11	16	-	1	16
Ohio	1,050	778	1,038	25	75	1,090
Oklahoma	293	209	290	2	7	303
Oregon	170	93	157	5	16	175
Pennsylvania	1,005	638	1,014	28	129	1,082
Rhode Island	43	26	42	3	3	47
South Carolina	464	289	447	7	40	478
South Dakota	26	14	25	1	2	26
Tennessee	415	315	365	15	27	445
Texas	1,899	1,340	1,926	14	50	2,034
Utah	157	90	155	2	10	164
Vermont	22	15	22	-	-	26
Virginia	570	360	532	19	63	599
Washington	363	211	331	11	35	375
West Virginia	70	40	64	4	5	70
Wisconsin	295	204	278	20	47	303
Wyoming	41	26	45	-	4	46
Other	5	5	4	-	1	6

**Table 3. Changes in Monthly Principal and Interest Payments by State**  
Modifications Implemented in the Third 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	10,448	4,956	4,742	297	5,143	194	25,799
Alabama	179	77	80	3	77	4	420
Alaska	20	13	6	-	5	-	44
Arizona	215	98	114	8	69	1	504
Arkansas	96	43	52	2	65	1	260
California	798	386	267	39	254	21	1,766
Colorado	110	62	66	5	47	-	291
Connecticut	190	84	63	5	81	1	424
Delaware	85	32	40	2	48	2	211
District of Columbia	21	8	9	-	12	4	54
Florida	672	320	288	18	274	11	1,585
Georgia	504	236	255	9	252	4	1,261
Hawaii	19	10	15	-	7	1	52
Idaho	28	21	20	-	19	-	88
Illinois	618	267	220	9	328	3	1,447
Indiana	236	106	157	9	178	10	695
Iowa	77	40	48	4	54	-	224
Kansas	69	39	38	1	36	-	183
Kentucky	101	34	48	4	47	7	242
Louisiana	197	169	157	4	133	2	662
Maine	21	23	12	-	19	-	75
Maryland	382	169	172	11	168	2	907
Massachusetts	167	68	61	5	90	1	392
Michigan	206	88	124	3	75	4	500
Minnesota	181	112	94	4	104	-	498
Mississippi	89	29	38	-	63	-	219
Missouri	198	92	102	8	125	1	526
Montana	9	11	13	-	11	-	44
Nebraska	46	34	26	1	37	-	145
Nevada	98	40	32	-	48	-	218
New Hampshire	25	16	13	-	7	-	61
New Jersey	530	231	177	10	234	18	1,199
New Mexico	68	29	26	1	31	-	155
New York	562	272	228	17	298	28	1,404
North Carolina	371	211	198	8	182	9	979
North Dakota	3	5	7	1	3	-	19
Ohio	450	191	198	14	276	15	1,144
Oklahoma	126	58	64	6	74	-	328
Oregon	78	47	33	2	32	-	192
Pennsylvania	485	193	221	15	240	37	1,191
Rhode Island	26	12	10	1	11	-	60
South Carolina	192	95	117	9	107	1	521
South Dakota	12	5	4	2	6	-	29
Tennessee	220	82	92	6	89	-	489
Texas	899	448	403	20	491	2	2,263
Utah	78	37	34	1	38	-	188
Vermont	10	7	2	-	12	-	33
Virginia	309	121	137	13	115	4	700
Washington	166	97	82	12	75	-	433
West Virginia	40	12	10	1	13	-	76
Wisconsin	137	63	60	4	75	-	339
Wyoming	23	13	9	-	6	-	51
Other	6	-	-	-	2	-	8

<b>Table 4. Number of Re-Defaults for Loans Modified Six Months Previously</b>							
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	1,618	1,153	1,198	15	971	18	4,973
Alabama	35	16	34	-	22	1	108
Alaska	2	2	3	-	1	-	8
Arizona	24	27	19	1	15	-	86
Arkansas	11	10	10	-	22	-	53
California	98	70	52	-	42	1	263
Colorado	17	16	16	-	7	-	56
Connecticut	27	22	14	-	17	-	80
Delaware	9	7	11	-	5	-	32
District of Columbia	3	2	6	-	2	-	13
Florida	81	49	67	1	60	1	259
Georgia	71	59	56	2	51	-	239
Hawaii	3	1	1	-	4	-	9
Idaho	5	7	4	-	5	-	21
Illinois	96	51	46	2	39	2	236
Indiana	48	34	37	1	19	-	139
Iowa	15	7	9	-	6	-	37
Kansas	11	11	10	-	14	-	46
Kentucky	12	17	14	1	14	1	59
Louisiana	46	23	27	1	31	-	128
Maine	3	3	4	-	8	-	18
Maryland	46	49	51	-	49	-	195
Massachusetts	28	18	21	-	21	-	88
Michigan	31	18	30	-	11	1	91
Minnesota	25	23	12	1	15	-	76
Mississippi	15	14	12	-	15	-	56
Missouri	41	28	45	1	15	-	130
Montana	1	3	4	-	3	-	11
Nebraska	15	7	14	-	2	-	38
Nevada	14	8	9	-	3	-	34
New Hampshire	4	5	1	-	2	-	12
New Jersey	80	53	48	-	41	-	222
New Mexico	10	5	9	-	8	-	32
New York	84	56	45	-	58	3	246
North Carolina	57	46	55	-	37	1	196
North Dakota	1	1	2	-	-	-	4
Ohio	75	41	51	-	38	-	205
Oklahoma	27	13	16	1	15	-	72
Oregon	4	10	8	-	3	-	25
Pennsylvania	92	63	65	1	46	4	271
Rhode Island	9	3	1	-	2	-	15
South Carolina	26	14	23	-	22	-	85
South Dakota	3	4	2	-	3	-	12
Tennessee	30	27	20	-	18	-	95
Texas	163	129	123	1	86	3	505
Utah	7	6	11	-	10	-	34
Vermont	2	-	2	-	-	-	4
Virginia	48	41	38	-	41	-	168
Washington	31	12	13	-	10	-	66
West Virginia	3	4	4	-	3	-	14
Wisconsin	24	16	22	1	8	-	71
Wyoming	5	2	1	-	2	-	10
Other	-	-	-	-	-	-	-

## 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.