

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Third Quarter 2022

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 third quarter of 2022 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, and home equity conversion mortgages (reverse mortgages).
- For loans in forbearance covered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, reporting banks are following guidance from the Department of Housing and Urban Development, Federal Housing Finance Administration, and the respective government agencies and government-sponsored entities for the calculation and reporting of delinquency and credit bureau reporting.

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 September 30, 2022, the reporting banks serviced approximately 12 million first-lien residential mortgage loans with \$2.7 trillion in unpaid principal balances (see figures 1 and 2). This \$2.7 trillion was 22 percent of all residential mortgage debt outstanding in the United States.²
- Overall mortgage performance this quarter improved from the third quarter of 2021. The percentage of mortgages that were current and performing at the end of the third quarter of 2022 was 97.2 percent compared with 95.6 percent at the end of the third quarter of 2021 (see figure 6). The CARES Act, signed into law on March 27, 2020, and extended on February 18, 2022, allows for loan forbearance that can extend up to 360 days and is reflected in the mortgage performance data.
- Servicers initiated 9,835 new foreclosures in the third quarter of 2022, a decrease from the prior quarter, but a higher volume than a year earlier (see figure 7). The new foreclosure volume in the third quarter of 2022 is lower than pre-COVID-19 pandemic foreclosure volumes. Home forfeiture actions during the third quarter of 2022—completed foreclosure sales, short sales, and deed-in-lieu-of-foreclosure actions—increased 48.3 percent from a year earlier to 2,712 (see figure 8). Events associated with the COVID-19 pandemic, including foreclosure moratoriums that began March 18, 2020, and were extended to July 31, 2021, have significantly affected these metrics.

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 16,160 modifications during the third quarter of 2022, a 42.5 percent decrease from the previous quarter's 28,109 modifications.

- Of these 16,160 modifications, 15,037, or 93.1 percent, were “combination modifications”—modifications that included multiple actions affecting the affordability and sustainability of the loan, such as an interest rate reduction and a term extension. Of the remaining 1,123 loan modifications, 748 received a single action and 375 were not assigned a modification type (see table 1).
- Among the 15,037 combination modifications completed during the quarter, 12,816, or 85.2 percent, included capitalization of delinquent interest and fees; 12,396 or 82.4 percent, included a term extension; 10,842, or 72.1 percent, included an interest rate reduction or freeze; 4,847, or 32.2 percent, included principal deferral; and 25, or 0.2 percent, included principal reduction (see table 2).
- Of the 16,160 modifications completed during the quarter, 11,696, or 72.4 percent, reduced the loan's pre-modification monthly payment (see table 3).

² Residential mortgage debt is determined using the quarterly Federal Reserve Statistical Release, “Z.1: Financial Accounts of the United States,” table L.218, “One-to-Four-Family Residential Mortgages,” household sector liabilities. Data as of September 30, 2022.

Modified Loan Performance

By September 30, 2022, all loans modified during the first quarter of 2022 would have aged at least six months. Of the 42,427 modifications completed during the first quarter of 2022, servicers reported that 3,952, or 9.3 percent, were 60 or more days past due or in the process of foreclosure at the end of the month that the modification became six months old (see table 4).

Figure 1 shows the outstanding principal balance of reported loans and the change in the amount of unpaid balances from the third quarter of 2020 through the third quarter of 2022.

Figure 1: Total Serviced Mortgage Portfolio—Outstanding Principal in Billions of Dollars

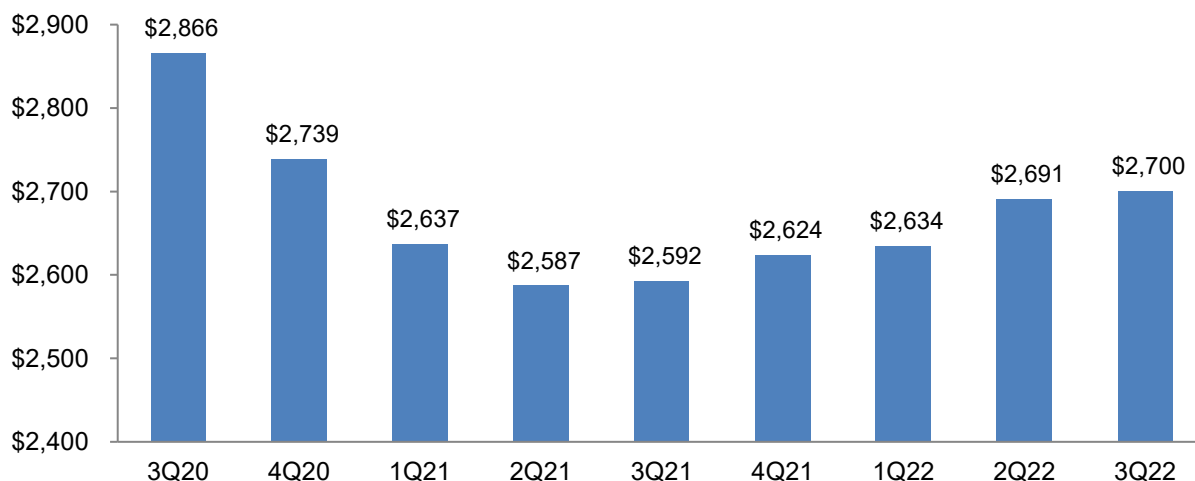


Figure 2 shows the number of first-lien residential mortgages serviced and the decline in loans from the third quarter of 2020 through the third quarter of 2022.

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

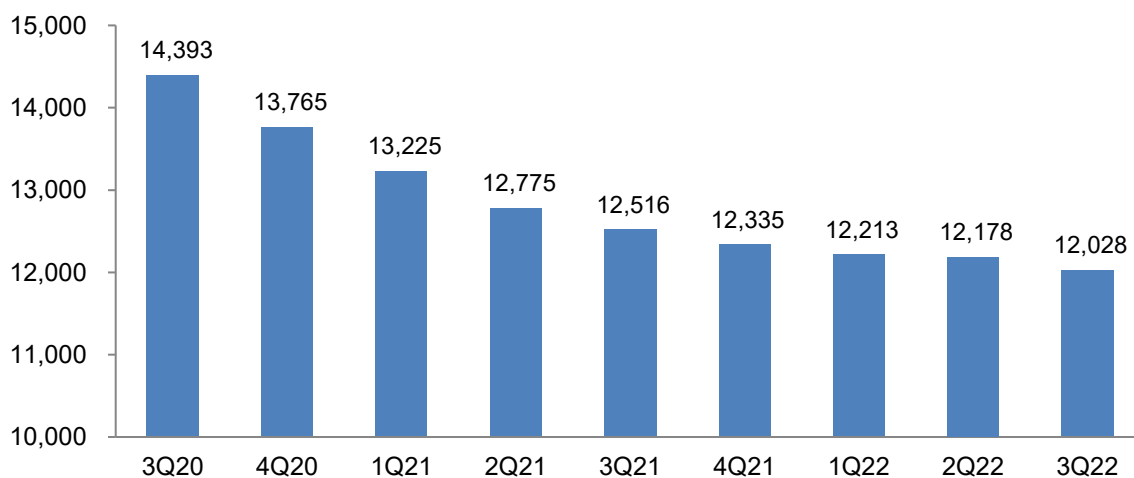


Figure 3 shows the number of loans in each risk category and the decline in each category from the third quarter of 2020 through the third quarter of 2022.

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

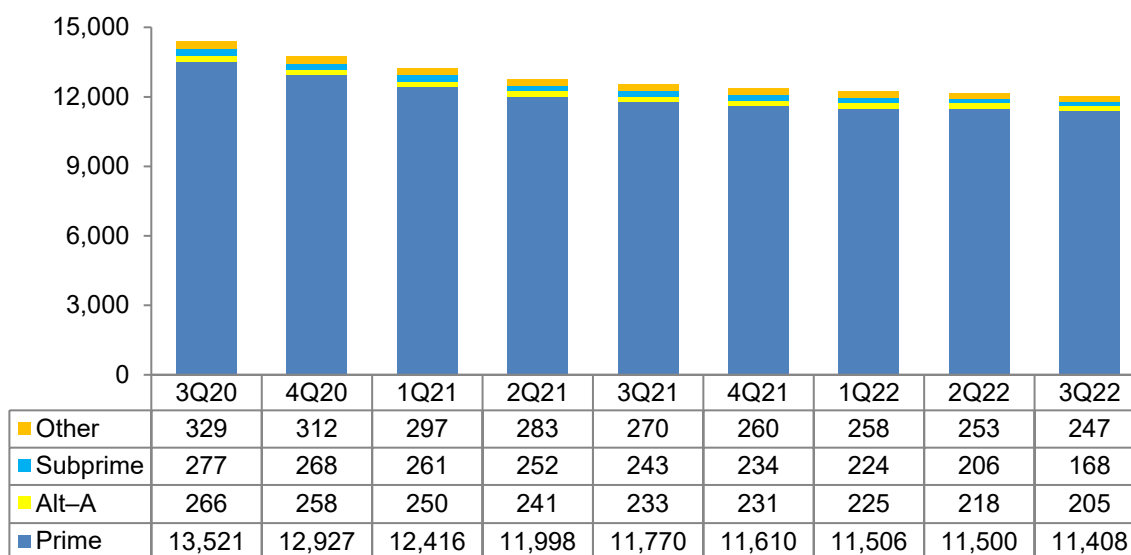


Figure 4 reports the percentage of loans in each risk category and shows that the composition of loans has remained relatively stable since the third quarter of 2020.

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

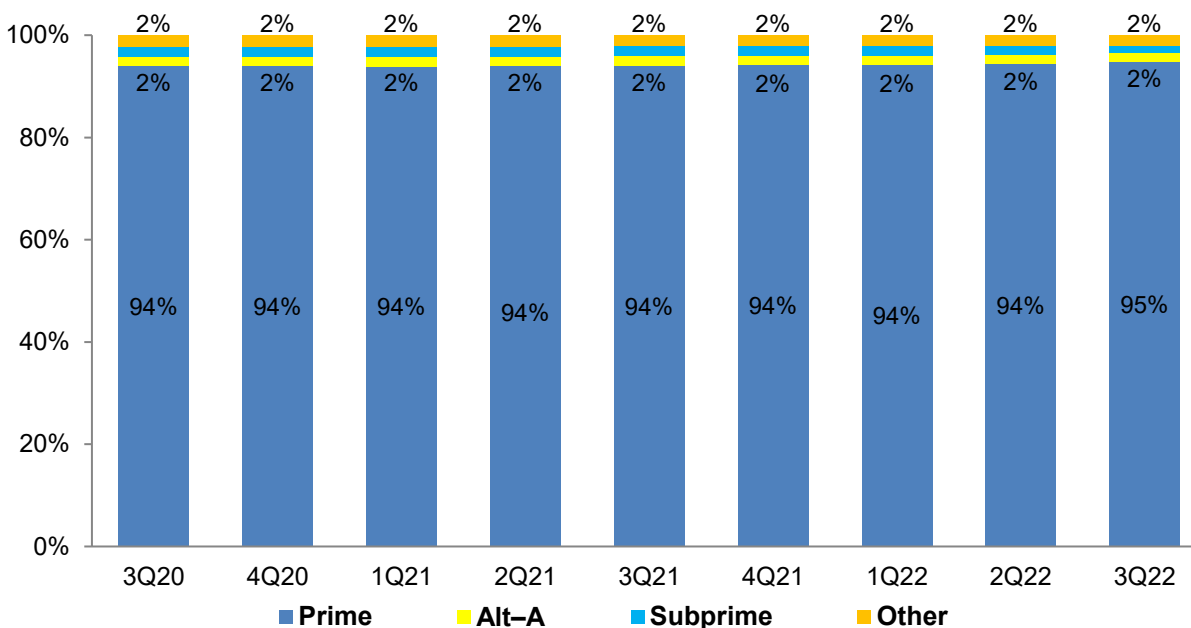


Figure 5 shows the number of loans in each category of delinquency from the third quarter of 2020 through the third quarter of 2022. The number of foreclosures in process has remained stable from the previous quarter. The number of seriously delinquent loans peaked in the third quarter of 2020 but has since been trending down.³

³ Delinquencies are reported based on the contractual due date and may not match what is being reported in credit bureau data. Also, delinquencies are affected by the different relief programs offered by the banks.

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

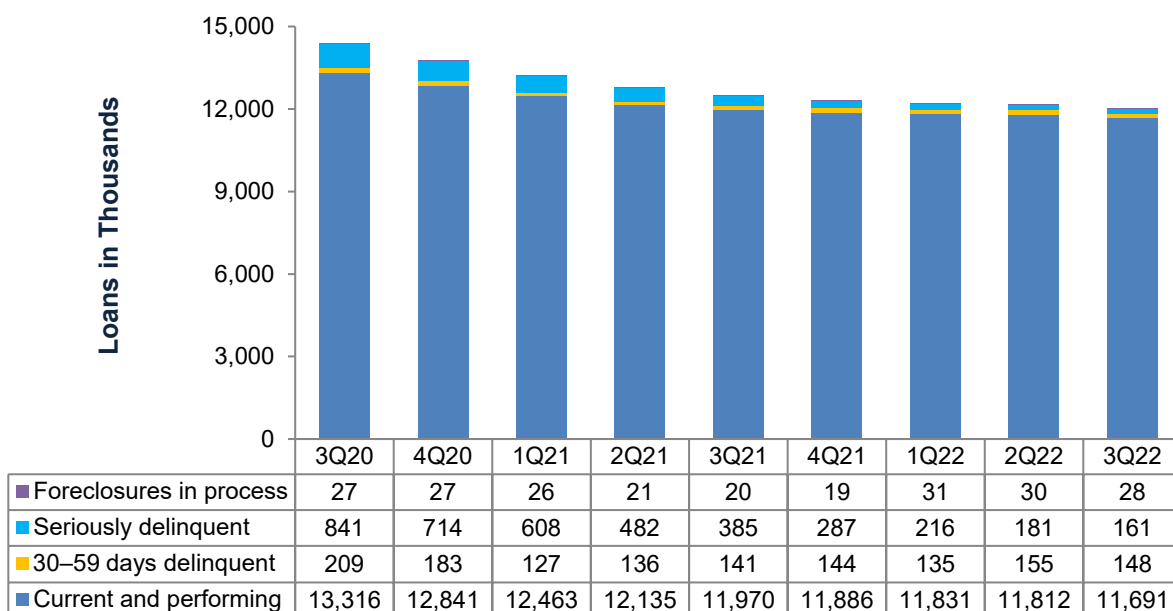


Figure 6 shows the percent of mortgages in each category of delinquency from the third quarter of 2020 through the third quarter of 2022. The percent of seriously delinquent loans has trended down since peaking in the third quarter of 2020.

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

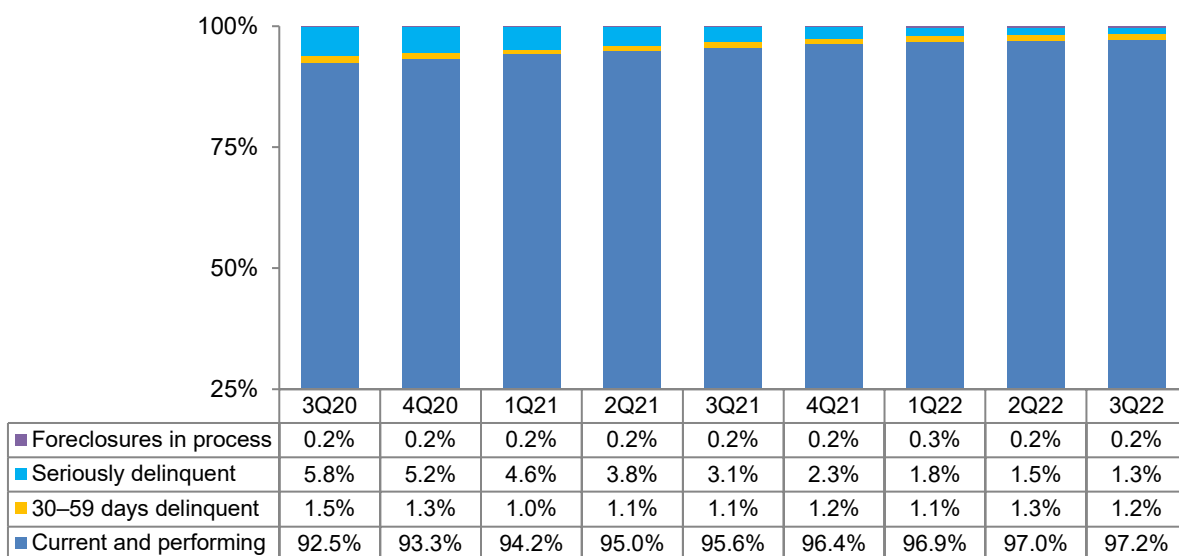


Figure 7 shows the number of new foreclosure actions initiated from the third quarter of 2020 through the third quarter of 2022. New foreclosure actions decreased to 9,835 and the current volume is lower than the pre-COVID-19 pandemic foreclosure volume.⁴

⁴ Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have significantly affected these metrics.

Figure 7: Newly Initiated Foreclosures

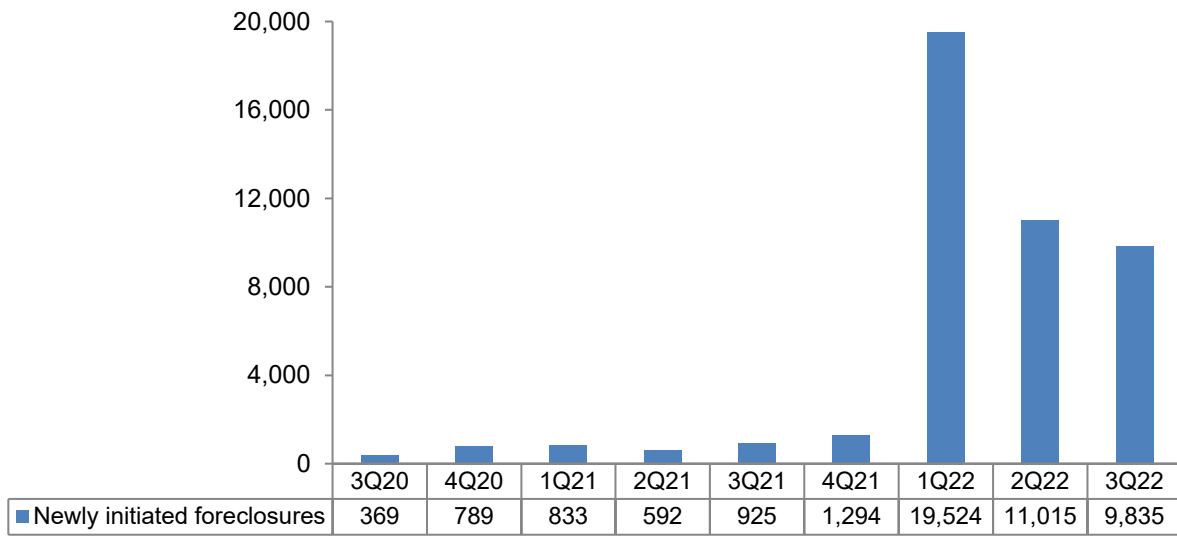
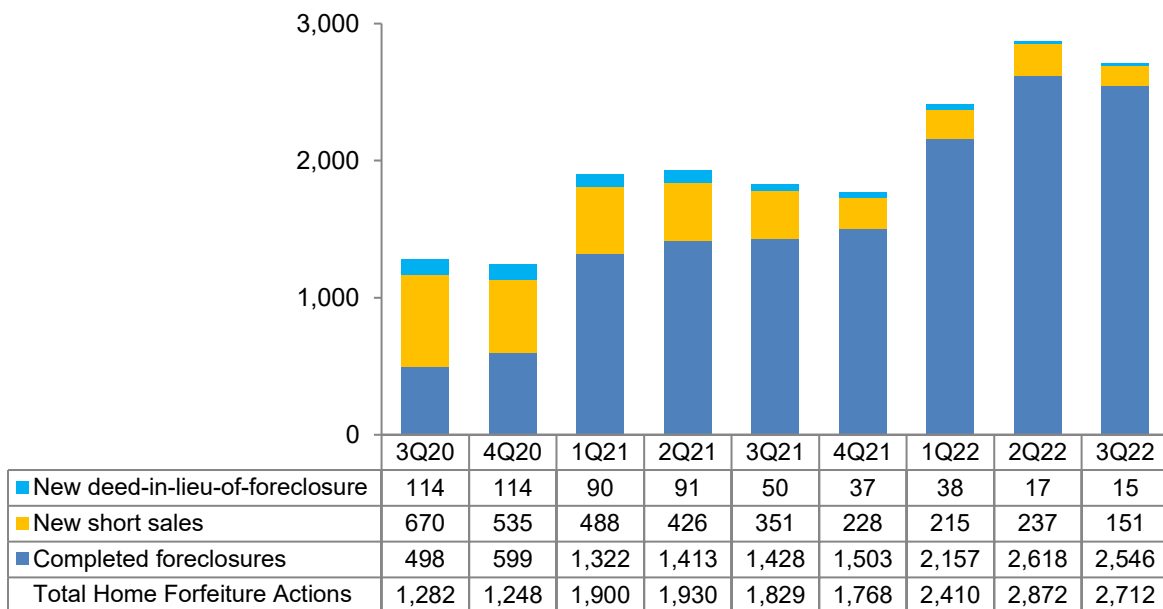


Figure 8 shows the number of foreclosure and other home forfeiture actions completed from the third quarter of 2020 through the third quarter of 2022. Completed foreclosures and other forfeiture actions increased to 2,712 in the third quarter of 2022 from 1,829 in the third quarter of 2021, an increase of 48.3 percent.⁵

Figure 8: Completed Foreclosures and Other Home Forfeiture Actions



⁵ Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have significantly affected these metrics.

Table 1: Number of Mortgage Modification Actions
Completed in the Third Quarter of 2022

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total - All States	79	43	307	0	319	15,037	375	16,160
Alabama	2	0	7	0	6	185	11	211
Alaska	0	0	2	0	3	38	0	43
Arizona	1	1	5	0	4	445	5	461
Arkansas	0	0	1	0	2	128	5	136
California	10	2	23	0	58	1,314	16	1,423
Colorado	2	2	1	0	6	224	7	242
Connecticut	2	0	1	0	12	229	5	249
Delaware	0	0	1	0	3	70	3	77
District of Columbia	1	0	1	0	0	48	0	50
Florida	5	6	13	0	28	1,171	23	1,246
Georgia	8	3	17	0	10	531	13	582
Hawaii	1	0	1	0	1	72	0	75
Idaho	0	0	1	0	2	36	0	39
Illinois	7	1	10	0	10	1,030	14	1,072
Indiana	0	0	5	0	2	280	11	298
Iowa	1	0	1	0	3	103	4	112
Kansas	1	0	5	0	0	96	4	106
Kentucky	0	1	3	0	2	149	6	161
Louisiana	1	1	11	0	9	271	18	311
Maine	1	0	2	0	1	26	4	34
Maryland	0	0	8	0	14	500	14	536
Massachusetts	0	0	3	0	4	227	5	239
Michigan	3	1	4	0	3	282	9	302
Minnesota	0	0	8	0	4	504	5	521
Mississippi	0	0	5	0	5	82	3	95
Missouri	0	0	4	0	5	288	3	300
Montana	0	0	1	0	1	38	2	42
Nebraska	0	0	4	0	0	130	0	134
Nevada	1	1	1	0	4	191	3	201
New Hampshire	0	0	1	0	0	43	1	45
New Jersey	4	0	12	0	16	589	10	631
New Mexico	1	2	1	0	4	100	1	109
New York	5	4	15	0	17	986	26	1,053
North Carolina	3	4	19	0	11	382	16	435
North Dakota	0	0	1	0	0	28	0	29
Ohio	2	4	6	0	6	591	16	625
Oklahoma	1	1	5	0	2	163	9	181
Oregon	0	1	2	0	4	144	4	155
Pennsylvania	2	1	12	0	9	498	14	536
Rhode Island	0	0	1	0	1	40	0	42
South Carolina	2	0	5	0	1	195	7	210
South Dakota	0	0	0	0	0	17	0	17
Tennessee	2	1	8	0	4	217	7	239
Texas	5	2	44	0	27	1,425	44	1,547
Utah	0	0	2	0	3	72	1	78
Vermont	0	0	0	0	0	20	0	20
Virginia	5	1	11	0	5	409	16	447
Washington	0	1	8	0	5	220	3	237
West Virginia	0	1	3	0	1	37	0	42
Wisconsin	0	1	2	0	1	142	3	149
Wyoming	0	0	0	0	0	29	4	33
Other	0	0	0	0	0	2	0	2

Table 2: Number of Modification Actions in Combination Actions
Completed in the Third Quarter of 2022

States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - All States	12,816	10,842	12,396	25	4,847	15,037
Alabama	173	135	165	1	40	185
Alaska	34	26	34	0	7	38
Arizona	344	347	341	0	138	445
Arkansas	108	99	109	0	26	128
California	1,166	908	1,056	0	508	1,314
Colorado	193	167	186	0	60	224
Connecticut	201	151	188	3	90	229
Delaware	56	50	57	0	23	70
District of Columbia	39	38	36	0	21	48
Florida	982	880	942	1	418	1,171
Georgia	484	358	482	0	121	531
Hawaii	66	52	60	0	24	72
Idaho	25	30	27	0	14	36
Illinois	816	777	786	4	409	1,030
Indiana	235	197	235	1	69	280
Iowa	84	71	85	1	29	103
Kansas	82	71	77	0	32	96
Kentucky	105	116	111	0	52	149
Louisiana	245	193	244	1	65	271
Maine	23	19	23	0	6	26
Maryland	399	365	391	1	195	500
Massachusetts	193	156	183	0	83	227
Michigan	244	195	236	0	83	282
Minnesota	373	415	372	0	209	504
Mississippi	73	53	70	0	28	82
Missouri	217	213	219	2	98	288
Montana	34	30	34	0	10	38
Nebraska	89	106	91	0	45	130
Nevada	153	155	147	0	62	191
New Hampshire	39	30	31	0	14	43
New Jersey	551	410	513	2	206	589
New Mexico	87	80	83	0	31	100
New York	910	673	872	6	330	986
North Carolina	344	260	343	0	87	382
North Dakota	22	22	23	0	11	28
Ohio	472	435	461	0	193	591
Oklahoma	140	116	139	1	39	163
Oregon	118	119	116	0	40	144
Pennsylvania	454	318	431	0	145	498
Rhode Island	35	23	32	0	17	40
South Carolina	172	136	174	0	44	195
South Dakota	13	14	12	0	6	17
Tennessee	174	156	170	0	69	217
Texas	1,272	985	1,259	0	349	1,425
Utah	63	50	61	0	18	72
Vermont	14	16	16	0	7	20
Virginia	350	303	342	0	124	409
Washington	188	155	173	0	73	220
West Virginia	31	28	30	1	11	37
Wisconsin	106	113	104	0	58	142
Wyoming	23	25	22	0	9	29
Other	2	2	2	0	1	2

Table 3: Changes in Monthly Principal and Interest Payments by State
Modifications Completed in the Third Quarter of 2022

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	7,295	2,931	1,470	2,909	1,122	433	16,160
Alabama	95	38	23	23	21	11	211
Alaska	18	9	7	6	3	0	43
Arizona	196	93	42	110	16	4	461
Arkansas	64	25	9	22	11	5	136
California	685	289	104	291	42	12	1,423
Colorado	113	53	17	39	11	9	242
Connecticut	114	36	22	52	19	6	249
Delaware	35	8	4	19	8	3	77
District of Columbia	24	10	2	13	0	1	50
Florida	522	233	136	255	75	25	1,246
Georgia	279	89	54	62	81	17	582
Hawaii	46	11	4	12	2	0	75
Idaho	24	5	1	9	0	0	39
Illinois	430	206	93	244	75	24	1,072
Indiana	127	51	35	44	25	16	298
Iowa	40	21	15	20	12	4	112
Kansas	48	21	5	18	10	4	106
Kentucky	66	28	10	39	13	5	161
Louisiana	160	51	32	32	20	16	311
Maine	18	3	3	4	2	4	34
Maryland	208	96	41	126	46	19	536
Massachusetts	89	59	19	52	15	5	239
Michigan	141	46	25	48	27	15	302
Minnesota	201	110	48	137	19	6	521
Mississippi	41	16	10	19	6	3	95
Missouri	120	50	30	73	20	7	300
Montana	22	5	7	5	1	2	42
Nebraska	45	26	15	37	11	0	134
Nevada	77	41	15	49	15	4	201
New Hampshire	16	9	5	11	3	1	45
New Jersey	301	119	61	79	59	12	631
New Mexico	50	18	9	19	12	1	109
New York	533	214	87	134	60	25	1,053
North Carolina	227	69	34	52	33	20	435
North Dakota	17	4	3	5	0	0	29
Ohio	254	98	65	139	54	15	625
Oklahoma	85	24	20	31	12	9	181
Oregon	78	29	11	29	4	4	155
Pennsylvania	269	69	60	74	42	22	536
Rhode Island	18	6	5	11	2	0	42
South Carolina	104	39	19	21	18	9	210
South Dakota	9	1	1	4	2	0	17
Tennessee	90	52	20	54	18	5	239
Texas	745	261	157	193	142	49	1,547
Utah	33	20	5	17	1	2	78
Vermont	10	4	1	4	1	0	20
Virginia	214	75	40	66	34	18	447
Washington	93	57	20	53	9	5	237
West Virginia	22	4	6	5	4	1	42
Wisconsin	65	21	12	42	5	4	149
Wyoming	13	8	1	6	1	4	33
Other	1	1	0	0	0	0	2

Table 4. Number of Re-Defaults for Loans Modified Six Months Previously
 Modified Loans 60 or More Days Delinquent Six Months After Modification

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	1,616	623	589	660	352	112	3,952
Alabama	22	5	11	4	6	2	50
Alaska	4	0	0	0	2	0	6
Arizona	44	12	11	28	5	0	100
Arkansas	22	9	8	3	2	0	44
California	75	28	15	49	11	0	178
Colorado	9	5	3	7	0	2	26
Connecticut	21	8	15	8	8	2	62
Delaware	5	2	5	0	2	0	14
District of Columbia	2	2	1	3	0	1	9
Florida	103	47	44	65	20	7	286
Georgia	56	26	25	18	16	4	145
Hawaii	1	2	0	3	0	0	6
Idaho	3	1	0	5	0	0	9
Illinois	125	53	38	82	21	24	343
Indiana	71	32	15	9	5	2	134
Iowa	17	4	4	8	2	0	35
Kansas	12	6	4	7	2	2	33
Kentucky	18	5	4	15	1	0	43
Louisiana	26	12	12	8	4	9	71
Maine	3	5	0	3	1	0	12
Maryland	55	22	24	20	17	6	144
Massachusetts	16	6	7	8	1	2	40
Michigan	46	7	8	5	5	2	73
Minnesota	56	25	10	29	6	2	128
Mississippi	13	6	8	2	3	0	32
Missouri	30	6	10	9	0	0	55
Montana	5	1	1	2	0	0	9
Nebraska	11	6	8	12	1	1	39
Nevada	30	11	6	10	0	0	57
New Hampshire	5	1	1	0	2	0	9
New Jersey	43	24	30	20	30	5	152
New Mexico	10	1	4	2	2	2	21
New York	54	32	31	22	21	3	163
North Carolina	36	16	27	8	11	3	101
North Dakota	3	1	0	2	0	0	6
Ohio	95	30	24	35	11	4	199
Oklahoma	37	9	8	16	5	0	75
Oregon	6	2	6	4	0	1	19
Pennsylvania	66	24	25	14	26	13	168
Rhode Island	1	0	1	2	1	0	5
South Carolina	20	5	11	7	5	3	51
South Dakota	3	0	1	3	0	0	7
Tennessee	31	4	10	13	5	0	63
Texas	231	85	84	32	81	2	515
Utah	5	2	0	4	1	0	12
Vermont	3	1	0	5	0	0	9
Virginia	31	10	14	17	5	4	81
Washington	12	8	8	9	1	2	40
West Virginia	4	2	0	1	0	0	7
Wisconsin	17	12	4	19	4	2	58
Wyoming	2	0	3	3	0	0	8
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 that 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 November 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 May 31, 2020, 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 weak credit history, reduced repayment capacity, or incomplete credit history. A weak 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 extend the final maturity date of the loan that was in effect prior to 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.