

Press Releases

December 29, 2010

OTS 10-054 - OCC and OTS Report Shows Mortgage Performance Steady in Third Quarter of 2010

Includes New State-Level Data

Joint Release

Office of the Comptroller of the Currency
Office of Thrift Supervision

For Immediate Release
December 29, 2010

WASHINGTON—The credit quality of first-lien mortgages serviced by large national banks and thrifts remained steady during the third quarter of 2010, but the pace of foreclosures increased, according to a report released today.

The quarterly report by the Office of the Comptroller of the Currency and the Office of Thrift Supervision showed that 87.4 percent of the 33.3 million loans in the portfolio were current and performing at the end of the third quarter of 2010, a level unchanged from the previous quarter.

Although the percentage of seriously delinquent mortgages (60 or more days delinquent or delinquent loans to bankrupt borrowers) decreased by 6.4 percent from the previous quarter, the percentage of mortgages that were 30 to 59 days delinquent increased by 4.3 percent.

Foreclosures increased during the third quarter, reflecting the large number of seriously delinquent borrowers moving through the foreclosure process after servicers exhausted home retention options.

The number of new foreclosures increased to more than 382,000—31.2 percent more than in the previous quarter and 3.7 percent more than a year earlier. The number of foreclosures in process increased to 1.2 million—4.5 percent more than in the previous quarter and 10.1 percent more than a year earlier. The number of completed foreclosures also increased to nearly 187,000—14.7 percent more than in the previous quarter and 57.5 percent more than a year earlier.

Although foreclosure activity increased during the quarter, servicers reported almost twice as many home retention actions as completed home forfeiture actions. Servicers implemented 470,321 home retention actions—loan modifications, trial period plans, and shorter term payment plans—compared with 244,840 home forfeiture actions.

During the past five quarters, servicers initiated nearly 3 million home retention actions—about 987,000 modifications, 1.3 million trial period plans, and 673,000 payment plans.

Home retention actions declined 17 percent from the prior quarter, driven by decreases in modifications and trial period plans under the Home Affordable Modification Program (HAMP).

For the first time, the report provided mortgage modification data by state. Nine new tables of information include the number and percentage of HAMP modifications and other modifications in each state during the third quarter, the number and percentage of each type of action included in modifications, and the number and percentage of modifications broken down by how the modifications affected borrowers' monthly principal and interest payments.

Other key findings of the report included:

- Modifications that significantly reduced borrowers' monthly payments continued to perform better than modifications that increased payments or left them unchanged. More than 88 percent of modifications implemented during the third quarter decreased monthly principal and interest payments. More than 54 percent of those modifications reduced payments by 20 percent or more. On average, modifications during the third quarter reduced borrowers' monthly principal and interest payments by \$396. HAMP modifications reduced payments by an average of \$585, compared with a payment reduction of \$332 from other modifications.
- More recent modifications that emphasized sustainability and affordability continued to outperform modifications implemented earlier. At six months after modification, 20.2 percent of the modifications made in the fourth quarter of 2009 were seriously delinquent, compared with 33.5 percent of modifications made during the second quarter of 2009.

The report covers about 64 percent of all first-lien mortgages in the country, worth \$5.8 trillion in outstanding balances. The complete report can be downloaded from the OCC and OTS Web sites, www.occ.gov and www.ots.gov.

Attachment:

- OCC and OTS Mortgage Metrics Report, Third Quarter 2010

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Related Files

- **OCC and OTS Mortgage Metrics Report 3Q 2010** - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2010-54a.pdf>