

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

First Quarter 2018

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 first quarter of 2018.
- 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 refinancings of first-lien mortgages 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.

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 March 31, 2018, the reporting banks serviced approximately 17.8 million first-lien mortgage loans with \$3.30 trillion in unpaid principal balances (see figures 1 and 2). This \$3.30 trillion was 33 percent of all residential mortgage debt outstanding in the United States.²
- The overall performance of mortgages this quarter was unchanged from a year ago. The percentage of mortgages that were current and performing at the end of the first quarter of 2018 remained at 95.6 percent relative to 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 37,300 new foreclosures in the first quarter of 2018, an increase of 8.1 percent from the previous quarter and a decrease of 21.5 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 32.5 percent from a year earlier to 19,360 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 23,427 modifications during the first quarter of 2018, a 7.1 percent increase from the prior quarter's 21,866 modifications.

- Of these 23,427 modifications, 20,604, or 87.9 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 2,823, 2,763 loan modifications received a single action and 60 modifications were not assigned a modification type (see table 1).
- Among the 20,604 combination modifications completed during the quarter, 94.5 percent included capitalization of delinquent interest and fees, 63.0 percent included an interest rate reduction or freeze, 94.6 percent included a term extension, 1.8 percent included principal reduction, and 13.9 percent included principal deferral (see table 2).
- Of the 23,427 modifications completed during the quarter, 18,401, or 78.5 percent, reduced the loan's pre-modification monthly payment (see table 3).

Modified Loan Performance

The third quarter of 2017 is the first quarter for which all loans modified during that quarter could have aged at least six months by March 31, 2018. Of the 25,799 modifications that were completed during the third quarter of 2017, servicers reported that 4,470, or 17.3 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).

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 March 31, 2018.

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 2016 through the first quarter of 2018.

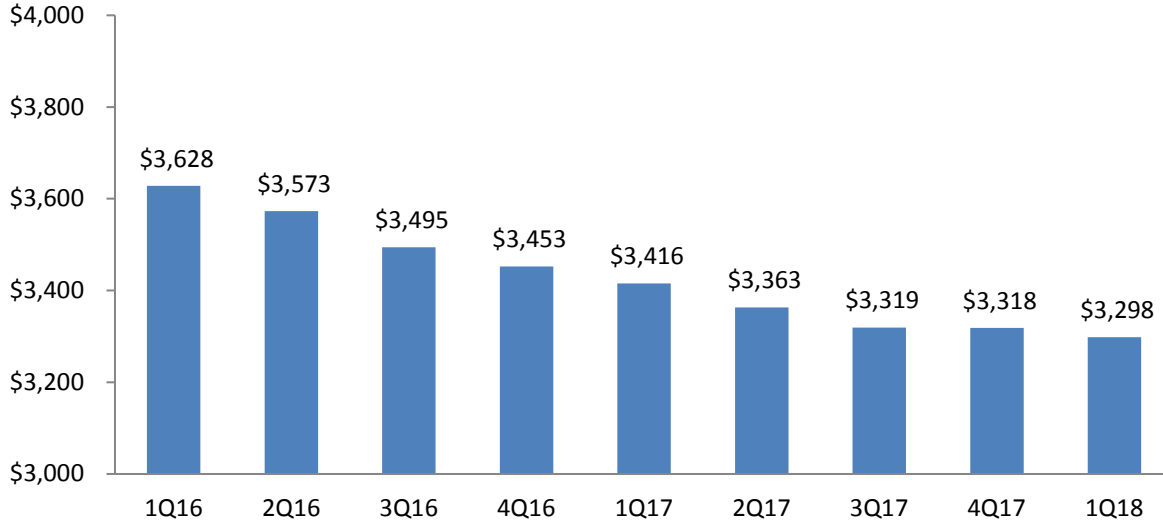


Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands

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 2016 through the first quarter of 2018.

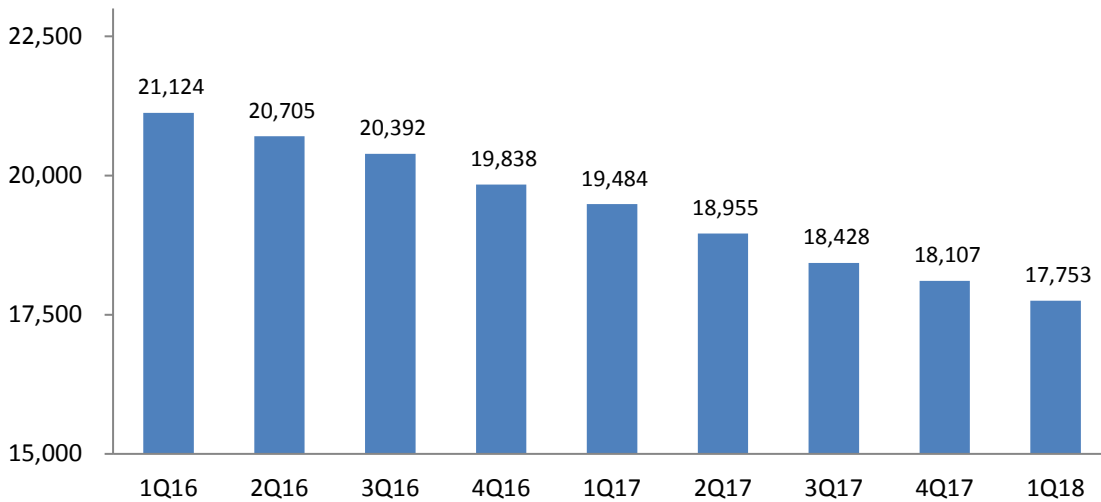


Figure 3. Composition—Loans in Thousands by Borrower Risk Category

Figure 3 shows the number of loans in each risk category from the first quarter of 2016 through the first quarter of 2018.³

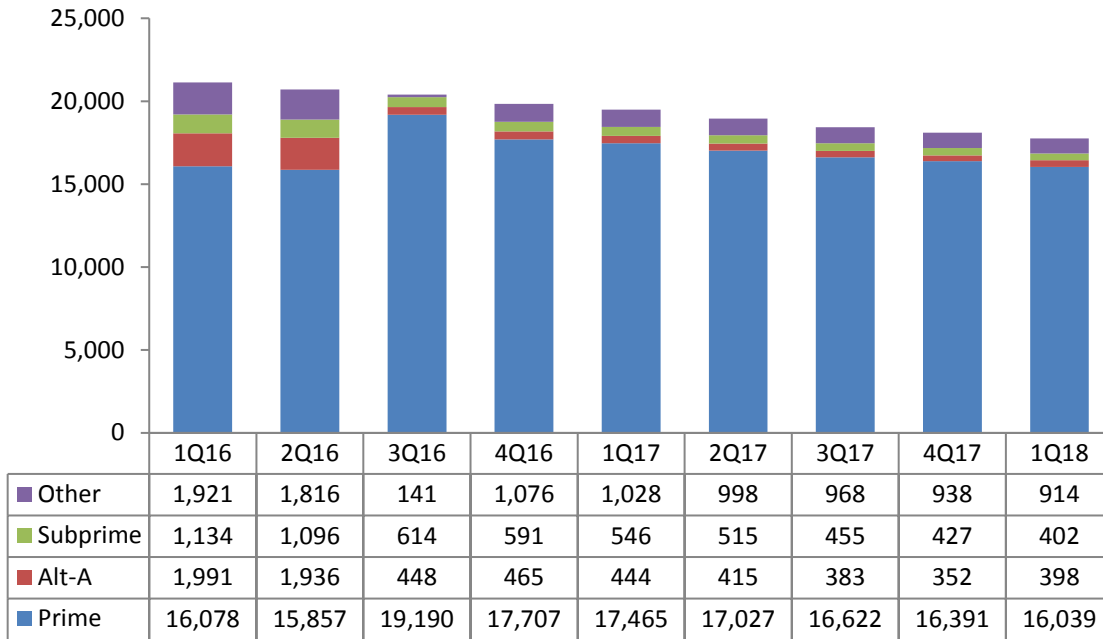
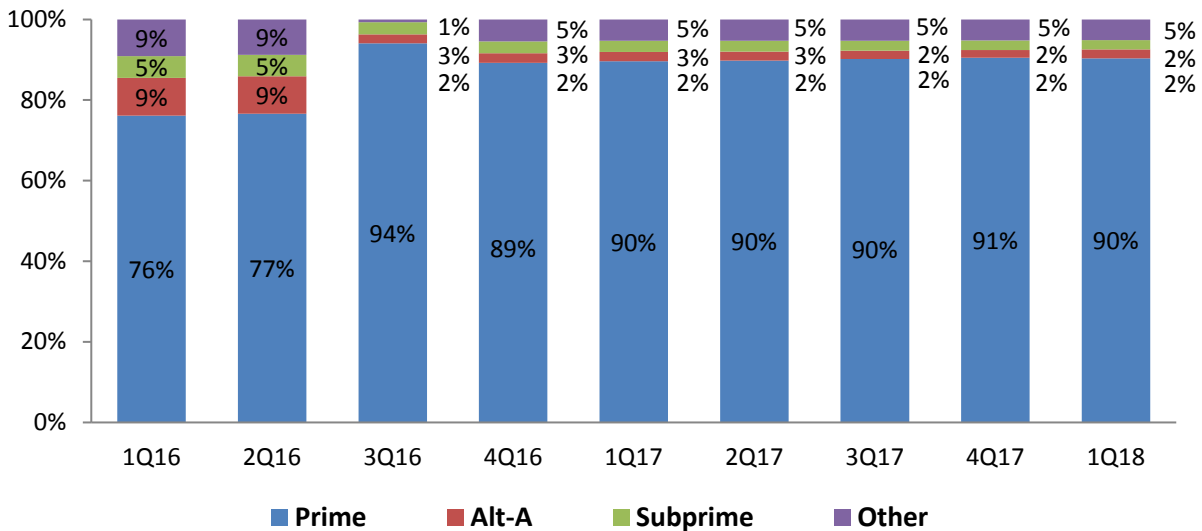


Figure 4. Composition—Percentage of Mortgages by Borrower Risk Category

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



³ In the third quarter of 2016, the borrower risk categories were adjusted to reflect the banks' internal credit scoring for Prime, Alt-A, and 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 2016 through the first quarter of 2018.

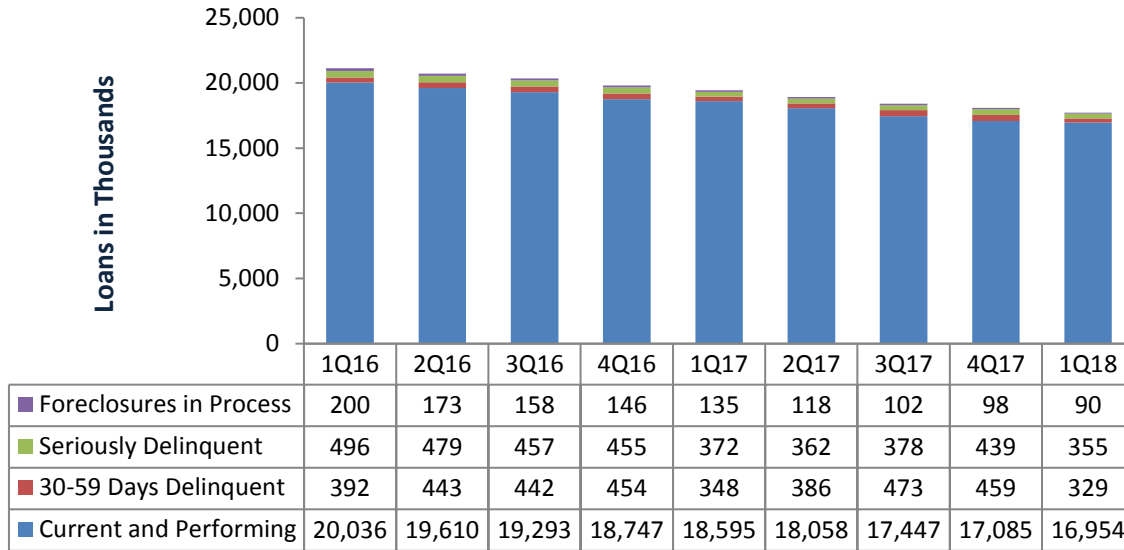


Figure 6. Percentage of Loans Current and Performing and in Delinquency

Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the first quarter of 2016 through the first quarter of 2018. Data show that the concentration of seriously delinquent loans and foreclosures in process remains relatively low.

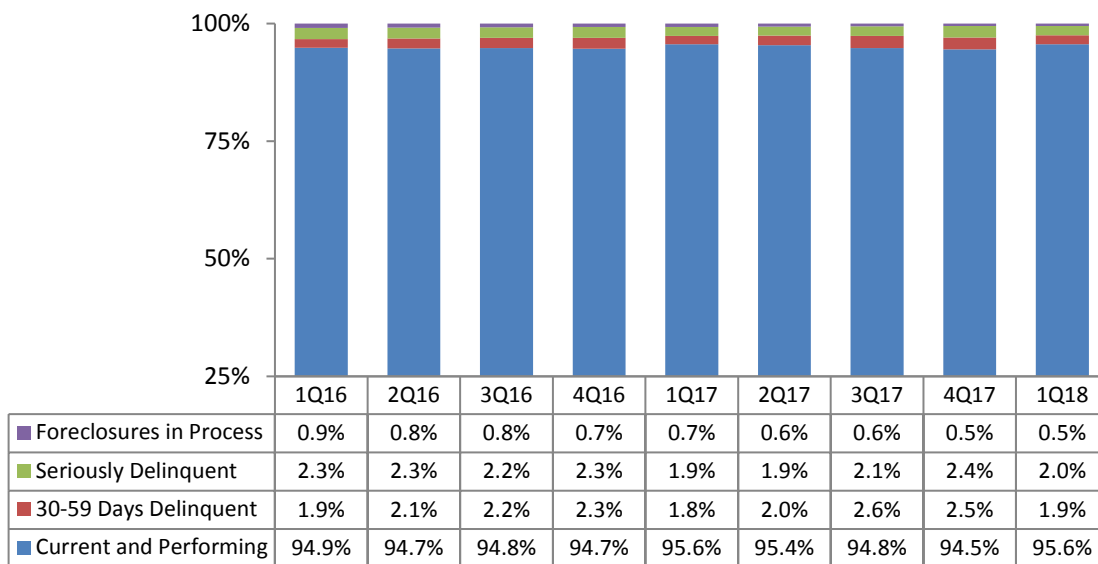


Figure 7. Newly Initiated Foreclosures—Loans in Thousands

Figure 7 reports the number of new foreclosure actions initiated quarterly from the first quarter of 2016 through the first quarter of 2018. New foreclosure actions increased 8.1 percent to 37,300 during the first quarter of 2018.

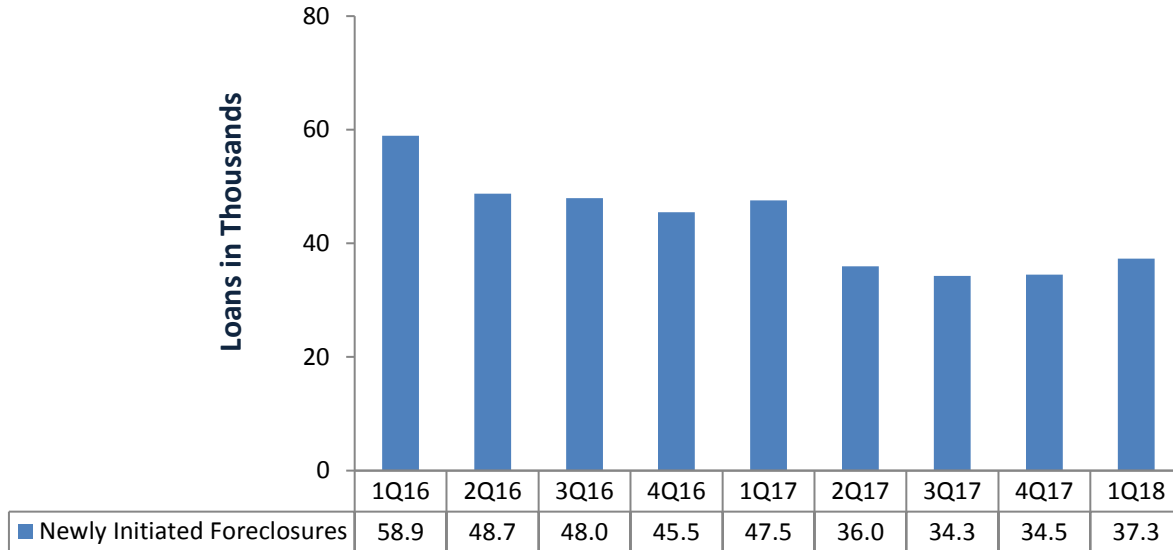


Figure 8. Completed Foreclosures and Other Home Forfeiture Actions—Loans in Thousands

Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly from the first quarter of 2016 through the first quarter of 2018. Completed foreclosures and other forfeiture actions increased 5.5 percent to 19,360 during the first quarter of 2018.

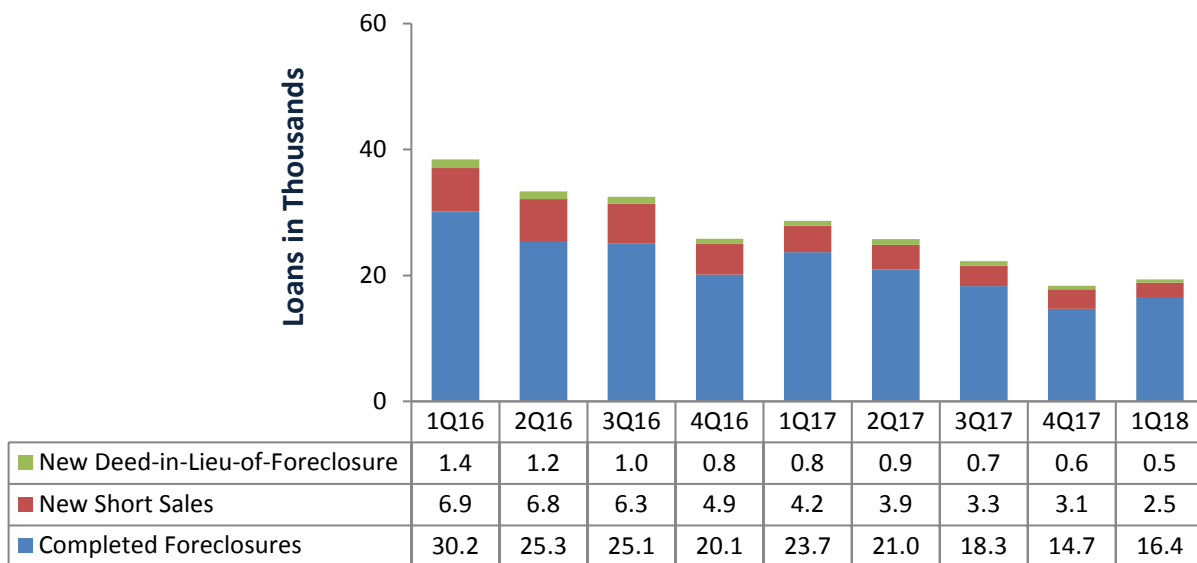


Table 1. Number of Mortgage Modification Actions
Implemented in the First Quarter of 2018

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	542	226	1,672	23	300	20,604	60	23,427
Alabama	14	1	10	-	8	346	4	383
Alaska	-	-	5	-	1	29	-	35
Arizona	11	6	16	-	12	445	-	490
Arkansas	9	3	3	-	4	222	-	241
California	40	42	59	2	62	1,179	6	1,390
Colorado	3	1	13	-	2	217	2	238
Connecticut	4	5	19	1	4	318	1	352
Delaware	2	-	5	-	2	142	1	152
District of Columbia	5	1	2	-	-	37	-	45
Florida	30	15	649	4	12	1,069	6	1,785
Georgia	40	9	57	1	11	893	2	1,013
Hawaii	4	3	1	-	-	27	-	35
Idaho	5	-	1	-	1	60	-	67
Illinois	22	11	43	2	12	1,085	4	1,179
Indiana	15	3	17	-	1	627	1	664
Iowa	5	-	5	-	6	175	-	191
Kansas	4	-	17	-	7	167	-	195
Kentucky	5	4	9	-	2	252	2	274
Louisiana	17	5	14	1	6	480	1	524
Maine	6	-	2	-	1	77	-	86
Maryland	24	5	52	3	8	769	-	861
Massachusetts	9	3	13	-	2	299	-	326
Michigan	18	6	12	-	7	488	-	531
Minnesota	9	-	24	-	4	373	1	411
Mississippi	10	3	8	-	3	199	-	223
Missouri	9	3	18	-	6	390	-	426
Montana	-	1	5	-	1	40	1	48
Nebraska	2	-	6	-	-	118	-	126
Nevada	3	-	6	1	5	162	-	177
New Hampshire	2	-	3	-	-	64	-	69
New Jersey	12	18	45	6	11	977	1	1,070
New Mexico	1	1	6	-	-	170	-	178
New York	20	18	54	-	9	1,149	6	1,256
North Carolina	32	-	30	-	13	843	5	923
North Dakota	-	-	-	-	-	14	-	14
Ohio	19	3	33	-	8	889	2	954
Oklahoma	9	1	10	1	5	256	-	282
Oregon	4	2	2	-	1	156	-	165
Pennsylvania	19	10	59	-	12	1,053	1	1,154
Rhode Island	1	-	3	-	-	69	-	73
South Carolina	15	4	14	-	8	442	1	484
South Dakota	-	-	2	-	1	27	-	30
Tennessee	15	5	17	-	3	416	1	457
Texas	37	18	224	-	8	1,912	9	2,208
Utah	1	2	7	-	6	153	-	169
Vermont	1	1	1	-	-	33	-	36
Virginia	14	6	42	-	11	567	2	642
Washington	2	6	14	-	9	298	-	329
West Virginia	3	-	2	-	2	72	-	79
Wisconsin	7	1	12	1	3	312	-	336
Wyoming	3	-	-	-	-	41	-	44
Other	-	-	1	-	-	6	-	7

Table 2. Number of Modification Actions in Combination Actions
Implemented in the First Quarter of 2018

States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	19,475	12,984	19,497	374	2,864	20,604
Alabama	333	218	328	4	37	346
Alaska	27	7	29	-	3	29
Arizona	418	286	431	4	54	445
Arkansas	217	146	211	2	14	222
California	1,117	718	1,005	35	229	1,179
Colorado	199	134	204	1	17	217
Connecticut	293	195	302	16	80	318
Delaware	135	88	140	-	22	142
District of Columbia	37	19	35	1	5	37
Florida	1,002	667	979	36	221	1,069
Georgia	835	559	868	8	98	893
Hawaii	25	14	24	2	5	27
Idaho	57	29	59	1	9	60
Illinois	1,027	724	1,024	33	206	1,085
Indiana	597	435	603	2	52	627
Iowa	160	99	170	1	8	175
Kansas	162	115	162	-	12	167
Kentucky	240	154	248	1	16	252
Louisiana	466	328	464	5	49	480
Maine	75	48	71	2	13	77
Maryland	726	451	705	29	125	769
Massachusetts	286	192	280	5	41	299
Michigan	451	315	466	12	45	488
Minnesota	360	219	361	2	52	373
Mississippi	189	125	189	1	16	199
Missouri	378	247	375	7	29	390
Montana	40	18	40	-	7	40
Nebraska	113	75	113	-	7	118
Nevada	150	95	146	4	35	162
New Hampshire	62	34	62	1	18	64
New Jersey	905	597	920	33	291	977
New Mexico	167	102	165	-	21	170
New York	1,080	719	1,092	28	245	1,149
North Carolina	793	534	808	4	93	843
North Dakota	14	7	14	-	3	14
Ohio	844	621	852	24	101	889
Oklahoma	245	173	245	4	22	256
Oregon	148	69	151	1	15	156
Pennsylvania	990	650	1,018	18	162	1,053
Rhode Island	66	48	61	1	16	69
South Carolina	430	275	428	4	56	442
South Dakota	27	12	25	1	1	27
Tennessee	386	279	367	7	29	416
Texas	1,781	1,264	1,852	8	78	1,912
Utah	147	88	146	2	11	153
Vermont	31	21	32	-	6	33
Virginia	548	329	532	8	72	567
Washington	283	165	282	2	34	298
West Virginia	67	49	67	3	9	72
Wisconsin	300	197	302	11	68	312
Wyoming	40	27	40	-	5	41
Other	6	4	4	-	1	6

Table 3. Changes in Monthly Principal and Interest Payments by State
 Modifications Implemented in the First Quarter of 2018

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	8,862	4,879	4,660	1,102	3,886	45	23,427
Alabama	146	79	80	13	64	1	383
Alaska	15	6	4	2	8	-	35
Arizona	190	128	109	8	55	1	490
Arkansas	96	45	51	4	45	-	241
California	543	342	239	61	205	2	1,390
Colorado	93	51	53	2	39	-	238
Connecticut	164	74	56	4	54	-	352
Delaware	69	31	32	3	17	-	152
District of Columbia	19	7	9	1	8	1	45
Florida	414	227	284	651	209	-	1,785
Georgia	383	186	210	25	209	-	1,013
Hawaii	12	12	6	-	5	-	35
Idaho	23	10	18	-	16	-	67
Illinois	500	267	209	11	192	-	1,179
Indiana	251	136	141	2	130	4	664
Iowa	72	37	36	5	41	-	191
Kansas	86	41	33	7	28	-	195
Kentucky	113	60	60	3	35	3	274
Louisiana	224	107	90	8	94	1	524
Maine	29	17	20	1	19	-	86
Maryland	317	182	185	8	169	-	861
Massachusetts	104	80	73	2	67	-	326
Michigan	230	103	101	9	87	2	531
Minnesota	166	109	72	2	62	-	411
Mississippi	89	46	49	4	35	-	223
Missouri	170	86	83	9	77	1	426
Montana	17	10	12	1	7	1	48
Nebraska	60	20	25	-	21	-	126
Nevada	71	38	40	5	24	-	177
New Hampshire	21	18	17	-	13	-	69
New Jersey	475	236	167	12	177	3	1,070
New Mexico	71	35	47	-	25	-	178
New York	471	270	258	9	243	6	1,256
North Carolina	346	229	172	16	158	2	923
North Dakota	5	5	1	-	3	-	14
Ohio	400	169	198	8	175	4	954
Oklahoma	111	50	76	5	40	-	282
Oregon	58	46	26	1	34	-	165
Pennsylvania	434	268	234	13	197	8	1,154
Rhode Island	27	24	13	-	9	-	73
South Carolina	188	105	98	8	85	-	484
South Dakota	10	4	9	1	6	-	30
Tennessee	198	101	72	5	81	-	457
Texas	758	410	527	139	373	2	2,208
Utah	58	36	39	6	30	-	169
Vermont	18	7	9	-	2	-	36
Virginia	234	146	158	12	90	2	642
Washington	128	70	71	10	49	1	329
West Virginia	39	13	11	2	14	-	79
Wisconsin	133	82	68	4	49	-	336
Wyoming	11	18	6	-	9	-	44
Other	2	-	3	-	2	-	7

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	1,146	811	992	44	1,456	21	4,470
Alabama	20	16	17	-	27	3	83
Alaska	2	1	2	-	-	-	5
Arizona	23	13	22	2	22	-	82
Arkansas	10	11	17	-	25	1	64
California	51	37	39	6	46	1	180
Colorado	10	8	10	1	7	-	36
Connecticut	15	15	11	1	23	-	65
Delaware	11	4	6	-	13	-	34
District of Columbia	3	1	2	-	2	-	8
Florida	118	78	89	3	101	1	390
Georgia	52	42	62	1	78	1	236
Hawaii	2	2	3	-	1	-	8
Idaho	-	1	3	-	5	-	9
Illinois	61	44	52	1	85	-	243
Indiana	28	19	41	5	47	2	142
Iowa	7	9	10	1	13	-	40
Kansas	11	6	13	-	10	-	40
Kentucky	8	5	10	1	19	1	44
Louisiana	29	21	33	-	50	-	133
Maine	3	6	3	-	5	-	17
Maryland	32	22	31	3	55	-	143
Massachusetts	17	12	9	1	27	-	66
Michigan	15	18	21	1	25	-	80
Minnesota	23	19	14	-	31	-	87
Mississippi	18	7	12	-	17	-	54
Missouri	20	11	16	-	39	-	86
Montana	1	3	3	-	6	-	13
Nebraska	4	4	10	1	5	-	24
Nevada	10	7	4	1	8	-	30
New Hampshire	6	1	3	-	2	-	12
New Jersey	60	23	39	-	58	1	181
New Mexico	5	5	5	-	9	-	24
New York	47	36	35	3	54	4	179
North Carolina	43	40	34	-	54	3	174
North Dakota	-	2	-	-	2	-	4
Ohio	43	40	45	-	83	-	211
Oklahoma	18	13	21	-	22	-	74
Oregon	8	4	4	-	5	-	21
Pennsylvania	57	29	49	1	82	2	220
Rhode Island	2	2	2	-	3	-	9
South Carolina	19	16	21	1	33	-	90
South Dakota	2	1	2	-	1	-	6
Tennessee	27	12	13	2	21	-	75
Texas	116	97	90	2	158	1	464
Utah	10	8	4	-	6	-	28
Vermont	2	1	-	-	5	-	8
Virginia	38	13	31	-	30	-	112
Washington	15	15	12	3	20	-	65
West Virginia	4	2	3	-	3	-	12
Wisconsin	14	8	13	3	12	-	50
Wyoming	4	1	1	-	1	-	7
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.