

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Fourth Quarter 2021

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 fourth quarter of 2021 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 (HELOC), 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 (GSE) for the calculation and reporting of delinquency and credit bureau reporting. Banks implemented the CARES Act foreclosure moratoriums for all covered loans.

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 December 30, 2021, the reporting banks serviced approximately 12.3 million first-lien residential mortgage loans with \$2.62 trillion in unpaid principal balances (see figures 1 and 2). This \$2.62 trillion was 22 percent of all residential mortgage debt outstanding in the United States.²
- Overall mortgage performance this quarter improved from the fourth quarter of 2020. The percentage of mortgages that were current and performing at the end of the fourth quarter of 2021 was 96.4 percent compared with 93.3 percent at the end of the fourth quarter of 2020 (see figure 6). The CARES Act, signed into law on March 27, 2020, and extended on February 18, 2022, allows for loan forbearance on federally backed mortgages that can extend up to 360 days and is reflected in the mortgage performance data.
- Servicers initiated 1,294 new foreclosures in the fourth quarter of 2021, an increase of 39.9 percent from the previous quarter and an increase of 64.0 percent from a year earlier (see figure 7). Home forfeiture actions during the fourth quarter of 2021—completed foreclosure sales, short sales, and deed-in-lieu-of-foreclosure actions—increased 41.7 percent from a year earlier to 1,768 (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 47,488 modifications during the fourth quarter of 2021, a 40.8 percent increase from the previous quarter's 33,721 modifications.

- Of these 47,488 modifications, 46,475, or 97.9 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 1,013 loan modifications, 986 received a single action and 27 were not assigned a modification type (see table 1).
- Among the 46,475 combination modifications completed during the quarter, 37,245, or 80.1 percent, included capitalization of delinquent interest and fees; 37,047, or 79.7 percent, included an interest rate reduction or freeze; 33,976, or 73.1 percent, included a term extension; 13,809, or 29.7 percent, included principal deferral; and 19, or 0.04 percent, included principal reduction (see table 2).
- Of the 47,488 modifications completed during the quarter, 33,493, or 70.5 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 December 31, 2021.

Modified Loan Performance

By December 30, 2021, all loans modified during the second quarter of 2021 would have aged at least six months. Of the 39,599 modifications completed during the second quarter of 2021, servicers reported that 2,835, or 7.2 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 fourth quarter of 2019 through the fourth quarter of 2021.

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

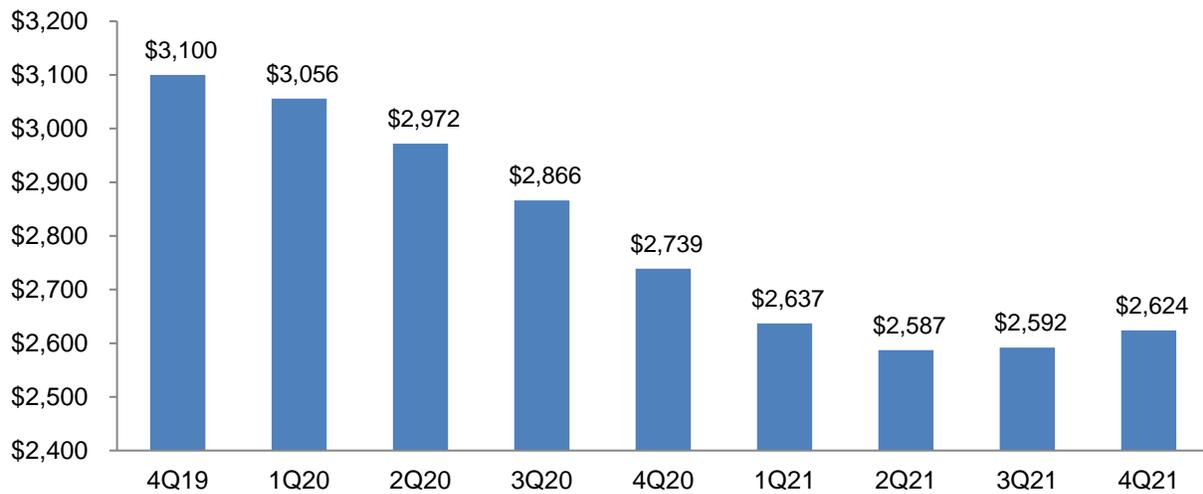


Figure 2 shows the number of first-lien residential mortgages serviced and the decline in loans from the fourth quarter of 2019 through the fourth quarter of 2021.

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

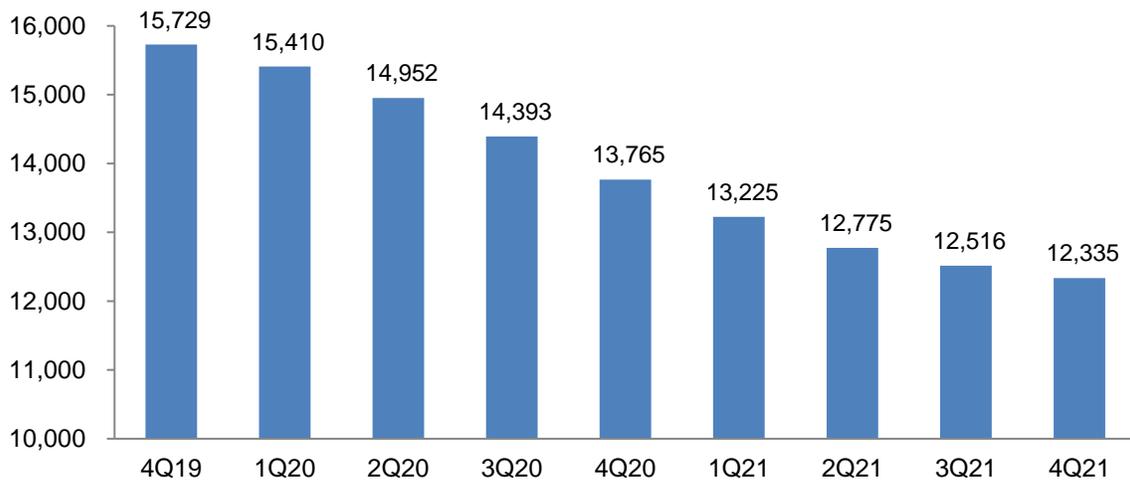


Figure 3 shows the number of loans in each risk category and the decline in each category from the fourth quarter of 2019 through the fourth quarter of 2021.

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

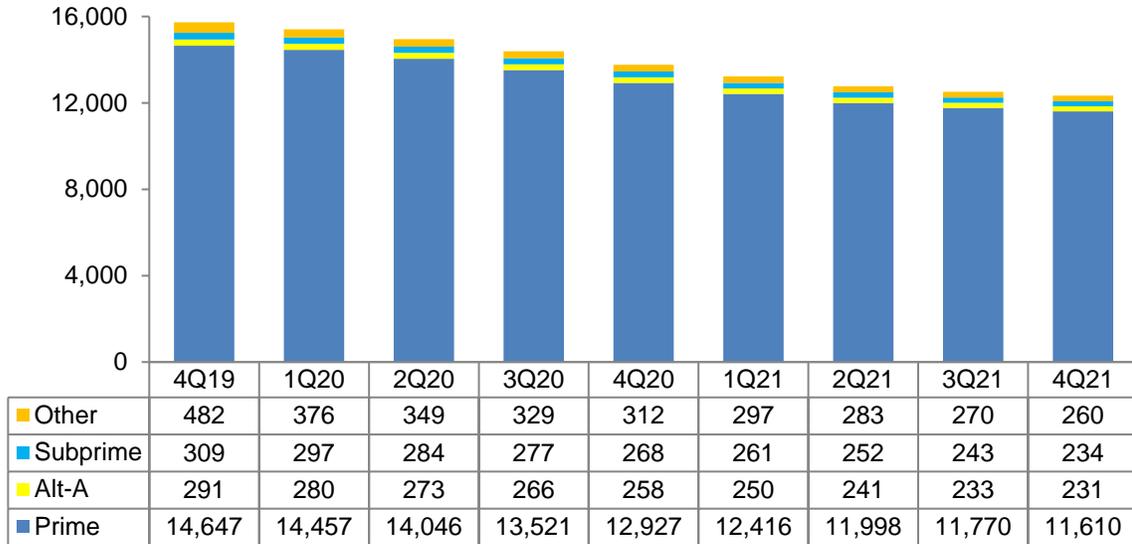
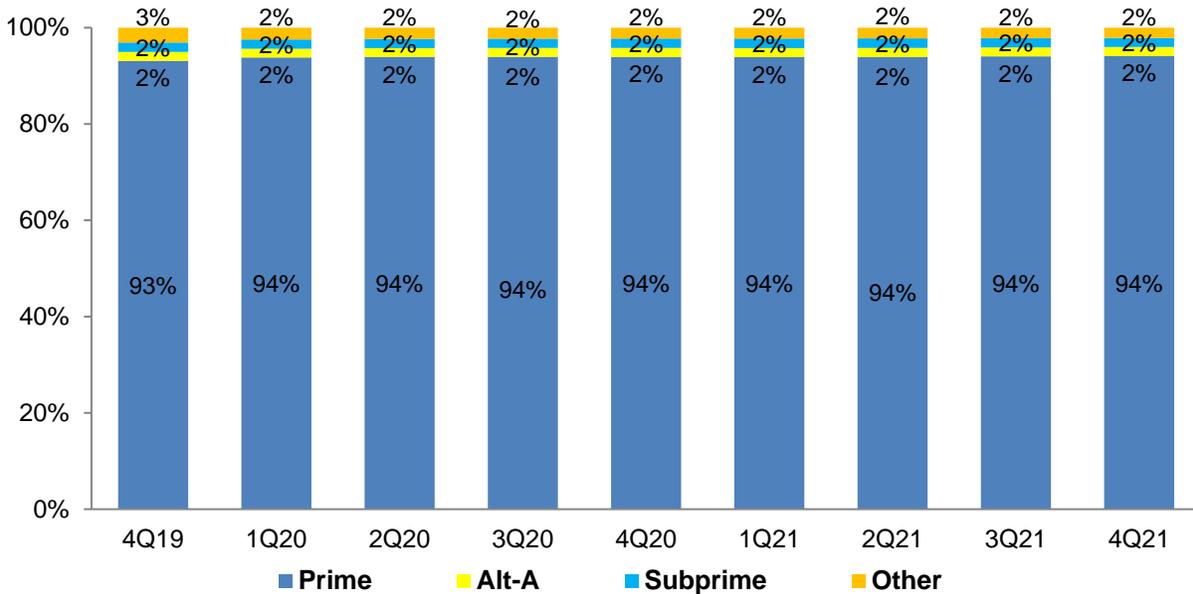


Figure 4 reports the percentage of loans in each risk category and shows that the composition of loans has remained relatively stable since the fourth quarter of 2019.

Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category³



³ Percentages do not total 100 because of rounding.

Figure 5 shows the number of loans in each category of delinquency from the fourth quarter of 2019 through the fourth quarter of 2021. The number of foreclosures in process is down slightly from the previous quarter. The number of seriously delinquent loans sharply increased in the second quarter of 2020, but has since been trending down.⁴

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

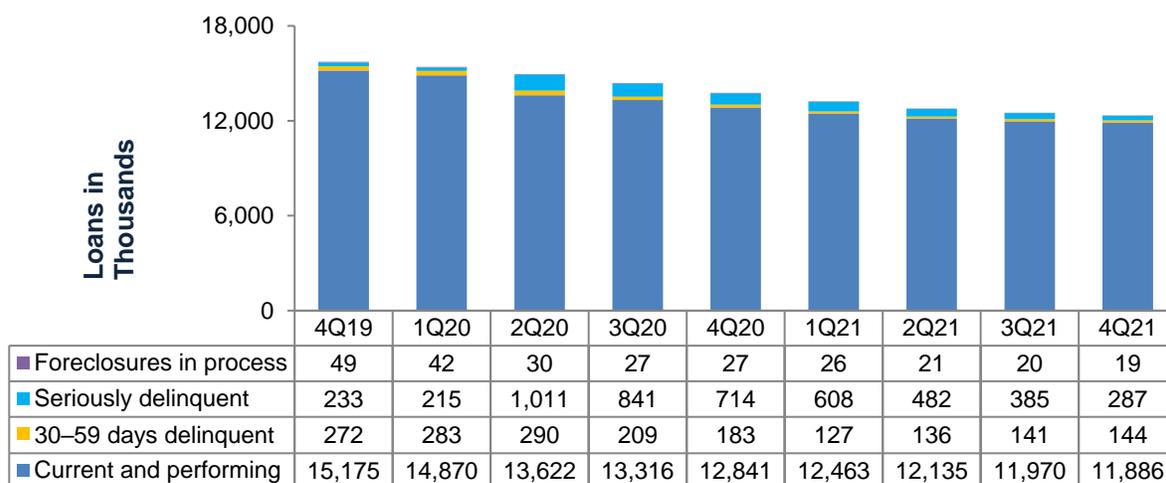
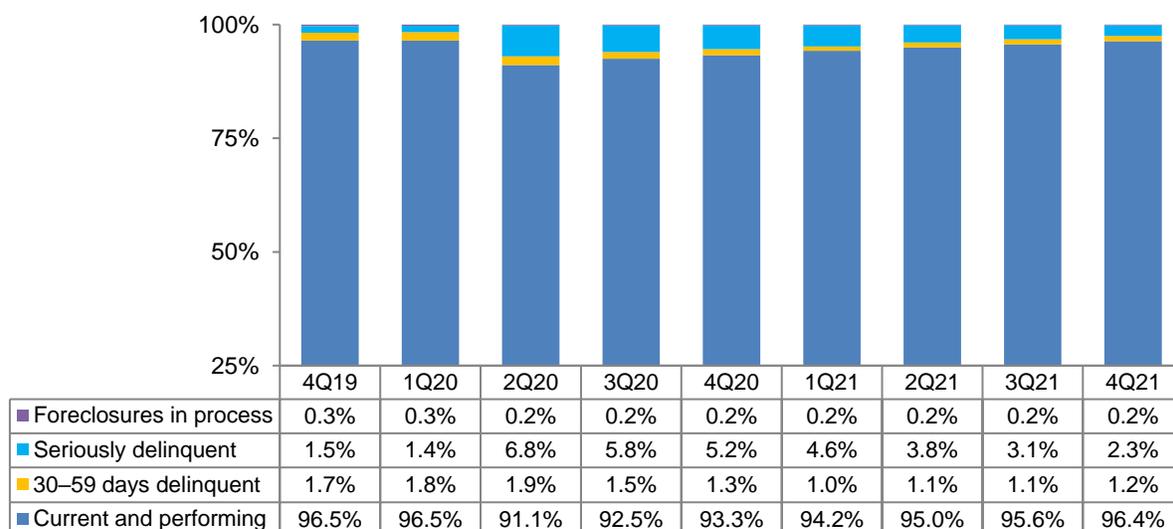


Figure 6 shows the percent of mortgages in each category of delinquency from the fourth quarter of 2019 through the fourth quarter of 2021. Data show that the percent of foreclosures in process remains relatively low as foreclosure moratoriums remained in place through July 30, 2021. The percent of seriously delinquent loans has trended down since peaking in the second quarter of 2020.

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



⁴ 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 7 shows the number of new foreclosure actions initiated from the fourth quarter of 2019 through the fourth quarter of 2021.⁵

Figure 7: Newly Initiated Foreclosures

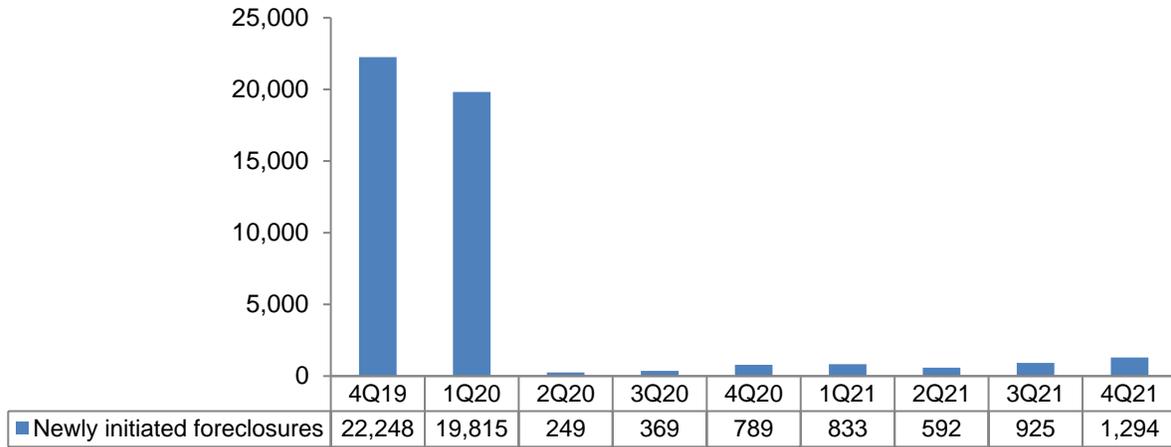
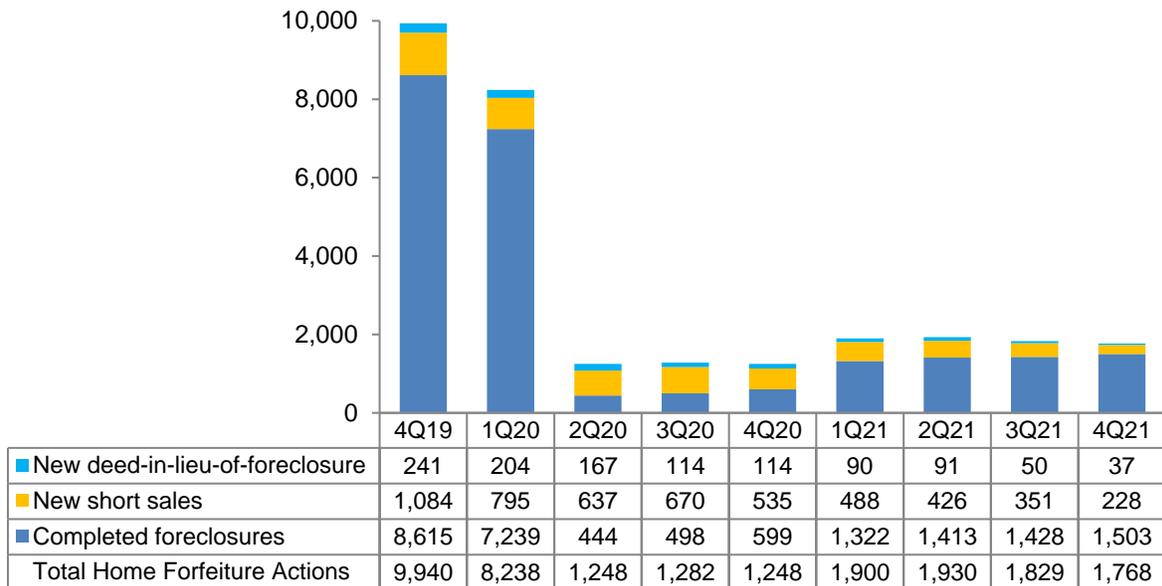


Figure 8 shows the number of foreclosure and other home forfeiture actions completed from the fourth quarter of 2019 through the fourth quarter of 2021. Completed foreclosures and other forfeiture actions increased to 1,768 in the fourth quarter of 2021 from 1,248 in the fourth quarter of 2020, an increase of 41.7 percent.⁶

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.

⁶ 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 Fourth Quarter of 2021

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	66	222	654	0	44	46,475	27	47,488
Alabama	1	2	12	0	0	545	3	563
Alaska	0	0	4	0	0	122	0	126
Arizona	2	6	13	0	0	1,186	0	1,207
Arkansas	1	3	18	0	1	423	0	446
California	9	21	40	0	3	4,198	9	4,280
Colorado	0	0	9	0	0	590	0	599
Connecticut	2	2	4	0	1	675	0	684
Delaware	0	2	6	0	1	228	0	237
District of Columbia	0	0	1	0	0	139	0	140
Florida	7	24	46	0	2	3,593	1	3,673
Georgia	4	10	35	0	1	2,054	1	2,105
Hawaii	1	0	10	0	0	195	0	206
Idaho	0	1	3	0	0	98	0	102
Illinois	1	23	28	0	7	2,910	1	2,970
Indiana	0	0	6	0	1	989	0	996
Iowa	0	3	2	0	0	277	1	283
Kansas	0	1	6	0	0	328	0	335
Kentucky	0	4	3	0	1	359	0	367
Louisiana	1	5	5	0	0	712	1	724
Maine	0	1	2	0	0	94	0	97
Maryland	1	12	35	0	2	1,836	1	1,887
Massachusetts	2	2	11	0	0	555	0	570
Michigan	1	2	5	0	2	627	0	637
Minnesota	1	6	6	0	1	1,256	0	1,270
Mississippi	1	3	2	0	0	292	0	298
Missouri	0	10	11	0	1	855	0	877
Montana	0	0	2	0	0	80	0	82
Nebraska	0	14	4	0	1	323	0	342
Nevada	0	3	10	0	0	992	0	1,005
New Hampshire	0	0	0	0	0	98	0	98
New Jersey	1	2	9	0	3	1,787	1	1,803
New Mexico	0	3	1	0	0	292	0	296
New York	6	3	19	0	2	2,349	2	2,381
North Carolina	3	1	40	0	2	1,394	1	1,441
North Dakota	0	1	1	0	0	56	0	58
Ohio	3	14	9	0	1	1,727	0	1,754
Oklahoma	3	5	5	0	0	698	0	711
Oregon	1	3	7	0	0	390	0	401
Pennsylvania	2	3	28	0	0	1,459	0	1,492
Rhode Island	0	1	1	0	0	111	0	113
South Carolina	2	2	20	0	1	669	0	694
South Dakota	0	3	3	0	0	47	0	53
Tennessee	1	5	18	0	0	753	0	777
Texas	3	4	68	0	5	5,224	0	5,304
Utah	0	1	5	0	0	217	0	223
Vermont	0	6	0	0	0	54	0	60
Virginia	3	1	42	0	2	1,323	3	1,374
Washington	3	1	26	0	1	691	0	722
West Virginia	0	0	1	0	0	94	1	96
Wisconsin	0	3	9	0	2	429	1	444
Wyoming	0	0	3	0	0	78	0	81
Other	0	0	0	0	0	4	0	4

Table 2: Number of Modification Actions in Combination Actions
Completed in the Fourth Quarter of 2021

States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - All States	37,245	37,047	33,976	19	13,809	46,475
Alabama	435	461	461	0	97	545
Alaska	81	111	107	0	15	122
Arizona	865	1,026	801	0	374	1,186
Arkansas	335	388	351	0	68	423
California	3,478	2,504	2,220	0	2,273	4,198
Colorado	431	466	407	0	195	590
Connecticut	571	482	472	0	249	675
Delaware	187	182	180	0	55	228
District of Columbia	110	86	81	0	63	139
Florida	2,843	2,783	2,431	2	1,243	3,593
Georgia	1,679	1,704	1,705	1	416	2,054
Hawaii	149	98	83	0	126	195
Idaho	71	77	62	0	39	98
Illinois	2,226	2,491	2,036	3	952	2,910
Indiana	838	915	856	4	129	989
Iowa	199	252	219	0	67	277
Kansas	261	285	265	0	70	328
Kentucky	247	313	252	0	108	359
Louisiana	602	624	591	0	142	712
Maine	78	65	65	0	32	94
Maryland	1,524	1,482	1,413	2	481	1,836
Massachusetts	418	386	334	0	246	555
Michigan	508	504	470	0	170	627
Minnesota	915	1,151	905	0	340	1,256
Mississippi	240	252	246	0	58	292
Missouri	640	739	587	1	270	855
Montana	59	64	61	0	22	80
Nebraska	227	302	244	0	78	323
Nevada	759	838	663	0	327	992
New Hampshire	70	68	61	0	38	98
New Jersey	1,530	1,243	1,251	1	670	1,787
New Mexico	254	244	228	0	70	292
New York	2,024	1,577	1,642	3	862	2,349
North Carolina	1,078	1,125	1,124	0	313	1,394
North Dakota	30	51	38	0	19	56
Ohio	1,394	1,589	1,370	0	325	1,727
Oklahoma	591	635	585	0	89	698
Oregon	290	278	231	0	170	390
Pennsylvania	1,232	1,181	1,209	1	334	1,459
Rhode Island	91	87	89	0	31	111
South Carolina	533	536	538	0	158	669
South Dakota	34	43	41	0	7	47
Tennessee	538	643	570	0	205	753
Texas	4,447	4,502	4,389	0	877	5,224
Utah	172	173	165	0	54	217
Vermont	30	44	31	0	22	54
Virginia	997	998	987	0	377	1,323
Washington	510	466	433	0	285	691
West Virginia	67	80	72	0	25	94
Wisconsin	293	380	291	1	151	429
Wyoming	60	71	59	0	22	78
Other	4	2	4	0	0	4

Table 3: Changes in Monthly Principal and Interest Payments by State Modifications Completed in the Fourth Quarter of 2021							
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	16,366	8,039	9,088	12,517	1,274	204	47,488
Alabama	239	100	112	100	9	3	563
Alaska	54	17	39	15	1	0	126
Arizona	365	252	223	353	14	0	1,207
Arkansas	175	74	111	79	7	0	446
California	1,017	668	551	1,960	78	6	4,280
Colorado	174	116	116	183	8	2	599
Connecticut	231	99	118	205	28	3	684
Delaware	75	45	52	59	5	1	237
District of Columbia	41	24	15	58	2	0	140
Florida	1,104	650	719	1,114	74	12	3,673
Georgia	858	349	477	349	67	5	2,105
Hawaii	35	22	28	119	2	0	206
Idaho	26	22	15	35	4	0	102
Illinois	875	519	577	861	114	24	2,970
Indiana	411	218	228	113	16	10	996
Iowa	103	44	61	63	10	2	283
Kansas	127	59	77	63	8	1	335
Kentucky	120	66	59	110	11	1	367
Louisiana	341	93	150	121	16	3	724
Maine	32	13	15	34	2	1	97
Maryland	628	331	421	439	47	21	1,887
Massachusetts	130	87	109	233	9	2	570
Michigan	249	100	110	155	18	5	637
Minnesota	369	231	311	335	22	2	1,270
Mississippi	118	48	80	45	6	1	298
Missouri	277	148	174	258	20	0	877
Montana	26	16	18	22	0	0	82
Nebraska	115	45	72	98	12	0	342
Nevada	318	199	162	318	8	0	1,005
New Hampshire	20	27	11	35	5	0	98
New Jersey	554	272	328	555	78	16	1,803
New Mexico	144	49	40	60	1	2	296
New York	790	374	384	723	105	5	2,381
North Carolina	565	238	302	287	39	10	1,441
North Dakota	19	12	6	20	1	0	58
Ohio	660	349	363	319	49	14	1,754
Oklahoma	312	137	150	100	12	0	711
Oregon	90	76	64	162	8	1	401
Pennsylvania	638	232	261	291	53	17	1,492
Rhode Island	47	17	18	26	4	1	113
South Carolina	277	113	155	139	8	2	694
South Dakota	17	10	14	11	1	0	53
Tennessee	310	120	132	197	18	0	777
Texas	2,348	834	1,097	797	216	12	5,304
Utah	81	49	37	52	2	2	223
Vermont	7	7	14	30	1	1	60
Virginia	460	241	274	360	27	12	1,374
Washington	175	117	145	274	9	2	722
West Virginia	36	23	14	22	0	1	96
Wisconsin	144	76	62	142	19	1	444
Wyoming	36	10	17	18	0	0	81
Other	3	1	0	0	0	0	4

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	364	540	742	1,012	158	19	2,835
Alabama	8	8	11	7	1	0	35
Alaska	0	0	1	1	0	0	2
Arizona	6	18	20	34	1	0	79
Arkansas	2	6	12	7	4	0	31
California	28	27	37	112	7	1	212
Colorado	4	4	7	10	3	0	28
Connecticut	6	9	6	19	1	0	41
Delaware	1	3	3	5	0	0	12
District of Columbia	1	3	2	5	0	0	11
Florida	35	35	42	91	14	1	218
Georgia	16	25	33	25	3	0	102
Hawaii	0	0	1	7	0	0	8
Idaho	2	1	3	1	0	0	7
Illinois	20	35	56	66	9	2	188
Indiana	12	18	45	11	3	0	89
Iowa	2	6	6	16	1	0	31
Kansas	3	7	8	10	0	1	29
Kentucky	1	5	10	10	4	0	30
Louisiana	11	12	17	11	3	1	55
Maine	0	1	1	3	0	0	5
Maryland	16	36	38	31	9	1	131
Massachusetts	5	8	14	23	0	0	50
Michigan	7	6	5	16	4	1	39
Minnesota	6	13	31	39	9	0	98
Mississippi	7	6	8	9	0	0	30
Missouri	7	8	13	18	1	0	47
Montana	0	1	2	4	0	0	7
Nebraska	2	3	9	11	3	0	28
Nevada	3	1	10	12	1	0	27
New Hampshire	0	2	2	2	0	0	6
New Jersey	12	25	23	28	10	1	99
New Mexico	2	3	3	11	1	0	20
New York	10	21	37	55	11	3	137
North Carolina	5	13	18	37	2	0	75
North Dakota	0	1	1	2	0	0	4
Ohio	14	28	38	35	8	0	123
Oklahoma	6	10	12	19	5	0	52
Oregon	1	1	3	12	0	0	17
Pennsylvania	24	26	20	30	5	1	106
Rhode Island	1	3	0	1	0	0	5
South Carolina	10	9	6	9	3	2	39
South Dakota	0	0	0	1	0	0	1
Tennessee	6	6	7	11	1	0	31
Texas	39	56	89	78	24	2	288
Utah	3	6	4	8	1	0	22
Vermont	0	1	1	2	0	0	4
Virginia	10	16	14	19	2	2	63
Washington	2	3	3	17	1	0	26
West Virginia	4	1	1	1	1	0	8
Wisconsin	4	4	8	13	2	0	31
Wyoming	0	0	1	7	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.