

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Fourth Quarter 2015

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

March 2016

Contents

About Mortgage Metrics 3

Executive Summary 4

 Figure 1. Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions..... 5

 Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands 5

 Figure 3. Composition—Loans in Thousands by Borrower Risk Category 6

 Figure 4. Composition—Percentage of Mortgages by Borrower Risk Category 6

 Figure 5. Number of Loans in Delinquency and Foreclosures in Process 7

 Figure 6. Percentage of Loans Current and Performing and in Delinquency..... 7

 Figure 7. Newly Initiated Foreclosures—Loans in Thousands..... 8

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

Table 1. Number of Mortgage Modification Actions..... 9

Table 2. Number of Modification Actions in Combination Actions..... 10

Table 3. Changes in Monthly Principal and Interest Payments by State..... 11

Table 4. Number of Re-Defaults for Loans Modified Six Months Previously 12

Appendix A—Definitions and Method 13

About Mortgage Metrics

The Office of the Comptroller of the Currency (OCC) collects data on the volume of mortgage modifications completed on first-lien residential mortgage loans serviced by eight national banks with large mortgage-servicing portfolios.¹ The *OCC Mortgage Metrics Report* is published quarterly to promote broader understanding of mortgage portfolio performance in the federal banking system, to support supervision of regulated institutions, and to fulfill section 104 of the Helping Families Save Their Homes Act of 2009 (codified at 12 U.S.C. § 1715z-25).

- This report presents performance data for the fourth quarter of 2015.
- The data in this report reflect a large portion of first-lien residential mortgages in the country, but 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. At quarter's end, more than 90 percent of these loans were serviced for third parties.

This report uses reporting elements standard in the residential mortgage industry. Please see “Appendix A—Definitions and Method” for defined terms and method.

¹ The eight national banks are Bank of America, JPMorgan Chase, CIT Bank (formerly OneWest), Citibank, HSBC, PNC, U.S. Bank, and Wells Fargo.

Executive Summary

Overall Mortgage Portfolio and Performance

- As of December 31, 2015, the reporting banks serviced approximately 21.5 million first-lien mortgage loans with \$3.7 trillion in unpaid principal balances (see figures 1 and 2). This \$3.7 trillion was 41 percent of all first-lien residential mortgage debt outstanding in the United States.
- The overall performance of mortgages in this report remained relatively unchanged from the previous quarter but improved from a year earlier. The percentage of mortgages that were current and performing at the end of the fourth quarter of 2015 was 94.1 percent, compared with 93.2 percent a year earlier (see figure 6).
- Servicers initiate foreclosure actions at defined stages of loan delinquency. Foreclosure actions progress to sale of the property only if servicers and borrowers cannot arrange a permanent loss mitigation action, modification, home sale, or alternate workout solution. Servicers initiated 63,387 new foreclosures in the fourth quarter of 2015, a decrease of 1.2 percent from the previous quarter and 15.9 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 23.4 percent from a year earlier, to 38,112 (see figure 8).

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 35,118 modifications during the fourth quarter of 2015.

- Of these 35,118 modifications, 92 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. An additional 2,638 loan modifications received only a single action (see table 1).
- Among the 32,302 combination modifications completed during the quarter, 93 percent included capitalization of delinquent interest and fees, 86 percent included a term extension, 81 percent included an interest rate reduction or freeze, 9 percent had principal reduced, and 11 percent had principal deferred (see table 2).
- Among the 35,118 modifications completed during the quarter, 30,438, or 87 percent, reduced the loan’s pre-modification monthly payment (see table 3).

Modified Loan Performance

The second quarter of 2015 is the first quarter for which all loans modified during the quarter could have aged at least six months by December 31, 2015. Among modifications that were completed during the second quarter of 2015, servicers reported that 8,151 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).

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 since the fourth quarter of 2013 through the end of 2015.

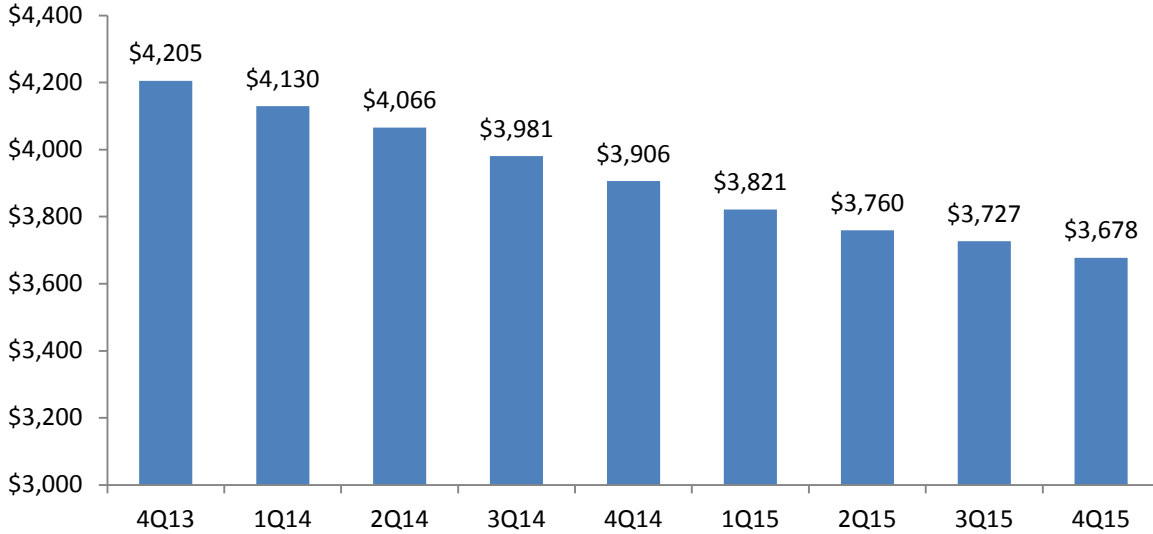


Figure 2. Total Serviced Mortgage Portfolio—Number of Loans in Thousands

Figure 2 reports the aggregate number of the first-lien residential mortgages serviced by the eight reporting banks and illustrates the decline in reporting banks’ servicing portfolio since the fourth quarter of 2013 through the end of 2015.

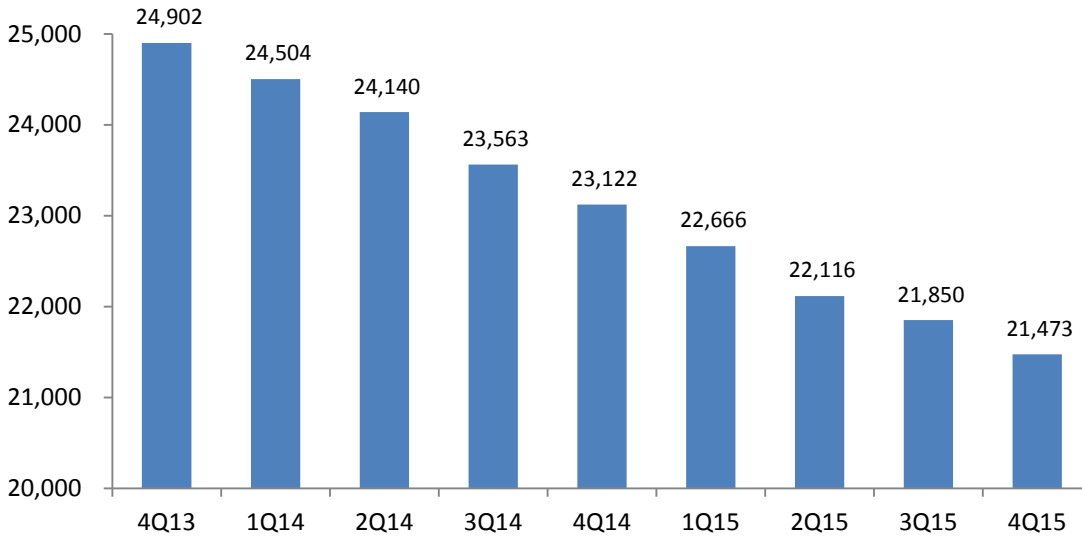


Figure 3. Composition—Loans in Thousands by Borrower Risk Category

Figure 3 shows the number of loans in each risk category.

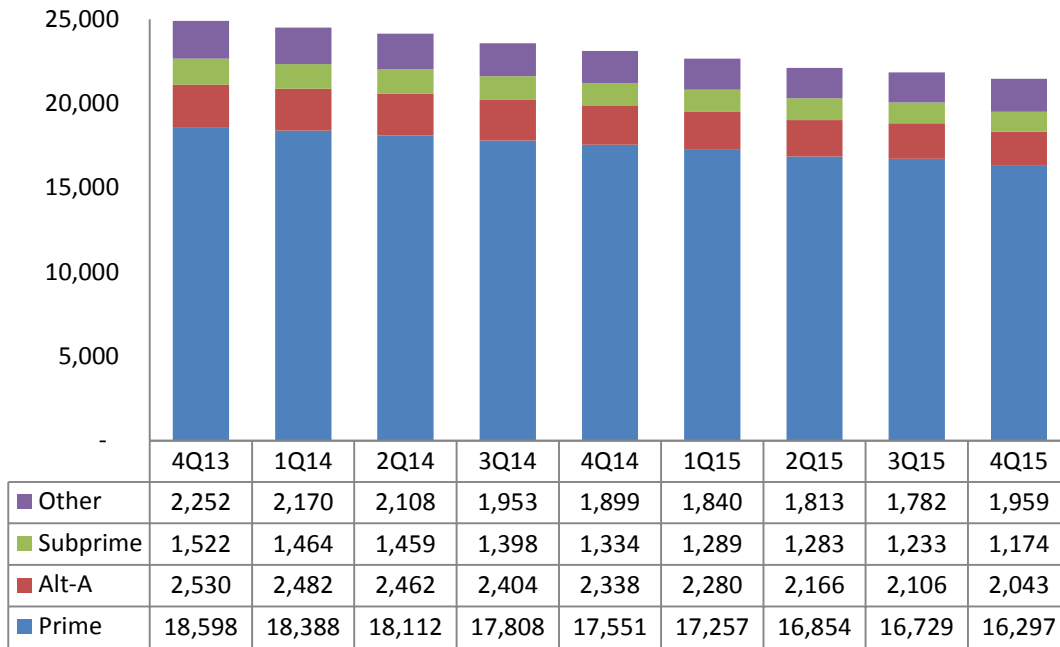


Figure 4. Composition—Percentage of Mortgages by Borrower Risk Category

Figure 4 reports the percentage of loans in each risk category, which shows the composition has remained relatively stable over time.

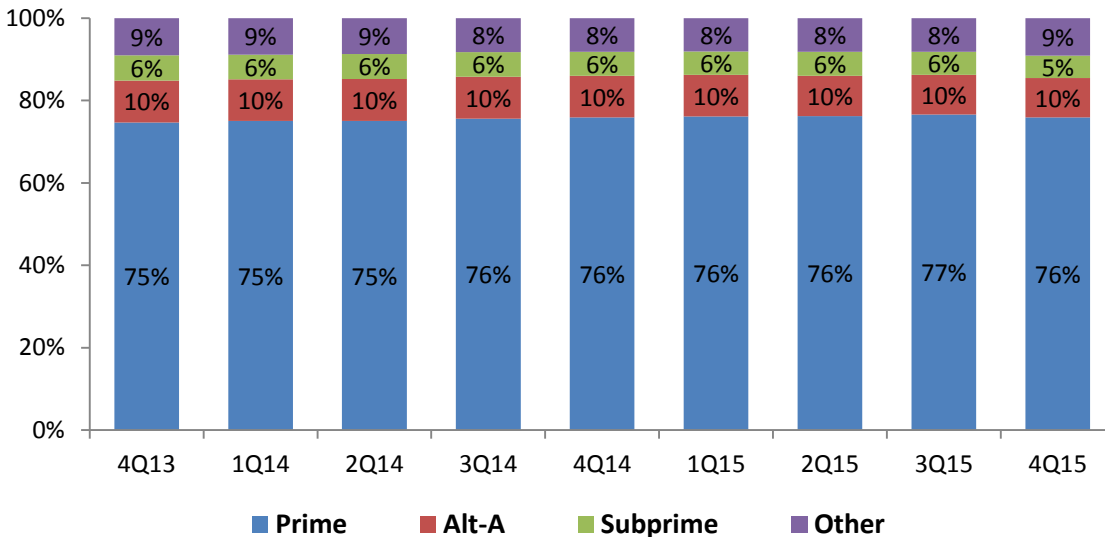


Figure 5. Number of Loans in Delinquency and Foreclosures in Process

Figure 5 provides the quarterly number of loans in each category of delinquency from the end of 2013 through the end of 2015. Data show delinquencies have declined gradually during that period.

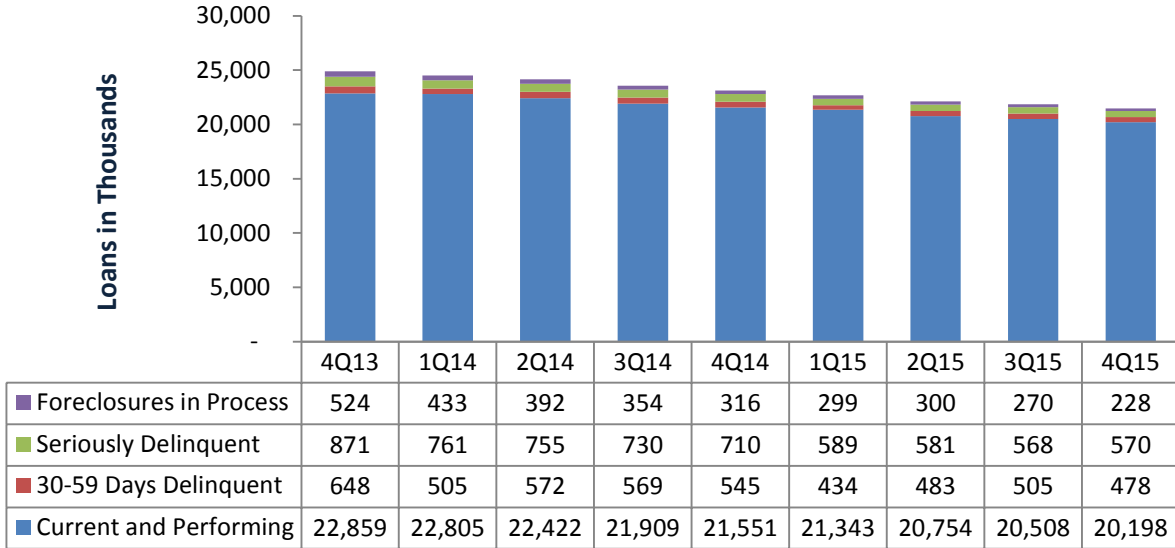


Figure 6. Percentage of Loans Current and Performing and in Delinquency

Figure 6 provides the quarterly percentage of mortgages in each category of delinquency from the end of 2013 through the end of 2015. Data show the composition of delinquencies has been relatively stable over that period.

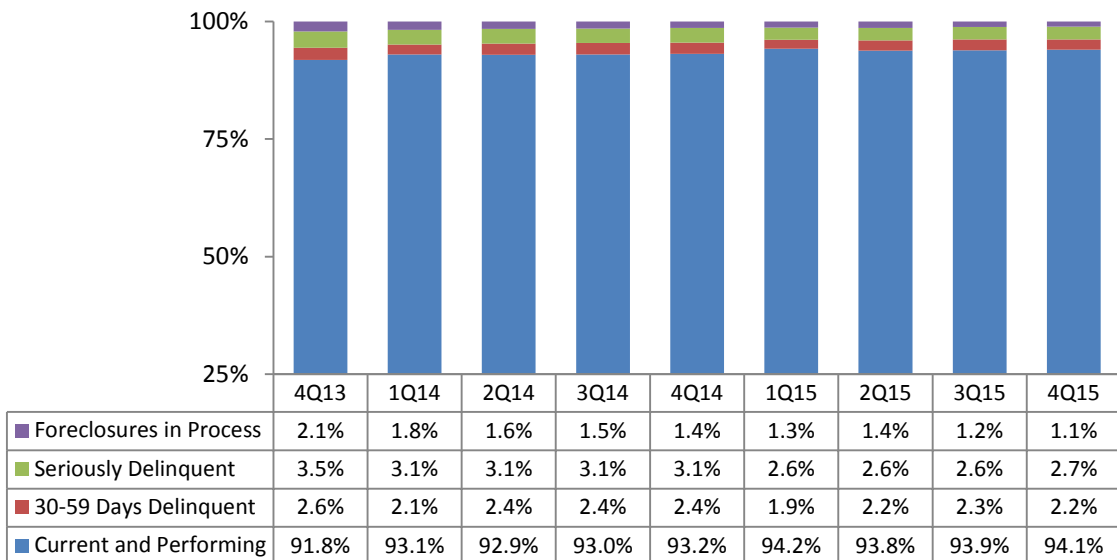


Figure 7. Newly Initiated Foreclosures—Loans in Thousands

Figure 7 reports the number of new foreclosure actions initiated quarterly since the end of 2013.

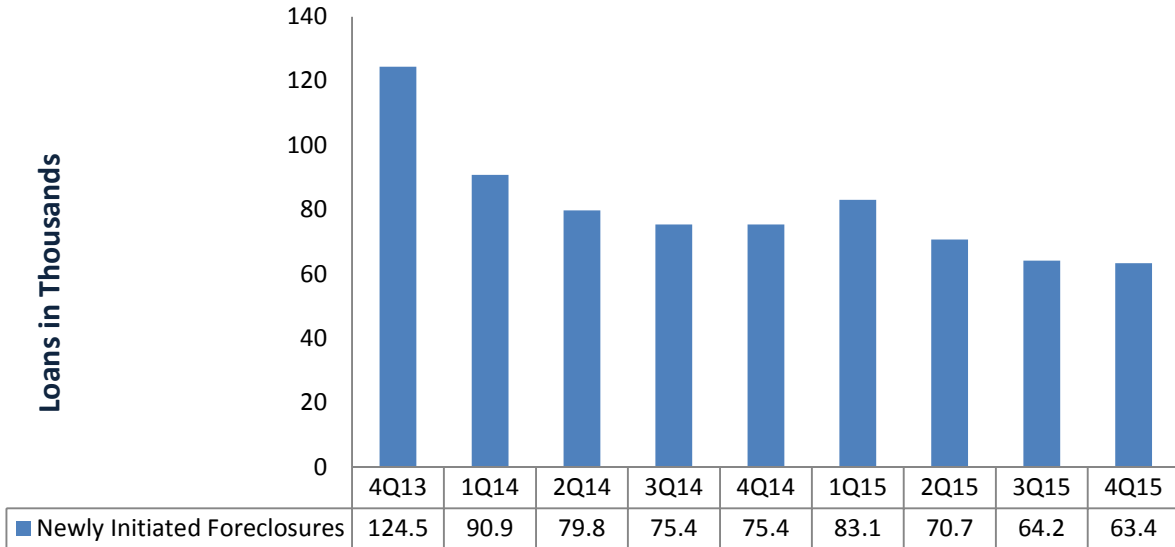


Figure 8. Completed Foreclosures and Other Home Forfeiture Actions—Loans in Thousands

Figure 8 shows the number of foreclosure and other home forfeiture actions completed quarterly since the end of 2013.

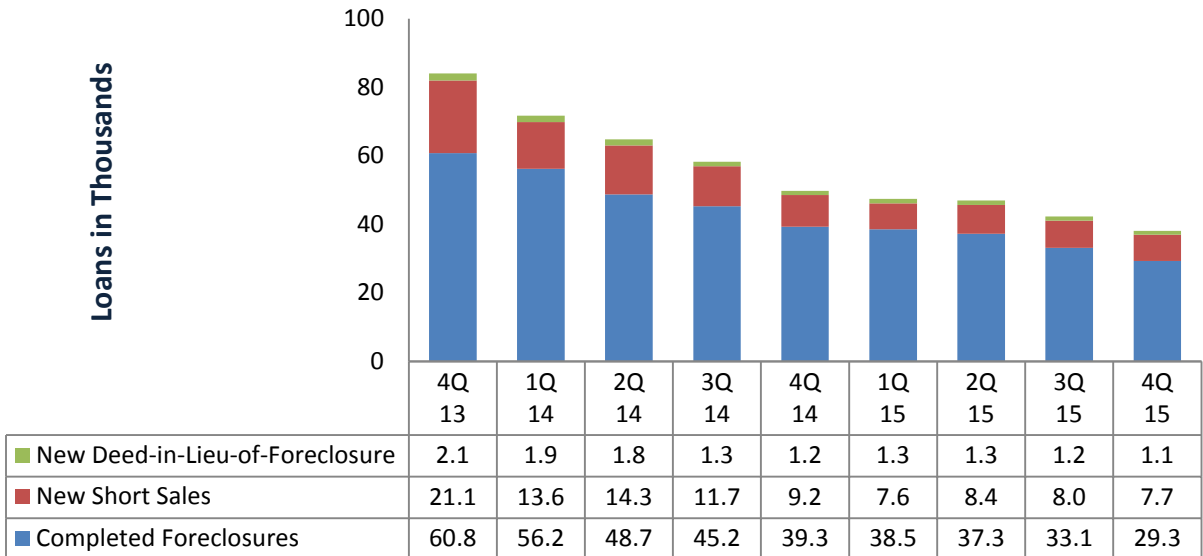


Table 1. Number of Mortgage Modification Actions Implemented in the Fourth Quarter of 2015								
States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reductions	Principal Deferral	Combination	Not Reported	Total Modifications
Total - All States	1,076	83	1,334	9	136	32,302	178	35,118
Alabama	25	1	15	0	5	470	2	518
Alaska	2	0	6	0	1	27	0	36
Arizona	22	0	28	0	8	528	1	587
Arkansas	18	1	9	0	0	267	0	295
California	166	9	98	2	11	2,757	15	3,058
Colorado	8	2	20	0	3	319	1	353
Connecticut	11	3	28	0	1	464	5	512
Delaware	8	1	11	0	0	178	0	198
District of Columbia	2	1	2	0	0	61	2	68
Florida	81	13	53	3	12	2,700	19	2,881
Georgia	85	3	108	1	5	1,518	21	1,741
Hawaii	5	0	1	0	0	72	0	78
Idaho	5	0	6	0	2	111	0	124
Illinois	25	2	79	1	5	1,807	8	1,927
Indiana	14	1	19	0	4	691	2	731
Iowa	6	1	9	0	0	217	0	233
Kansas	6	1	12	0	0	209	0	228
Kentucky	7	0	9	0	1	299	0	316
Louisiana	14	0	14	0	1	493	4	526
Maine	6	0	4	0	0	121	0	131
Maryland	41	3	66	0	10	1,064	2	1,186
Massachusetts	31	1	24	0	2	619	4	681
Michigan	27	2	22	0	1	732	4	788
Minnesota	13	1	22	0	4	514	4	558
Mississippi	8	0	7	0	0	225	1	241
Missouri	20	2	18	0	2	611	5	658
Montana	1	0	4	0	2	64	0	71
Nebraska	1	0	4	0	1	117	0	123
Nevada	13	4	14	1	1	299	1	333
New Hampshire	3	0	6	0	0	136	0	145
New Jersey	31	7	71	0	7	1,630	10	1,756
New Mexico	4	0	10	0	0	187	1	202
New York	49	2	106	0	6	2,466	18	2,647
North Carolina	39	6	36	0	4	1,133	1	1,219
North Dakota	1	0	1	0	0	14	0	16
Ohio	21	0	39	0	2	1,239	5	1,306
Oklahoma	7	0	9	0	1	281	0	298
Oregon	13	2	4	0	2	321	2	344
Pennsylvania	45	5	55	0	8	1,349	2	1,464
Rhode Island	3	1	4	0	0	150	0	158
South Carolina	28	2	13	0	2	606	4	655
South Dakota	0	0	2	0	1	35	0	38
Tennessee	24	0	23	0	6	569	7	629
Texas	90	3	129	0	2	2,360	10	2,594
Utah	7	0	11	0	0	213	1	232
Vermont	1	0	1	0	0	38	0	40
Virginia	19	0	50	0	4	828	8	909
Washington	10	3	33	1	3	626	5	681
West Virginia	1	0	4	0	2	95	3	105
Wisconsin	6	0	15	0	2	393	0	416
Wyoming	3	0	0	0	2	36	0	41
Other	0	0	0	0	0	43	0	43

Table 2. Number of Modification Actions in Combination Actions Implemented in the Fourth Quarter of 2015						
States	Capitalization	Rate Reduction or Freeze	Term Extension	Principal Reduction	Principal Deferral	Total Combination Modifications
Total - All States	29,899	26,270	27,641	2,824	3,597	32,302
Alabama	442	408	414	27	37	470
Alaska	26	18	22	0	0	27
Arizona	501	429	420	56	62	528
Arkansas	259	237	216	13	8	267
California	2,595	2,155	1,868	422	572	2,757
Colorado	289	258	286	9	9	319
Connecticut	420	364	394	62	58	464
Delaware	168	141	148	21	13	178
District of Columbia	60	43	54	7	8	61
Florida	2,527	2,237	2,253	388	478	2,700
Georgia	1,387	1,234	1,319	133	148	1,518
Hawaii	70	57	46	4	7	72
Idaho	104	88	98	2	8	111
Illinois	1,648	1,516	1,623	161	427	1,807
Indiana	649	580	620	23	32	691
Iowa	205	163	200	6	12	217
Kansas	202	164	190	4	9	209
Kentucky	276	252	260	15	13	299
Louisiana	462	422	397	23	27	493
Maine	113	101	100	3	2	121
Maryland	973	837	922	126	142	1,064
Massachusetts	563	463	539	61	57	619
Michigan	689	622	623	59	65	732
Minnesota	488	415	451	30	25	514
Mississippi	214	192	177	22	12	225
Missouri	575	519	538	49	43	611
Montana	58	44	55	1	3	64
Nebraska	113	100	108	5	7	117
Nevada	267	260	246	61	48	299
New Hampshire	131	110	116	4	8	136
New Jersey	1,465	1,274	1,458	176	264	1,630
New Mexico	178	158	169	13	12	187
New York	2,265	1,878	2,236	193	327	2,466
North Carolina	1,051	907	972	80	64	1,133
North Dakota	13	12	13	1	1	14
Ohio	1,168	1,047	1,132	59	106	1,239
Oklahoma	257	245	247	7	3	281
Oregon	305	248	265	28	26	321
Pennsylvania	1,225	1,057	1,191	91	112	1,349
Rhode Island	136	124	139	18	16	150
South Carolina	564	507	503	53	47	606
South Dakota	31	28	29	0	0	35
Tennessee	525	486	480	40	31	569
Texas	2,115	2,042	2,143	89	53	2,360
Utah	184	176	188	9	11	213
Vermont	38	32	29	4	5	38
Virginia	777	650	710	59	73	828
Washington	590	498	546	61	61	626
West Virginia	89	79	83	7	2	95
Wisconsin	374	320	341	32	40	393
Wyoming	32	31	28	3	0	36
Other	43	42	36	4	3	43

Table 3. Changes in Monthly Principal and Interest Payments by State							
Modifications Implemented in the Fourth Quarter of 2015							
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	18,013	7,372	5,053	360	4,206	114	35,118
Alabama	239	110	94	11	63	1	518
Alaska	14	6	9	1	6	0	36
Arizona	306	132	91	8	50	0	587
Arkansas	111	61	62	1	60	0	295
California	1,672	674	375	22	297	18	3,058
Colorado	172	94	57	7	22	1	353
Connecticut	280	108	69	2	50	3	512
Delaware	101	44	26	1	26	0	198
District of Columbia	30	19	5	1	13	0	68
Florida	1,544	519	334	26	444	14	2,881
Georgia	913	336	236	29	216	11	1,741
Hawaii	31	17	11	1	16	2	78
Idaho	49	34	18	3	19	1	124
Illinois	1,133	348	255	13	177	1	1,927
Indiana	350	154	117	6	104	0	731
Iowa	109	60	40	1	23	0	233
Kansas	107	48	49	2	22	0	228
Kentucky	160	63	41	4	48	0	316
Louisiana	226	108	91	4	94	3	526
Maine	47	35	20	0	29	0	131
Maryland	563	275	186	12	146	4	1,186
Massachusetts	348	146	88	9	88	2	681
Michigan	435	155	115	4	79	0	788
Minnesota	261	135	87	6	69	0	558
Mississippi	111	51	38	3	36	2	241
Missouri	325	158	96	9	69	1	658
Montana	25	18	14	2	12	0	71
Nebraska	58	25	30	0	10	0	123
Nevada	193	54	50	2	34	0	333
New Hampshire	73	29	17	1	24	1	145
New Jersey	958	333	228	19	212	6	1,756
New Mexico	96	45	39	0	22	0	202
New York	1,387	562	330	28	322	18	2,647
North Carolina	583	243	202	18	173	0	1,219
North Dakota	7	5	3	0	1	0	16
Ohio	679	274	199	12	139	3	1,306
Oklahoma	137	62	43	3	53	0	298
Oregon	168	73	49	1	52	1	344
Pennsylvania	758	310	212	16	163	5	1,464
Rhode Island	87	33	19	2	17	0	158
South Carolina	304	138	90	11	111	1	655
South Dakota	12	11	11	2	2	0	38
Tennessee	314	128	109	14	64	0	629
Texas	1,359	552	403	19	255	6	2,594
Utah	99	55	50	2	25	1	232
Vermont	16	15	3	0	6	0	40
Virginia	425	204	171	12	95	2	909
Washington	319	190	88	7	74	3	681
West Virginia	59	23	11	1	8	3	105
Wisconsin	209	88	63	2	54	0	416
Wyoming	14	8	7	0	12	0	41
Other	37	4	2	0	0	0	43

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 Modifications
Total - All States	3,074	1,561	1,436	633	1,429	18	8,151
Alabama	66	26	32	22	26	0	172
Alaska	2	2	2	0	1	0	7
Arizona	47	32	28	14	17	0	138
Arkansas	23	11	14	5	27	0	80
California	169	91	59	27	70	2	418
Colorado	32	17	21	8	13	0	91
Connecticut	48	23	17	1	16	0	105
Delaware	18	12	7	5	6	0	48
District of Columbia	2	6	4	2	1	0	15
Florida	226	88	85	49	95	4	547
Georgia	183	62	82	42	67	1	437
Hawaii	11	1	5	4	4	0	25
Idaho	9	8	3	3	5	0	28
Illinois	170	82	64	18	75	1	410
Indiana	73	51	33	7	33	0	197
Iowa	29	12	13	2	14	0	70
Kansas	25	9	11	6	10	0	61
Kentucky	32	17	13	15	23	0	100
Louisiana	38	23	36	27	51	0	175
Maine	11	5	6	3	11	0	36
Maryland	100	48	65	33	46	2	294
Massachusetts	48	35	28	5	20	1	137
Michigan	86	37	28	12	38	0	201
Minnesota	30	31	21	4	18	0	104
Mississippi	33	13	17	8	21	0	92
Missouri	60	24	25	11	28	0	148
Montana	8	5	2	2	2	1	20
Nebraska	15	12	8	2	6	0	43
Nevada	26	13	12	9	7	0	67
New Hampshire	10	1	2	3	4	0	20
New Jersey	173	73	71	15	55	2	389
New Mexico	18	12	13	6	9	0	58
New York	184	95	71	14	84	0	448
North Carolina	139	70	57	29	70	0	365
North Dakota	1	1	0	0	1	0	3
Ohio	106	79	68	18	55	0	326
Oklahoma	28	12	17	14	22	0	93
Oregon	14	15	7	4	13	0	53
Pennsylvania	172	78	63	19	56	1	389
Rhode Island	15	4	8	1	6	1	35
South Carolina	69	25	26	22	48	0	190
South Dakota	1	3	1	3	4	0	12
Tennessee	56	33	34	10	30	0	163
Texas	260	134	126	66	119	1	706
Utah	32	12	9	12	8	0	73
Vermont	2	4	3	2	1	0	12
Virginia	90	53	53	27	27	1	251
Washington	33	31	33	13	33	0	143
West Virginia	16	5	8	1	6	0	36
Wisconsin	29	23	23	8	25	0	108
Wyoming	1	0	2	0	2	0	5
Other	5	2	0	0	0	0	7

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 whose credit scores at the time of origination range from 620-659.
- **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 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 do not reflect the borrowers' credit scores at origination.
- **Prime**—Mortgages whose credit scores at the time of origination are 660 and above.
- **Principal reduction modifications**—Modifications that permanently reduce the unpaid principal owed on a mortgage.
- **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.
- **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, 2014, 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, 2015 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 whose credit scores at the time of origination are below 620.
- **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.