Office of the Comptroller of the Currency

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Second Quarter 2021

Office of the Comptroller of the Currency
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Contents

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 second 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.
- Before the third quarter of 2019, certain banks reported completed, post-foreclosure, and other real estate owned (OREO) accounts in data used in figures 1 through 4. These accounts should not have been included in those figures. These discrepancies were not material.

[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 June 30, 2021, the reporting banks serviced approximately 12.8 million first-lien residential mortgage loans with $2.59 trillion in unpaid principal balances (see figures 1 and 2). This $2.59 trillion was 23 percent of all residential mortgage debt outstanding in the United States.[2]
- Overall mortgage performance this quarter improved from the second quarter of 2020, which was also the first full quarter of the COVID-19 pandemic. Under the CARES Act, signed into law on March 27, 2020, customer relief and forbearance can extend up to 360 days, and government agencies extended the forbearance period up to 18 months. The percentage of mortgages that were current and performing at the end of the second quarter of 2021 was 95.0 percent compared with 91.1 percent at the end of the second quarter of 2020 (see figure 6).
- Servicers initiated 592 new foreclosures in the second quarter of 2021, a decrease of 28.9 percent from the previous quarter and an increase of 137.8 percent from a year earlier (see figure 7). Home forfeiture actions during the second quarter of 2021—completed foreclosure sales, short sales, and deed-in-lieu-of-foreclosure actions—increased 54.6 percent from a year earlier to 1,930 (see figure 8). Events associated with the COVID-19 pandemic, including foreclosure moratoriums that began March 18, 2020, and have been extended to July 31, 2021, have significantly affected these metrics.

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 39,599 modifications during the second quarter of 2021, a 17.1 percent decrease from the previous quarter's 47,773 modifications.

- Of these 39,599 modifications, 38,479, or 97.2 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 1,120 loan modifications, 1,077 received a single action and 43 were not assigned a modification type (see table 1).
- Among the 38,479 combination modifications completed during the quarter, 29,152, or 75.8 percent, included an interest rate reduction or freeze; 25,863, or 67.2 percent, included capitalization of delinquent interest and fees; 21,278, or 55.3 percent, included a term extension; 18,147, or 47.2 percent, included principal deferral; and 36, or 0.1 percent, included principal reduction (see table 2).
- Of the 39,599 modifications completed during the quarter, 21,122, or 53.3 percent, reduced the loan's pre-modification monthly payment (see table 3).

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[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 June 30, 2021.

Modified Loan Performance

By June 30, 2021, all loans modified during the fourth quarter of 2020 would have aged at least six months. Of the 41,030 modifications completed during the fourth quarter of 2020, servicers reported that 1,331, or 3.2 percent, were 60 or more days past due or in the process of foreclosure at the end of the month that the modifications became six months old (see table 4).

Figure 1 shows the outstanding principal balance of reported loans and the declining amount of unpaid balances from the second quarter of 2019 through the second 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 second quarter of 2019 through the second quarter of 2021.

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

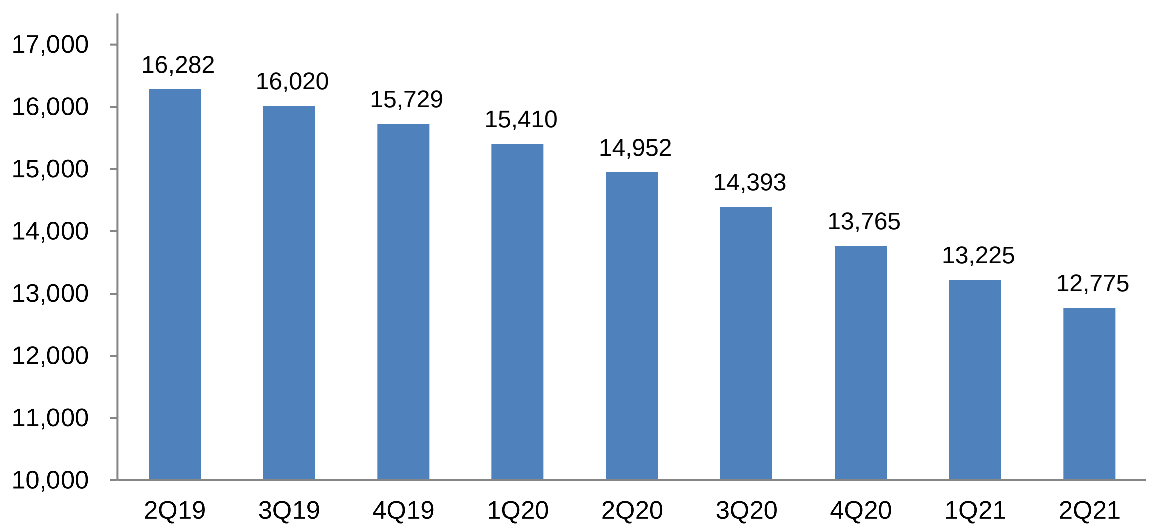
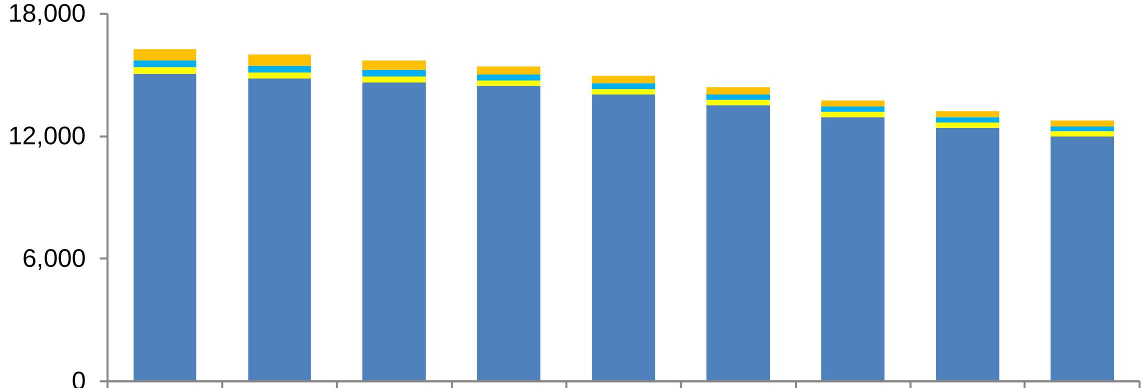


Figure 3 shows the number of loans in each risk category and the decline in each category from the second quarter of 2019 through the second quarter of 2021.

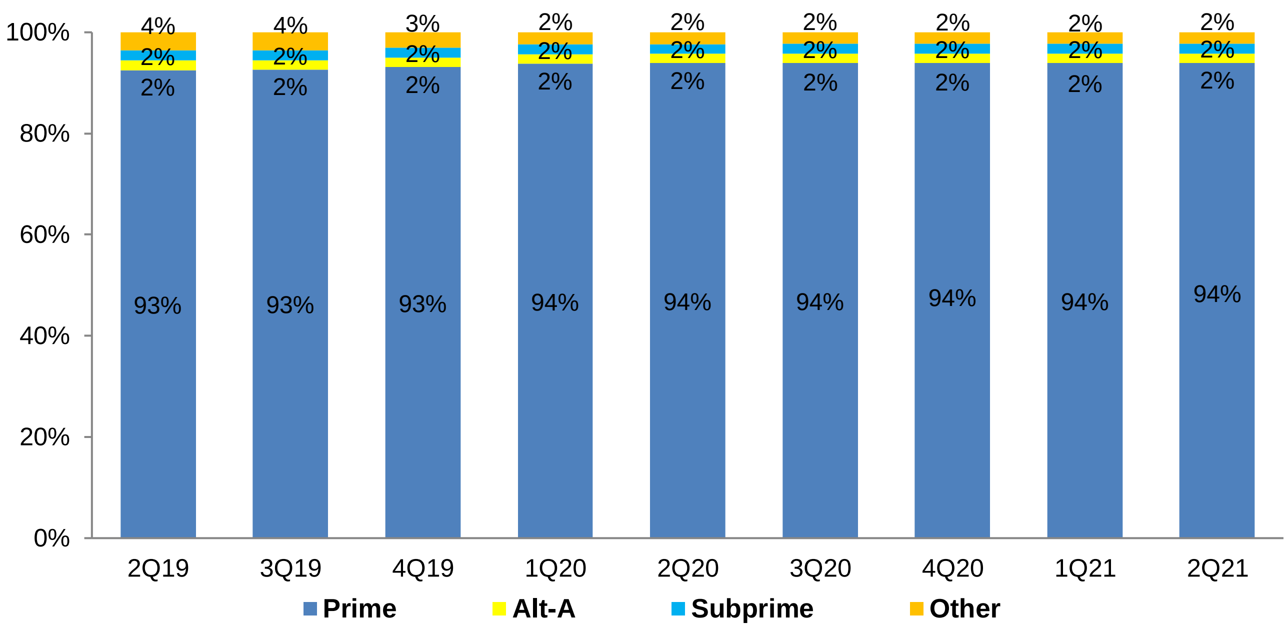
Figure 3: Composition—Loans in Thousands by Borrower Risk Category



	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Other	583	562	482	376	349	329	312	297	283
Subprime	328	318	309	297	284	277	268	261	252
Alt-A	309	298	291	280	273	266	258	250	241
Prime	15,062	14,842	14,647	14,457	14,046	13,521	12,927	12,416	11,998

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

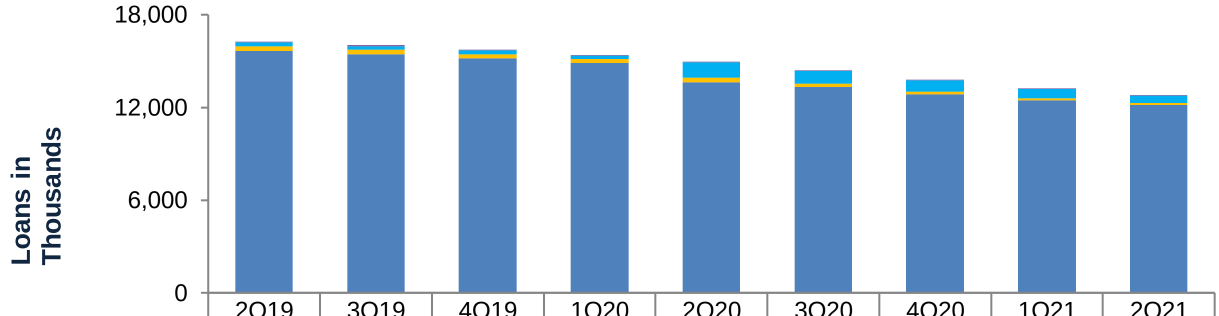
Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category[3]



[3] Percentages do not total 100 because of rounding.

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

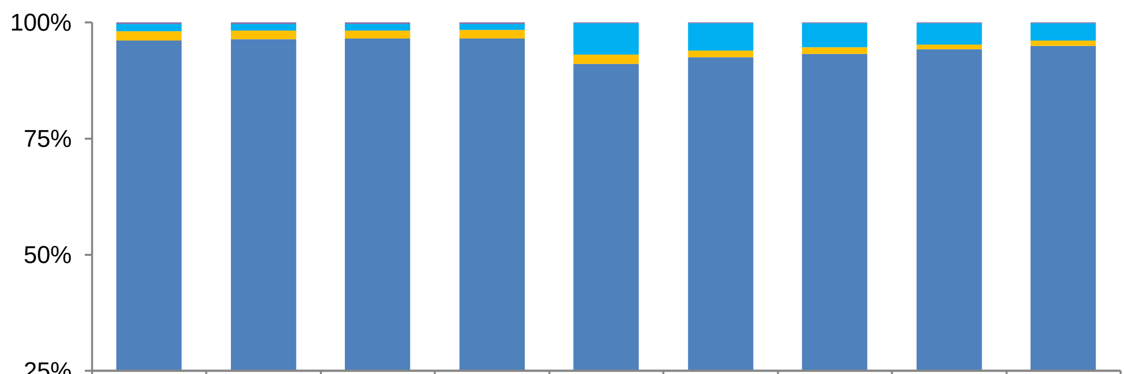
Figure 5: Number of Loans in Delinquency and Foreclosures in Process—Loans in Thousands



	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Foreclosures in process	56	51	49	42	30	27	27	26	21
Seriously delinquent	248	239	233	215	1,011	841	714	608	482
30-59 days delinquent	326	286	272	283	290	209	183	127	136
Current and performing	15,634	15,444	15,175	14,870	13,622	13,316	12,841	12,463	12,135

Figure 6 shows the percentage of mortgages in each category of delinquency from the second quarter of 2019 through the second quarter of 2021. Data show that the number of foreclosures in process remains relatively low as foreclosure moratoriums remain in place. Also, the number 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

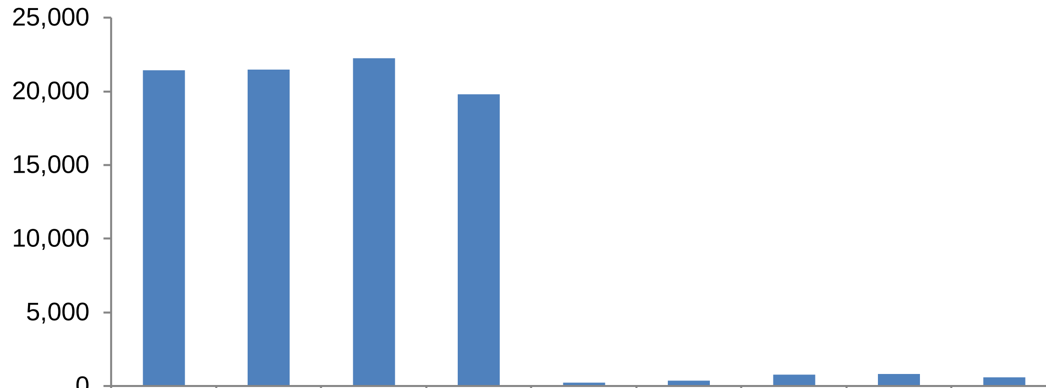


	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Foreclosures in process	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Seriously delinquent	1.5%	1.5%	1.5%	1.4%	6.8%	5.8%	5.2%	4.6%	3.8%
30-59 days delinquent	2.0%	1.8%	1.7%	1.8%	1.9%	1.5%	1.3%	1.0%	1.1%
Current and performing	96.1%	96.4%	96.5%	96.5%	91.1%	92.5%	93.3%	94.2%	95.0%

[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 second quarter of 2019 through the second quarter of 2021.[5]

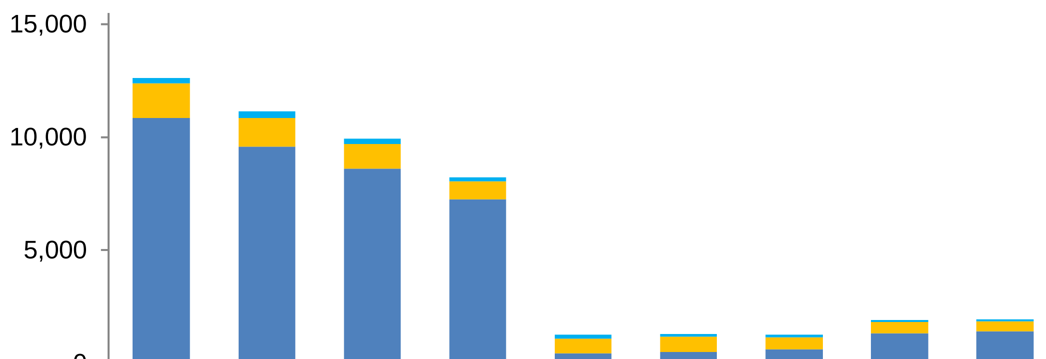
Figure 7: Newly Initiated Foreclosures



	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Newly initiated foreclosures	21,409	21,492	22,248	19,815	249	369	789	833	592

Figure 8 shows the number of foreclosure and other home forfeiture actions completed from the second quarter of 2019 through the second quarter of 2021. Completed foreclosures and other forfeiture actions increased to 1,930 in the second quarter of 2021 from 1,248 in the second quarter of 2020, an increase of 54.6 percent.[6]

Figure 8: Completed Foreclosures and Other Home Forfeiture Actions



	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
New deed-in-lieu-of-foreclosure	252	288	241	204	167	114	114	90	91
New short sales	1,520	1,270	1,084	795	637	670	535	488	426
Completed foreclosures	10,853	9,580	8,615	7,239	444	498	599	1,322	1,413
Total Home Forfeiture Actions	12,625	11,138	9,940	8,238	1,248	1,282	1,248	1,900	1,930

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[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 Second Quarter of 2021								
States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	123	106	658	0	190	38,479	43	39,599
Alabama	4	2	15	0	2	403	2	428
Alaska	0	0	3	0	0	85	0	88
Arizona	3	1	16	0	4	1,374	2	1,400
Arkansas	0	0	16	0	3	350	0	369
California	24	9	35	0	19	3,868	7	3,962
Colorado	1	0	12	0	0	533	0	546
Connecticut	2	2	7	0	2	557	1	571
Delaware	1	1	7	0	0	171	0	180
District of Columbia	0	0	0	0	0	108	0	108
Florida	10	13	31	0	10	3,387	3	3,454
Georgia	7	3	30	0	9	1,383	0	1,432
Hawaii	0	2	8	0	0	191	0	201
Idaho	0	0	1	0	0	105	0	106
Illinois	7	9	14	0	21	2,444	3	2,498
Indiana	3	2	11	0	4	773	0	793
Iowa	0	1	5	0	0	273	0	279
Kansas	0	0	3	0	1	259	0	263
Kentucky	0	1	7	0	1	377	1	387
Louisiana	0	0	15	0	2	439	1	457
Maine	0	0	4	0	0	89	1	94
Maryland	0	6	28	0	4	1,430	0	1,468
Massachusetts	0	4	4	0	5	591	1	605
Michigan	4	0	10	0	4	536	0	554
Minnesota	0	2	9	0	2	1,377	1	1,391
Mississippi	1	0	5	0	0	181	2	189
Missouri	1	2	15	0	1	763	0	782
Montana	0	0	4	0	1	91	0	96
Nebraska	1	1	10	0	0	324	0	336
Nevada	1	1	11	0	1	896	1	911
New Hampshire	1	0	4	0	3	90	0	98
New Jersey	4	4	12	0	10	1,368	0	1,398
New Mexico	1	0	3	0	2	228	0	234
New York	8	7	18	0	3	1,651	5	1,692
North Carolina	5	2	47	0	6	1,113	1	1,174
North Dakota	0	0	1	0	1	57	0	59
Ohio	1	4	19	0	8	1,458	0	1,490
Oklahoma	1	1	7	0	2	504	0	515
Oregon	1	3	3	0	1	387	0	395
Pennsylvania	6	3	37	0	7	1,053	1	1,107
Rhode Island	1	1	2	0	0	80	0	84
South Carolina	2	0	7	0	3	546	0	558
South Dakota	0	0	3	0	1	43	0	47
Tennessee	4	4	13	0	4	558	1	584
Texas	9	9	60	0	28	3,414	5	3,525
Utah	0	1	5	0	2	242	1	251
Vermont	0	0	2	0	0	81	0	83
Virginia	5	5	50	0	5	1,040	3	1,108
Washington	3	0	16	0	3	661	0	683
West Virginia	0	0	5	0	2	72	0	79
Wisconsin	1	0	6	0	3	396	0	406
Wyoming	0	0	2	0	0	71	0	73
Other	0	0	0	0	0	8	0	8

Table 2: Number of Modification Actions in Combination Actions Completed in the Second Quarter of 2021						
States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total - All States	25,863	29,152	21,278	36	18,147	38,479
Alabama	263	328	271	2	151	403
Alaska	39	68	64	0	22	85
Arizona	792	1,221	727	1	650	1,374
Arkansas	221	308	242	0	120	350
California	2,710	2,319	1,475	3	2,527	3,868
Colorado	300	418	245	0	294	533
Connecticut	411	347	274	1	315	557
Delaware	139	128	120	0	52	171
District of Columbia	69	71	47	0	64	108
Florida	2,285	2,577	1,854	4	1,668	3,387
Georgia	1,013	1,032	937	1	486	1,383
Hawaii	125	91	53	0	143	191
Idaho	53	80	41	0	64	105
Illinois	1,551	2,065	1,310	2	1,211	2,444
Indiana	585	690	575	1	204	773
Iowa	142	241	137	0	137	273
Kansas	157	218	153	0	109	259
Kentucky	161	340	175	0	210	377
Louisiana	322	341	292	0	159	439
Maine	60	61	49	0	40	89
Maryland	1,051	1,124	899	5	570	1,430
Massachusetts	359	408	242	0	362	591
Michigan	378	408	321	1	235	536
Minnesota	694	1,290	684	0	698	1,377
Mississippi	130	140	119	1	61	181
Missouri	431	614	373	1	398	763
Montana	53	72	41	0	50	91
Nebraska	169	306	181	0	143	324
Nevada	548	765	489	0	423	896
New Hampshire	55	63	43	0	50	90
New Jersey	1,130	832	726	4	720	1,368
New Mexico	170	157	130	0	99	228
New York	1,333	962	917	2	811	1,651
North Carolina	676	804	635	1	514	1,113
North Dakota	19	53	21	0	36	57
Ohio	983	1,330	941	0	527	1,458
Oklahoma	373	431	358	1	145	504
Oregon	210	265	121	0	274	387
Pennsylvania	809	762	675	1	401	1,053
Rhode Island	57	50	38	0	46	80
South Carolina	368	395	342	0	212	546
South Dakota	24	35	24	0	20	43
Tennessee	318	454	310	0	256	558
Texas	2,608	2,610	2,289	2	1,158	3,414
Utah	140	192	121	0	126	242
Vermont	37	58	31	0	52	81
Virginia	658	749	599	0	461	1,040
Washington	374	442	278	1	403	661
West Virginia	44	57	43	1	29	72
Wisconsin	219	318	195	0	211	396
Wyoming	39	59	44	0	28	71
Other	8	3	7	0	2	8

Table 3: Changes in Monthly Principal and Interest Payments by State Modifications Completed in the Second 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	6,064	6,715	8,343	17,460	770	247	39,599
Alabama	84	86	116	139	2	1	428
Alaska	17	16	34	21	0	0	88
Arizona	194	284	270	638	10	4	1,400
Arkansas	52	68	112	128	5	4	369
California	449	569	498	2,385	39	22	3,962
Colorado	53	91	110	286	6	0	546
Connecticut	93	76	89	293	17	3	571
Delaware	29	40	52	55	3	1	180
District of Columbia	16	18	12	60	1	1	108
Florida	499	590	696	1,589	63	17	3,454
Georgia	302	264	370	457	28	11	1,432
Hawaii	20	15	22	141	3	0	201
Idaho	16	19	9	62	0	0	106
Illinois	358	365	528	1,140	77	30	2,498
Indiana	107	164	303	202	16	1	793
Iowa	35	40	57	139	8	0	279
Kansas	35	55	61	106	4	2	263
Kentucky	44	47	75	211	7	3	387
Louisiana	105	74	113	147	14	4	457
Maine	15	14	20	42	2	1	94
Maryland	212	288	390	534	38	6	1,468
Massachusetts	76	86	89	349	3	2	605
Michigan	137	92	81	220	17	7	554
Minnesota	120	195	346	689	40	1	1,391
Mississippi	34	44	51	58	2	0	189
Missouri	115	103	170	385	7	2	782
Montana	9	16	21	50	0	0	96
Nebraska	33	47	94	155	7	0	336
Nevada	145	138	191	426	9	2	911
New Hampshire	12	13	16	54	2	1	98
New Jersey	220	274	187	661	38	18	1,398
New Mexico	32	38	63	97	2	2	234
New York	314	293	264	754	56	11	1,692
North Carolina	198	186	264	494	24	8	1,174
North Dakota	8	8	6	37	0	0	59
Ohio	237	316	386	513	30	8	1,490
Oklahoma	87	100	167	148	12	1	515
Oregon	44	38	38	271	4	0	395
Pennsylvania	247	216	219	379	33	13	1,107
Rhode Island	12	12	11	45	3	1	84
South Carolina	94	117	128	200	11	8	558
South Dakota	5	9	11	21	0	1	47
Tennessee	95	98	124	255	8	4	584
Texas	675	664	948	1,124	84	30	3,525
Utah	39	50	37	122	1	2	251
Vermont	8	10	9	56	0	0	83
Virginia	189	188	252	457	12	10	1,108
Washington	64	86	121	403	7	2	683
West Virginia	20	7	21	29	2	0	79
Wisconsin	46	74	69	203	12	2	406
Wyoming	9	13	22	29	0	0	73
Other	5	1	0	1	1	0	8

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	197	148	297	609	67	13	1,331
Alabama	1	2	11	2	1	0	17
Alaska	0	0	4	0	0	0	4
Arizona	5	3	4	35	0	0	47
Arkansas	2	3	3	8	2	0	18
California	25	9	12	61	1	2	110
Colorado	2	2	8	7	0	0	19
Connecticut	4	0	2	5	2	0	13
Delaware	2	0	2	2	0	0	6
District of Columbia	0	1	0	1	0	0	2
Florida	16	15	18	52	1	1	103
Georgia	6	10	12	13	7	0	48
Hawaii	2	0	2	0	0	0	4
Idaho	0	0	0	1	0	0	1
Illinois	15	8	13	51	8	1	96
Indiana	4	3	8	12	2	1	30
Iowa	1	2	3	5	1	0	12
Kansas	2	1	1	7	1	0	12
Kentucky	2	1	3	11	1	0	18
Louisiana	3	3	7	7	2	0	22
Maine	0	2	1	2	0	0	5
Maryland	7	7	16	21	2	2	55
Massachusetts	4	1	1	8	2	0	16
Michigan	5	2	6	5	0	0	18
Minnesota	1	6	4	24	2	0	37
Mississippi	1	2	4	0	1	0	8
Missouri	1	1	5	20	3	0	30
Montana	0	1	0	5	0	0	6
Nebraska	1	1	0	7	0	0	9
Nevada	1	0	4	15	0	0	20
New Hampshire	0	0	1	2	0	0	3
New Jersey	11	5	7	19	0	1	43
New Mexico	1	0	2	4	1	0	8
New York	10	9	12	19	8	3	61
North Carolina	4	7	16	14	4	0	45
North Dakota	0	0	1	2	0	0	3
Ohio	9	3	11	19	2	1	45
Oklahoma	1	1	4	4	0	0	10
Oregon	2	1	2	5	0	0	10
Pennsylvania	9	3	5	25	3	0	45
Rhode Island	0	0	0	2	0	0	2
South Carolina	2	3	15	12	0	0	32
South Dakota	0	0	1	0	0	0	1
Tennessee	4	0	5	12	0	0	21
Texas	19	20	32	38	10	0	119
Utah	1	1	2	2	0	1	7
Vermont	1	0	0	2	0	0	3
Virginia	7	4	19	15	0	0	45
Washington	0	2	4	12	0	0	18
West Virginia	0	0	2	2	0	0	4
Wisconsin	3	2	2	10	0	0	17
Wyoming	0	1	0	2	0	0	3
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.