Office of the
Comptroller of the Currency

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Third Quarter 2020

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 third quarter of 2020 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. Banks implemented the CARES Act foreclosure moratoriums for all covered loans. Credit bureau reporting adheres to the CARES Act and follows guidance from the Consumer Financial Protection Bureau.
- Before the third quarter of 2019, certain banks reported completed and 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 September 30, 2020, the reporting banks serviced approximately 14.4 million first-lien residential mortgage loans with $2.87 trillion in unpaid principal balances (see figures 1 and 2). This $2.87 trillion was 27 percent of all residential mortgage debt outstanding in the United States.[2]
- Overall mortgage performance this quarter declined from a year ago as a result of the COVID-19 pandemic and actions taken by banks to comply with the CARES Act. Under the CARES Act, customer relief and forbearance can extend up to 12 months. The percentage of mortgages that were current and performing at the end of the third quarter of 2020 was 92.5 percent compared with 96.4 percent the previous year (see figure 6).
- Servicers initiated 369 new foreclosures in the third quarter of 2020, an increase of 48.2 percent from the previous quarter and a decrease of 98.3 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 88.5 percent from a year earlier to 1,282 (see figure 8). Events associated with the COVID-19 pandemic, including foreclosure moratoriums that began March 18, 2020, and have been extended to January 31, 2021, have caused significant decreases in these metrics.

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 14,097 modifications during the third quarter of 2020, a 28.3 percent increase from the previous quarter's 10,984 modifications.

- Of these 14,097 modifications, 10,050, or 71.3 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 4,047 loan modifications, 4,017 received a single action and 30 were not assigned a modification type. Of the 4,017 modifications with a single action, 3,692, or 91.9 percent, received a term extension (see table 1).
- Among the 10,050 combination modifications completed during the quarter, 78.1 percent included capitalization of delinquent interest and fees, 69.9 percent included an interest rate reduction or freeze, 54.4 percent included a term extension, 0.5 percent included principal reduction, and 47.4 percent included principal deferral (see table 2).
- Of the 14,097 modifications completed during the quarter, 5,750, or 40.8 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 September 30, 2020.

Modified Loan Performance

By September 30, 2020, all loans modified during the first quarter of 2020 would have aged at least six months. Of the 14,241 modifications completed during the first quarter of 2020, servicers reported that 3,750, or 26.3 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 third quarter of 2018 through the third quarter of 2020.

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

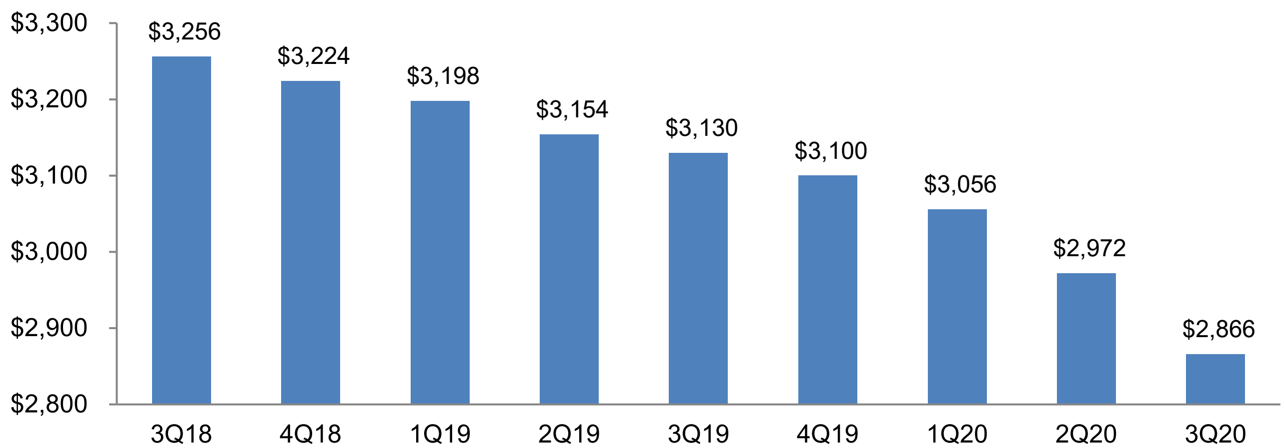


Figure 2 shows the number of first-lien residential mortgages serviced and shows the decline of loans from the third quarter of 2018 through the third quarter of 2020.

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

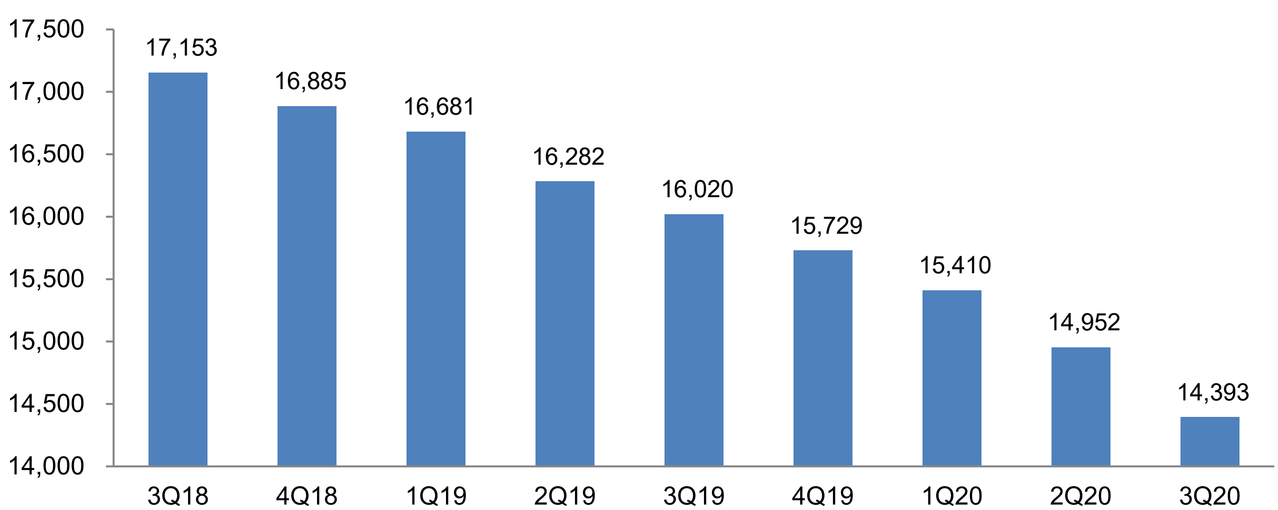
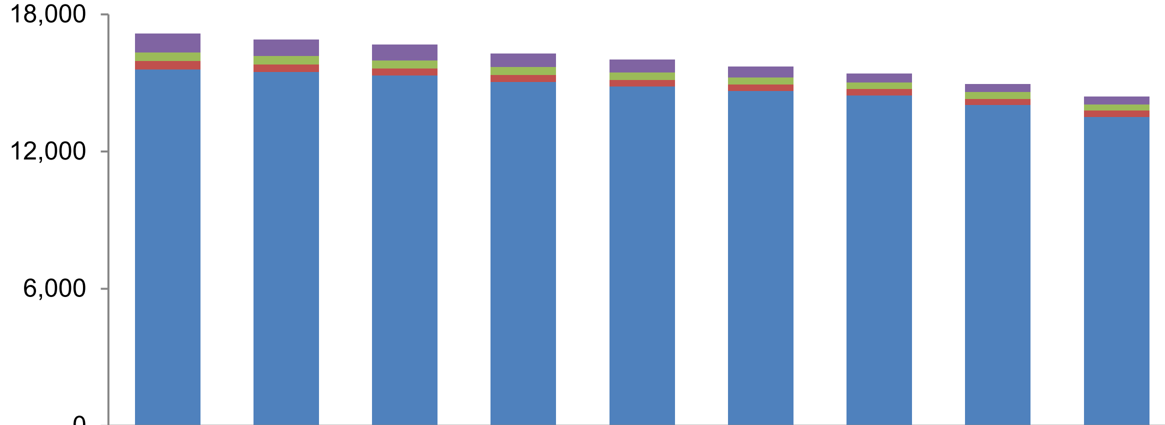


Figure 3 shows the number of loans in each risk category and shows the decline in each risk category from the third quarter of 2018 through the third quarter of 2020.

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



	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Other	811	713	695	583	562	482	376	349	329
Subprime	373	352	338	328	318	309	297	284	277
Alt-A	369	338	319	309	298	291	280	273	266
Prime	15,600	15,482	15,329	15,062	14,842	14,647	14,457	14,046	13,521

Figure 4 reports the percentage of loans in each risk category and shows that composition of loans has remained relatively stable since the third quarter of 2018.

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

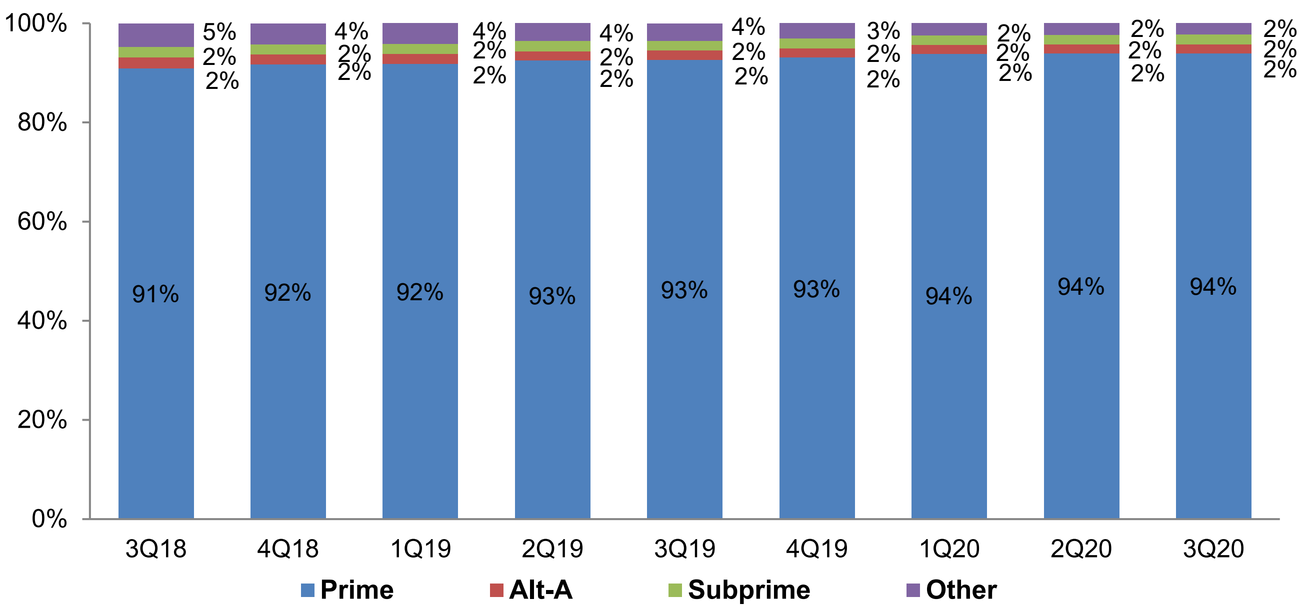
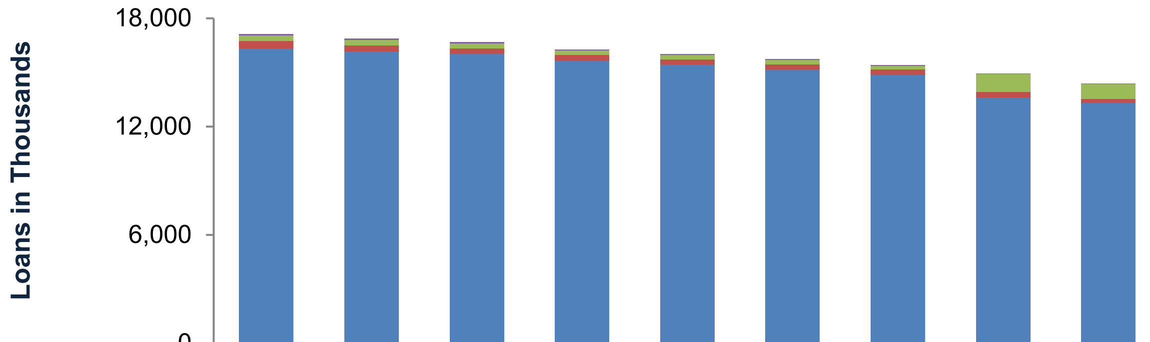


Figure 5 shows the number of loans in each category of delinquency from the third quarter of 2018 through the third quarter of 2020. While the number of foreclosures in process are unchanged from the prior quarter, the number of seriously delinquent loans has sharply increased in the second and third quarters of 2020.[3]

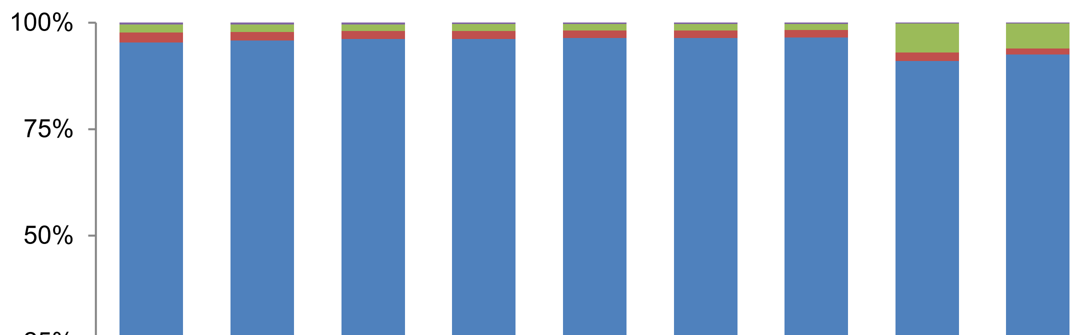
Figure 5: Number of Loans in Delinquency and Foreclosures in Process—Loans in Thousands



	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Foreclosures in process	75	70	62	56	51	49	42	30	27
Seriously delinquent	316	299	262	248	239	233	215	1,011	841
30-59 days delinquent	400	334	305	326	286	272	283	290	209
Current and performing	16,343	16,163	16,033	15,634	15,444	15,175	14,870	13,622	13,316

Figure 6 shows the percentage of mortgages in each category of delinquency from the third quarter of 2018 through the third quarter of 2020. Data show that foreclosures in process remain relatively low as foreclosure moratoriums continue and that seriously delinquent loans have increased as a result of the pandemic.

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

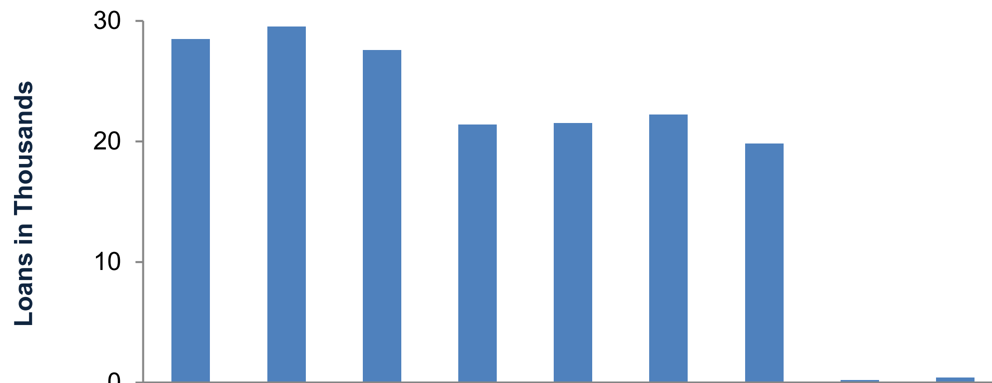


	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Foreclosures in process	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%
Seriously delinquent	1.8%	1.8%	1.6%	1.5%	1.5%	1.5%	1.4%	6.8%	5.8%
30-59 days delinquent	2.3%	2.0%	1.8%	2.0%	1.8%	1.7%	1.8%	1.9%	1.5%
Current and performing	95.4%	95.8%	96.2%	96.1%	96.4%	96.5%	96.5%	91.1%	92.5%

[3] Delinquencies are reported based on the contractual due date and may not match what is being reported in credit bureau data. Delinquencies are also impacted by the different relief programs offered by the banks.

Figure 7 shows the number of new foreclosure actions initiated from the third quarter of 2018 through the third quarter of 2020. New foreclosure actions decreased to 369 in the third quarter of 2020 from 21,492 in the third quarter of 2019, a decrease of 98.3 percent.[4]

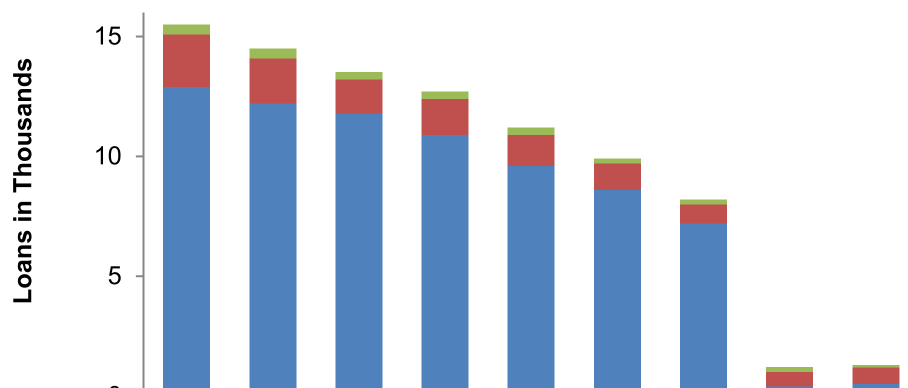
Figure 7: Newly Initiated Foreclosures—Loans in Thousands



	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Newly initiated foreclosures	28.5	29.5	27.6	21.4	21.5	22.2	19.8	0.2	0.4

Figure 8 shows the number of foreclosure and other home forfeiture actions completed from the third quarter of 2018 through the third quarter of 2020. Completed foreclosures and other forfeiture actions decreased to 1,282 in the third quarter of 2020 from 11,138 in the third quarter of 2019, a decrease of 88.5 percent.[5]

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



	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
New deed-in-lieu-of-foreclosure	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.1
New short sales	2.2	1.9	1.4	1.5	1.3	1.1	0.8	0.6	0.7
Completed foreclosures	12.9	12.2	11.8	10.9	9.6	8.6	7.2	0.4	0.5

[4] Events associated with the COVID-19 pandemic including foreclosure moratoriums have caused significant decreases in these metrics.

[5] Events associated with the COVID-19 pandemic including foreclosure moratoriums have caused significant decreases in these metrics.

Table 1: Number of Mortgage Modification Actions Completed in the Third Quarter of 2020								
States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	39	255	3,692	0	31	10,050	30	14,097
Alabama	0	3	80	0	0	120	0	203
Alaska	0	0	1	0	0	14	0	15
Arizona	0	4	0	0	1	336	0	341
Arkansas	0	6	2	0	1	91	1	101
California	6	31	4	0	4	956	3	1,004
Colorado	0	1	1	0	0	140	1	143
Connecticut	2	3	3	0	1	173	0	182
Delaware	0	1	44	0	0	57	0	102
District of Columbia	0	2	8	0	0	21	0	31
Florida	5	23	180	0	3	871	5	1,087
Georgia	0	9	84	0	0	372	0	465
Hawaii	0	0	0	0	0	21	0	21
Idaho	0	1	1	0	0	21	0	23
Illinois	1	23	191	0	2	657	2	876
Indiana	1	2	130	0	1	186	0	320
Iowa	1	2	0	0	0	63	1	67
Kansas	0	0	0	0	0	49	0	49
Kentucky	0	0	169	0	0	92	0	261
Louisiana	0	9	1	0	1	139	1	151
Maine	0	3	0	0	0	26	0	29
Maryland	0	9	93	0	1	376	1	480
Massachusetts	0	2	2	0	1	181	0	186
Michigan	0	2	236	0	1	176	0	415
Minnesota	1	12	1	0	0	275	0	289
Mississippi	1	2	2	0	0	62	0	67
Missouri	0	3	20	0	0	169	1	193
Montana	0	1	1	0	0	21	0	23
Nebraska	0	2	0	0	0	66	0	68
Nevada	0	7	0	0	0	212	1	220
New Hampshire	0	0	0	0	0	19	0	19
New Jersey	0	7	564	0	0	423	1	995
New Mexico	0	1	0	0	0	47	0	48
New York	4	5	41	0	0	515	2	567
North Carolina	3	4	152	0	3	296	1	459
North Dakota	0	0	0	0	0	8	0	8
Ohio	1	12	384	0	2	431	1	831
Oklahoma	0	9	0	0	0	132	0	141
Oregon	0	3	1	0	0	91	1	96
Pennsylvania	2	3	1,168	0	0	371	2	1,546
Rhode Island	0	2	0	0	1	25	0	28
South Carolina	0	7	14	0	1	163	0	185
South Dakota	0	0	0	0	0	19	0	19
Tennessee	1	4	4	0	0	152	1	162
Texas	4	23	9	0	5	818	3	862
Utah	0	1	0	0	0	64	0	65
Vermont	0	0	0	0	0	13	0	13
Virginia	3	4	79	0	2	252	0	340
Washington	0	2	2	0	0	136	0	140
West Virginia	1	1	6	0	0	20	0	28
Wisconsin	2	3	14	0	0	96	1	116
Wyoming	0	1	0	0	0	13	0	14
Other	0	0	0	0	0	3	0	3

Table 2: Number of Modification Actions in Combination Actions Completed in the Third Quarter of 2020						
States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total—all states	7,853	7,024	5,466	47	4,759	10,050
Alabama	96	94	79	0	43	120
Alaska	12	9	11	0	5	14
Arizona	223	288	180	0	160	336
Arkansas	85	64	70	0	22	91
California	724	544	341	1	606	956
Colorado	86	103	54	0	92	140
Connecticut	137	115	84	2	99	173
Delaware	51	40	41	0	16	57
District of Columbia	12	17	6	0	14	21
Florida	668	610	429	5	456	871
Georgia	315	262	251	1	131	372
Hawaii	16	14	6	0	13	21
Idaho	8	17	6	0	15	21
Illinois	510	515	407	6	267	657
Indiana	162	146	146	4	49	186
Iowa	46	48	38	0	21	63
Kansas	38	38	34	0	17	49
Kentucky	62	73	49	1	46	92
Louisiana	125	103	99	0	45	139
Maine	18	19	12	0	14	26
Maryland	315	258	211	4	176	376
Massachusetts	128	124	74	0	106	181
Michigan	147	116	102	0	80	176
Minnesota	177	232	156	0	124	275
Mississippi	53	39	41	0	21	62
Missouri	122	120	90	0	80	169
Montana	20	13	13	0	9	21
Nebraska	46	48	32	0	35	66
Nevada	124	176	84	0	131	212
New Hampshire	18	8	8	0	12	19
New Jersey	337	274	181	3	252	423
New Mexico	41	25	22	1	26	47
New York	425	272	278	9	255	515
North Carolina	243	193	159	2	133	296
North Dakota	4	6	4	0	4	8
Ohio	360	369	311	2	134	431
Oklahoma	109	100	95	0	48	132
Oregon	56	60	40	0	54	91
Pennsylvania	314	246	221	1	164	371
Rhode Island	20	17	10	0	12	25
South Carolina	140	107	93	3	76	163
South Dakota	14	14	12	0	7	19
Tennessee	110	102	79	0	75	152
Texas	693	575	539	1	284	818
Utah	42	49	30	0	35	64
Vermont	6	11	6	0	7	13
Virginia	208	162	113	0	136	252
Washington	89	83	49	0	86	136
West Virginia	16	18	10	0	9	20
Wisconsin	70	75	52	1	49	96
Wyoming	10	11	6	0	7	13
Other	2	2	2	0	1	3

Table 3: Changes in Monthly Principal and Interest Payments by State Modifications Completed in the Third Quarter of 2020							
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	3,062	1,387	1,301	4,377	528	3,422	14,097
Alabama	38	28	16	42	6	73	203
Alaska	4	3	5	3	0	0	15
Arizona	99	53	31	153	5	0	341
Arkansas	31	14	23	24	9	0	101
California	228	109	63	569	23	12	1,004
Colorado	30	17	6	88	1	1	143
Connecticut	55	15	19	78	11	4	182
Delaware	28	8	5	16	7	38	102
District of Columbia	4	3	1	13	1	9	31
Florida	243	107	108	401	45	183	1,087
Georgia	126	58	70	113	17	81	465
Hawaii	4	3	2	12	0	0	21
Idaho	4	2	1	15	0	1	23
Illinois	223	91	86	242	44	190	876
Indiana	62	38	47	41	8	124	320
Iowa	17	7	11	22	9	1	67
Kansas	19	6	8	14	2	0	49
Kentucky	34	12	9	46	5	155	261
Louisiana	62	19	28	35	7	0	151
Maine	11	3	3	11	1	0	29
Maryland	106	51	66	150	24	83	480
Massachusetts	42	23	21	96	3	1	186
Michigan	66	30	21	80	2	216	415
Minnesota	70	42	31	126	19	1	289
Mississippi	19	13	13	17	5	0	67
Missouri	37	15	32	82	9	18	193
Montana	7	3	2	10	1	0	23
Nebraska	12	6	11	33	6	0	68
Nevada	52	22	15	128	3	0	220
New Hampshire	2	4	3	10	0	0	19
New Jersey	138	42	41	224	20	530	995
New Mexico	9	7	6	25	1	0	48
New York	138	69	67	200	51	42	567
North Carolina	90	47	43	132	12	135	459
North Dakota	2	1	0	4	1	0	8
Ohio	163	59	73	136	43	357	831
Oklahoma	46	14	26	43	12	0	141
Oregon	24	8	9	51	2	2	96
Pennsylvania	162	54	50	173	31	1,076	1,546
Rhode Island	8	5	4	8	2	1	28
South Carolina	52	25	26	66	6	10	185
South Dakota	3	4	3	7	2	0	19
Tennessee	45	24	16	70	5	2	162
Texas	294	138	121	261	44	4	862
Utah	12	10	8	34	1	0	65
Vermont	5	0	0	7	1	0	13
Virginia	58	45	24	130	11	72	340
Washington	30	9	14	84	3	0	140
West Virginia	9	3	2	8	0	6	28
Wisconsin	36	14	11	37	6	12	116
Wyoming	3	3	0	7	1	0	14
Other	0	1	0	0	0	2	3

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	1,081	868	1,100	105	590	6	3,750
Alabama	19	11	16	2	3	0	51
Alaska	1	4	2	0	3	0	10
Arizona	38	24	26	1	4	0	93
Arkansas	10	7	10	1	10	0	38
California	66	49	49	12	29	0	205
Colorado	9	10	9	0	2	0	30
Connecticut	22	18	17	1	13	0	71
Delaware	6	4	7	0	3	0	20
District of Columbia	3	3	2	0	1	0	9
Florida	103	56	85	9	33	0	286
Georgia	50	48	61	4	29	0	192
Hawaii	0	3	0	0	0	0	3
Idaho	0	0	6	0	1	1	8
Illinois	60	53	68	3	37	0	221
Indiana	21	31	35	1	10	0	98
Iowa	6	9	15	0	2	0	32
Kansas	12	9	11	0	4	0	36
Kentucky	6	4	12	1	3	1	27
Louisiana	16	13	23	0	11	0	63
Maine	3	4	3	0	2	0	12
Maryland	52	37	47	5	27	0	168
Massachusetts	13	14	13	1	6	0	47
Michigan	16	15	14	3	10	0	58
Minnesota	25	20	22	4	13	0	84
Mississippi	13	4	9	2	3	0	31
Missouri	12	10	21	4	11	0	58
Montana	1	3	0	2	2	0	8
Nebraska	7	2	6	1	5	0	21
Nevada	13	13	18	1	4	0	49
New Hampshire	2	6	3	0	0	0	11
New Jersey	48	35	45	4	27	0	159
New Mexico	5	5	6	0	5	0	21
New York	38	33	43	3	50	3	170
North Carolina	39	33	47	3	26	0	148
North Dakota	2	1	0	1	1	0	5
Ohio	44	35	50	3	40	0	172
Oklahoma	14	9	6	1	13	0	43
Oregon	10	8	2	2	1	0	23
Pennsylvania	50	41	44	1	25	0	161
Rhode Island	6	0	6	1	1	0	14
South Carolina	22	13	20	4	12	0	71
South Dakota	1	2	2	0	0	0	5
Tennessee	15	14	23	2	6	0	60
Texas	127	102	132	10	81	0	452
Utah	5	3	9	0	3	0	20
Vermont	1	1	1	0	0	0	3
Virginia	23	28	29	3	11	0	94
Washington	7	11	11	2	3	0	34
West Virginia	2	3	1	1	1	0	8
Wisconsin	16	6	10	6	3	1	42
Wyoming	1	1	3	0	0	0	5
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 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 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 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.

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.