

Press Releases

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OTS 10-043 - OCC and OTS Release Mortgage Metrics Report for Second Quarter of 2010

Joint Release

Office of the Comptroller of the Currency
Office of Thrift Supervision

For Immediate Release
September 24, 2010

WASHINGTON—The credit quality of first-lien mortgages serviced by the largest national banks and thrifts remained steady during the second quarter of 2010, according to a report released today.

The report by Office of the Comptroller of the Currency and the Office of Thrift Supervision presented no clear trend in mortgage performance during the quarter, as some data showed improvement, while other data showed declines or remained flat.

According to the Mortgage Metrics Report, mortgage delinquency levels remained steady but elevated after rising for several quarters. Completed foreclosures were up, while newly initiated foreclosures were down. Mortgage modifications were also up and an increasing number of more recent modifications, which decreased borrowers' monthly principal and interest payments, performed better than earlier modifications.

Other key findings included:

- During the second quarter, 87.3 percent of mortgages were current and performing—unchanged from the previous quarter but a decline from 88.6 percent in the same quarter a year earlier.
- The number of mortgages that were seriously delinquent (60 or more days past due) and newly initiated foreclosures fell during the quarter to the lowest levels of the last 12 months, but were up from a year earlier.
- Mortgages that were 30-to-59 days delinquent increased during the quarter, consistent with seasonal trends. Early-stage delinquencies increased across all risk categories from the previous quarter, but were down from a year earlier for prime, Alt-A, and subprime mortgages.
- Servicers initiated more than 292,000 new foreclosure proceedings during the second quarter—the fewest new foreclosure proceedings of any of the previous five quarters.
- Completed foreclosures, in which borrowers lost their homes, increased by 7 percent during the quarter to nearly 163,000—a 54 percent increase from a year earlier, as

the large volume of seriously delinquent mortgages and foreclosures in process worked through the system.

- Servicers implemented more than 504,000 home retention actions in the second quarter, including 273,000 new modifications—an 18 percent increase from the previous quarter—138,000 new trial period plans, and 93,000 payment plans. This volume included almost 109,000 permanent modifications and 65,000 new trial period plans implemented under the Home Affordable Modification Program (HAMP). During the past five quarters, servicers implemented almost 2.9 million home retention actions—modifications, trial period plans, and shorter term payment plans.
- More than 90 percent of the modifications implemented during the quarter reduced the borrowers' monthly principal and interest payments, and 56 percent of them reduced payments by more than 20 percent. HAMP modifications made during the quarter reduced monthly payments by an average of \$608. Other modifications made during the quarter reduced payments by an average of \$307. On average, the reduction in borrower monthly payments as a result of modifications increased 62 percent from a year earlier.
- The focus on sustainable and affordable monthly payments resulted in lower post-modification delinquency rates for more recent modifications. At six months after modification, about 32 percent of the modifications made in 2009 were seriously delinquent or in the foreclosure process, compared with more than 45 percent of modifications made in 2008. Performance of modifications made in 2010 suggests that this trend is continuing. At three months after modification, 11 percent of the 2010 modifications were seriously delinquent, compared with 20 percent for 2009 modifications and 32 percent for 2008 modifications.

The report covers 34 million mortgages, representing 65 percent of all first-lien mortgages in the country, worth nearly \$6 trillion in outstanding balances. The complete report can be downloaded from the OCC and OTS Web sites, www.occ.gov and www.ots.treas.gov.

Attachments:

- OCC and OTS Mortgage Metrics Report, Second Quarter 2010

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Related Files

- **OCC and OTS Mortgage Metrics Report 2Q 2010** - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2010-43a.pdf>