Press Releases

OTS 10-028 - OCC and OTS Release Mortgage Metrics Report for First Quarter of 2010

Joint Release

Office of the Comptroller of the Currency
Office of Thrift Supervision

For Immediate Release
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WASHINGTON — Performance on home mortgages serviced by the largest national banks and federally regulated thrifts improved earlier this year for the first time in more than two years, according to a report released today by the Office of the Comptroller of the Currency and the Office of Thrift Supervision.

According to the OCC and OTS Mortgage Metrics Report for the First Quarter 2010, delinquency rates dropped in the quarter, with improvement in all categories of mortgages—prime, Alt-A, and subprime. The percentage of mortgages that were current and performing increased for the first time since the agencies began publishing this report in June 2008. Mortgages in all stages of pre-foreclosure delinquency improved during the first quarter, with the percentage of mortgages that were 30-to-59 days delinquent, 60-to-89 days delinquent, and 90 or more days delinquent all declining.

However, the number of foreclosures increased substantially, including new foreclosures, foreclosures in process, and completed foreclosures. Compared with the previous quarter, newly initiated foreclosures increased nearly 19 percent to almost 370,536; foreclosures in process increased nearly 9 percent to 1,170,874; and completed foreclosures increased nearly 19 percent to 153,654. Prior reports also cited the increase in foreclosures, as servicers began to exhaust options to assist holders of seriously delinquent mortgages and existing foreclosures in process worked through the system.

At the same time, the number of modifications and other home retention actions also increased. Overall, the number of actions to prevent avoidable foreclosures increased more than 5 percent from the previous quarter and more than 61 percent from a year earlier. Servicers implemented nearly 630,000 new home retention actions in the first quarter, including nearly 100,000 modifications and 190,000 trial period plans made under the "Home Affordable Modification Program" (HAMP), and 130,000 modifications and 93,000 trial plans under other programs. The sustainability of modifications continued to improve, with more than 87 percent of loan modifications reducing payments, and nearly 55 percent reducing payments by 20 percent or more.

According to the report, re-default rates for modified mortgages remained high, with more than half of all modified mortgages 60 or more days past due at 12 months following modification.

However, recent modifications performed better. New analysis included in the report showed that, of the 590,000 modifications done in 2009, nearly 52 percent were current at the end of the first quarter of 2010. Only 27 percent of the modifications implemented during 2008 were current. While delinquency rates predictably increase over time, data suggest more recent vintages of modifications may perform better over time. As shown in previous reports, modifications that reduce the borrower's monthly principal and interest payments consistently perform better than modifications that did not change payments or increased them.

Early data showed that HAMP modifications were also performing better than modifications overall, probably because of the emphasis on lower payments based on affordability and requirements for documented and verified financial information from borrowers. At three months after modification, 7.7 percent of HAMP modifications were 60 or more days delinquent, compared with 11.3 percent of all modifications.

The complete report can be downloaded from the OCC and OTS Web sites, www.occ.gov and www.ots.gov.

Attachment:

- OCC and OTS Mortgage Metrics Report, First Quarter 2010

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Related Files

- **10-028A Mortgage Metrics 1Q 2010** - http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2010-28a.pdf