

2010

DFI Residential Mortgage Survey



California Department of Financial Institutions

Contents

Summary..... 3

Residential Mortgage Holdings..... 4

Foreclosures and Short-Sales..... 5

Modifications..... 6

Servicing 6

Definitions 7

Summary

The Department of Financial Institutions (DFI) administered the Residential Mortgage Survey in November of 2010. The survey was sent to DFI's 383 licensed banks and credit unions and requested data as of September 30, 2010. A 100% response rate was achieved. The data reported reflects the DFI licensed financial institutions' limited involvement in residential mortgage lending relative to California and the U.S. overall.

Analysis of the survey results shows the following:

- Holdings of mortgage loans totaled 338,603 with balances of approximately \$51.3 billion, including \$40.3 billion in first liens and \$11 billion in junior liens. The data includes one recently licensed institution that reported 11,000 loans with balances exceeding \$10.8 billion. The overall balances represent only 1% of holdings reported nationally¹.
- Mortgage loan balances past due by 90 days or more represent only 0.85% of total DFI residential mortgage holdings and is lower than the 5.9%² reported for 90 day or greater delinquencies on mortgages in California as of the third quarter of 2010.
- Short-sales completed between September 30, 2009 and September 30, 2010 totaled 1,126 mortgage loans with approximately \$255 million in balances, which is 0.33% of DFI licensed institutions' residential mortgage holdings.
- Foreclosures completed between September 30, 2009 and September 30, 2010 totaled 1,317 mortgage loans with approximately \$333.3 million in balances. DFI Licensees foreclosed at a rate of 0.39%, which is lower than the rates of foreclosures nationally (1.91%³) and in California (4.42%⁴) during the same period.
- Modifications made between September 30, 2009 and September 30, 2010 totaled 4,570 loans with \$1.6 billion in balances. Modification data for non-DFI licensees in California, as well as national level data was unavailable for comparison.

¹ OCC and OTS Mortgage Metrics Report, Third Quarter 2010

² National Delinquency Survey Results, Third Quarter 2010, Mortgage Bankers Association

³ OCC and OTS Mortgage Metrics Report, Third Quarter 2010

⁴ National Delinquency Survey Results, Third Quarter 2010, Mortgage Bankers Association

Residential Mortgage Holdings

Type of Loan	Column A Loans that are current		Column B Loans past due (30 through 89 days)		Column C Loans past due (90 days or more)	
	2010		2010		2010	
	# of Loans	Balance \$	# of Loans	Balance \$	# of Loans	Balance \$
1) First Liens						
a) Conventional Fixed Amortizing	81,358	\$16,935,081,855	831	\$208,040,508	1,079	\$306,308,131
b) Conventional Adjustable Amortizing*	25,777	\$8,180,395,881	388	\$121,006,087	496	\$179,454,360
c) Other Non-Conventional**	25,001	\$14,085,031,313	165	\$68,234,521	290	\$210,002,000
2) Junior Liens						
a) Conventional Fixed Amortizing	57,908	\$2,564,095,354	723	\$42,533,191	489	\$29,061,116
b) Conventional Adjustable Amortizing*	51,718	\$2,458,938,034	348	\$22,599,111	247	\$20,453,387
c) Other Non-Conventional**	90,916	\$5,740,938,404	585	\$74,879,972	284	\$31,845,250
First Lien Totals:	132,136	\$39,200,509,049	1,384	\$397,281,116	1,865	\$695,764,491
Junior Lien Totals:	200,542	\$10,763,971,792	1,656	\$140,012,274	1,020	\$81,359,753
Grand Totals:	332,678	\$49,964,480,841	3,040	\$537,293,390	2,885	\$777,124,244

Foreclosures and Short-Sales

Type of Loan	Column A Completed Foreclosures		Column B Completed Short-Sales	
	2010		2010	
	# of Loans	Balance \$	# of Loans	Balance \$
1) First Liens				
a) Conventional Fixed Amortizing	586	\$151,753,119	299	\$82,743,585
b) Conventional Adjustable Amortizing*	339	\$88,580,053	240	\$93,788,582
c) Other Non-Conventional**	199	\$74,248,150	136	\$48,669,519
2) Junior Liens				
a) Conventional Fixed Amortizing	112	\$8,115,256	234	\$12,796,241
b) Conventional Adjustable Amortizing*	55	\$5,816,813	59	\$4,057,273
c) Other Non-Conventional**	26	\$4,785,812	158	\$12,887,837
First Lien Totals:	1,124	\$314,581,322	675	\$225,201,686
Junior Lien Totals:	193	\$18,717,881	451	\$29,741,351
Grand Totals:	1,317	\$333,299,203	1,126	\$254,943,037

Modifications

Type of Loan	Column A Modifications	
	2010	
	# of Loans	Balance \$
1) First Liens		
a) Conventional Fixed Amortizing	1,975	\$669,243,214
b) Conventional Adjustable Amortizing*	803	\$336,057,643
c) Other Non-Conventional**	675	\$486,257,390
2) Junior Liens		
a) Conventional Fixed Amortizing	713	\$54,143,155
b) Conventional Adjustable Amortizing*	214	\$17,854,392
c) Other Non-Conventional**	210	\$30,800,774
First Lien Totals:	3,453	\$1,491,558,247
Junior Lien Totals:	1,137	\$102,798,321
Grand Totals:	4,590	\$1,594,356,568

Servicing

Type of Loan	Column A Loans serviced by your institution for another institution or entity	
	2010	
	# of Loans	Balance \$
1) First Liens		
a) Conventional Fixed Amortizing	75,392	\$14,588,675,016
b) Conventional Adjustable Amortizing*	2,968	\$837,795,351
c) Other Non-Conventional**	3,013	\$2,551,911,575
2) Junior Liens		
a) Conventional Fixed Amortizing	143	\$10,445,812
b) Conventional Adjustable Amortizing*	338	\$44,929,551
c) Other Non-Conventional**	2,128	\$174,349,398
First Lien Totals:	81,373	\$17,978,381,942
Junior Lien Totals:	2,609	\$229,724,761
Grand Totals:	83,982	\$18,208,106,703

Definitions

First Lien

A mortgage loan secured by 1 – 4 Family Residential Property that is in the first position relative to any additional liens on the property.

Junior Lien

A mortgage loan secured by 1 – 4 Family Residential Property that is not in the first position relative to any additional liens on the property.

Conventional Fixed Amortizing Mortgage Loan

A conventional mortgage loan secured by 1 – 4 Family Residential Property that...

- is fully amortizing
- with a fixed interest rate,
- equal monthly payments that are established when the mortgage is created, and
- may include a balloon payment at the end of a specified period of time, and.

Conventional Adjustable Amortizing Mortgage Loan

A conventional mortgage loan secured by 1 – 4 Family Residential Property that has...

- an adjustable interest rate,
- monthly payments that amortize and are established when the mortgage is created, and
- may include a balloon payment at the end of a specified period of time.

Other Non-Conventional Amortizing Mortgage Loan

A mortgage loan secured by 1 – 4 Family Residential Property with terms that include multiple features, such as those in interest-only loans or payment option ARM loans.

Interest-only Mortgage Loans

A nontraditional mortgage loan secured by 1 – 4 Family Residential Property in which, for a specified number of years (e.g., three or five years) the borrower is required to pay only the interest due on the loan during which time the rate may fluctuate or may be fixed. After the interest-only period, the rate may be fixed or fluctuate based on the prescribed index and payments include both principal and interest.⁵

Payment Option ARM

A mortgage loan secured by 1 – 4 Family Residential Property that allows borrowers to choose a monthly payment that may reduce principal, pay interest only, or result in negative amortization, in which some amount of unpaid interest is added to the principal balance of the loan and results in an increased amount owed.⁶

Loans Past Due 90 Days or More

Mortgage loans secured by 1 – 4 Family Residential Property where payments are past due (delinquent) by 90 days or more, including:

- Loans where the foreclosure process has been initiated, but your institution has not yet acquired the title to the property.
- Loans where the short-sale process has been approved, but not yet completed by the sale of the property.

Foreclosure

A mortgage loan secured by 1 – 4 Family Residential Property where the property has been acquired through foreclosure. The foreclosure balance is the amount due at the time foreclosure proceedings were finalized.

Short-Sale

⁵ Definition obtained from Interagency Guidance on Nontraditional Mortgage Product Risks, and Addendum to Credit Risk Management Guidance for Home Equity Lending, FDIC FIL-89-2006, October 5, 2006.

⁶ Definition provided in FFIEC Call Report 031/041 Instructions, obtained October 11, 2010.

Sales of a mortgaged 1 – 4 Family Residential Property at a price that nets less than the total amount due on the mortgage. Servicers and borrowers negotiate repayment programs, forbearance, or forgiveness for any remaining deficiency on the debt.⁷

Modification

A mortgage loan secured by 1 – 4 Family Residential Property that has been modified in some manner, include refinancing into a more affordable mortgage, changing one or more of the loan terms, such as interest rate reduction, reduction of the outstanding principal balance, extension of the loan term or adding delinquent interest to the unpaid principal balance. This category includes troubled debt restructures and any modifications made using HAMP guidelines.

Servicing

Servicing of mortgage loans secured by 1 – 4 Family Residential Property includes, but is not limited to, collecting principal, interest, and escrow payments from borrowers; paying taxes and insurance from escrowed funds; monitoring delinquencies; executing foreclosure if necessary; temporarily investing funds pending distribution; remitting fees to guarantors, trustees, and others providing services; and accounting for and remitting principal and interest payments to the holders of beneficial interests in the financial assets.

⁷ Definition derived from the OCC and OTS Mortgage Metrics Report, Second Quarter 2010.