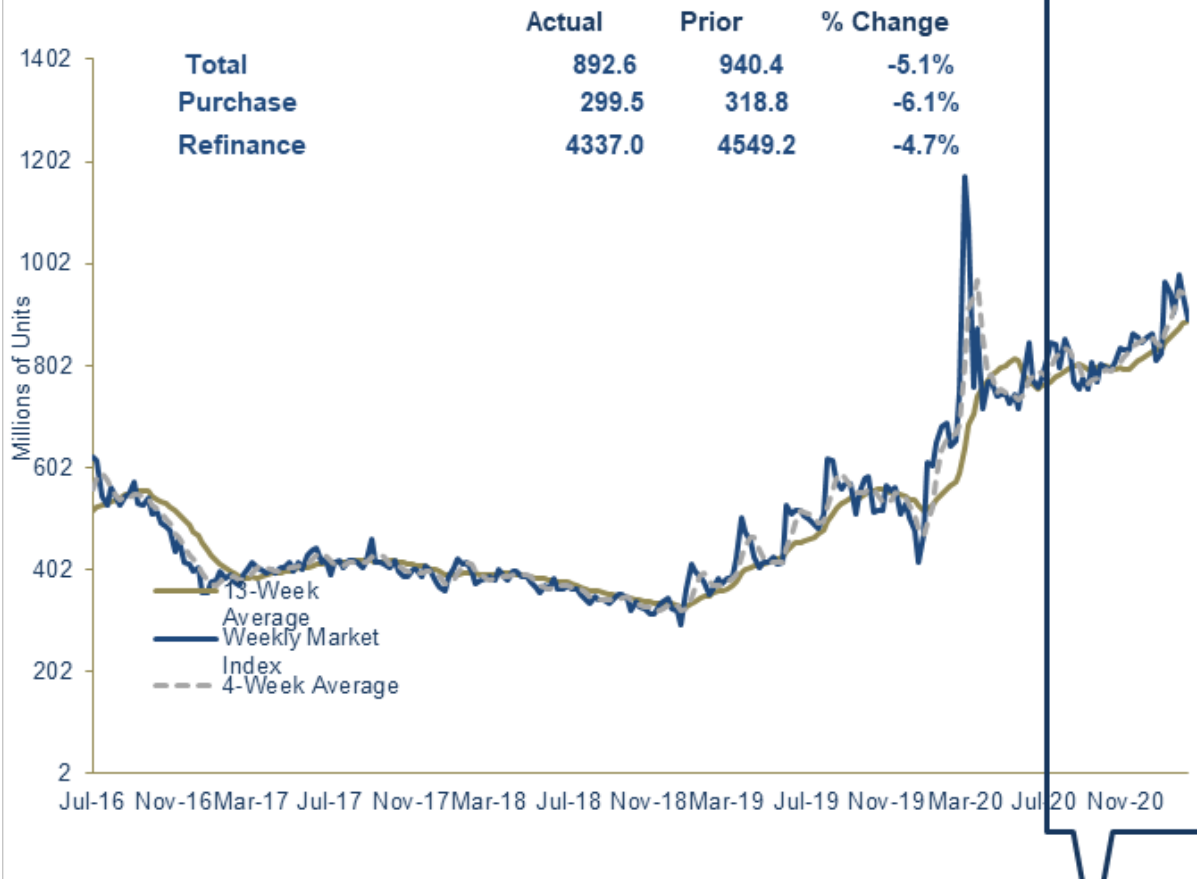


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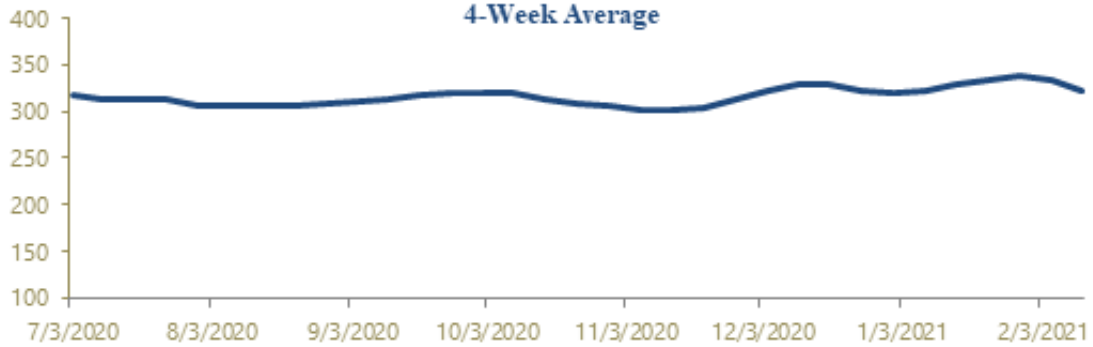
Mortgage Apps: Inflection Point

Bottom Line: While the average mortgage rate reported by realtors was only slightly higher, applications slipped ahead of the holiday weekend. Purchase applications fell 6% on the week while refinancing applications fell nearly 5%. It is important to note that the MBA makes no special adjustment for Fridays before long weekends. This week's data (to be reported next Wednesday) will include an adjustment for the President's Day holiday Monday. Looking through this volatility, we remain hyper-focused on both refi and purchase activity in the 2.75% - 3% area on 30-year fixed-rate mortgages. With secondary market rates creeping higher all year and accelerating higher yesterday, borrowers might take a wait-and-see approach. Mortgage bankers, meanwhile, were likely sitting on large pipelines, including rate-locks at 2.75% for the most qualified borrowers. Those bankers have likely accelerated their sales into the secondary market with potentially more to come. That may exacerbate the move higher in primary mortgage rates. We have said for several weeks now that this 2.75 - 3% area was a critical inflection point -- and we're watching it even more closely now after the sell-off in bonds yesterday.

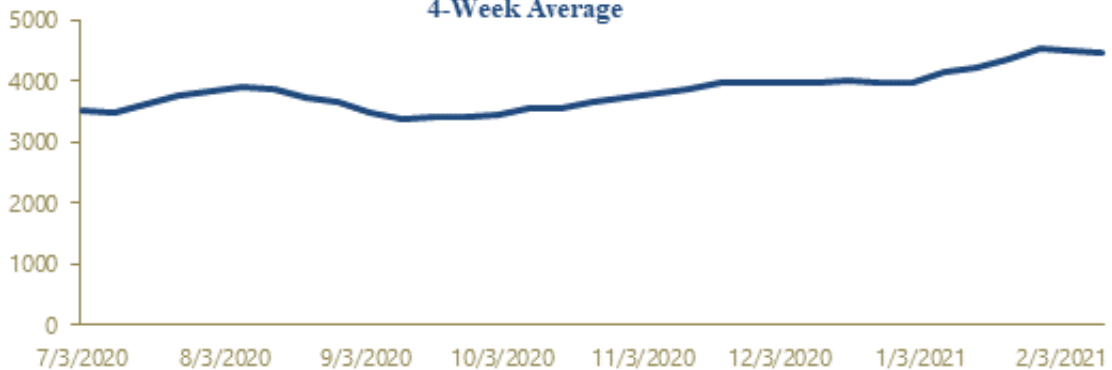
Mortgage Applications



Purchase Index 4-Week Average



Refi Index 4-Week Average



The MBA Mortgage Applications Index FELL by 5.1% during the week ended February 12 to 892.6, slightly above its 13 week average of 889.7 and 38.3% ABOVE its year-ago level.

The Purchase Index FELL by 6.1% to 299.5, moderately below its 13 week average of 326.0 but 15.9% ABOVE its year-ago level.

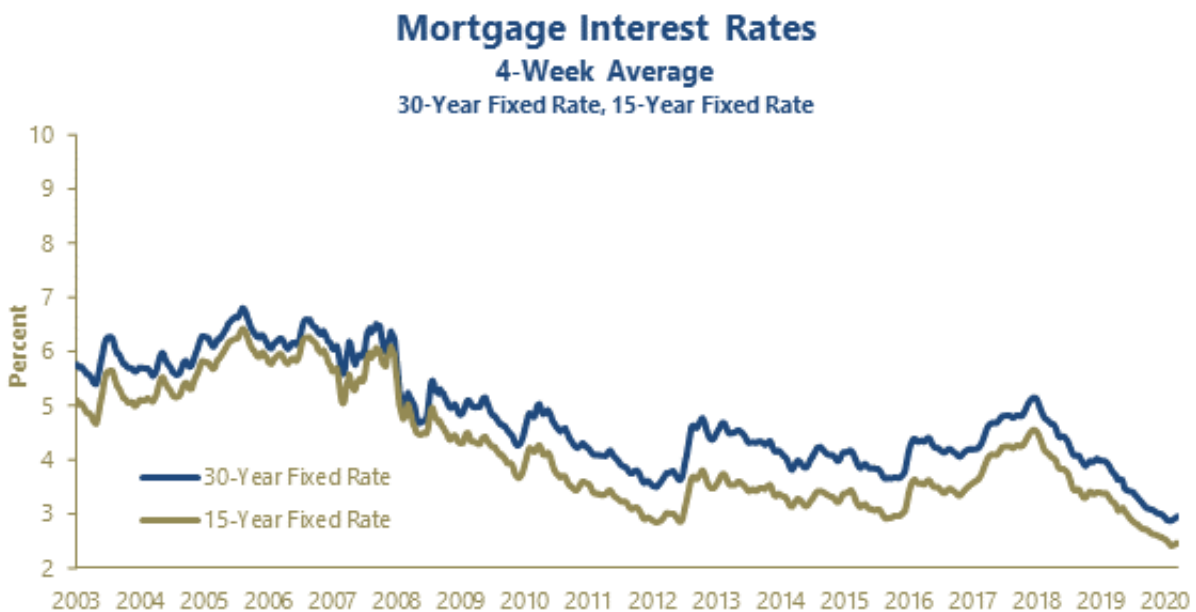
The Refinance Index FELL by 4.7% to 4,337. With this decline, refinancing activity is modestly above its 13 week average of 4,224 and 50.8% ABOVE its year-ago level.

Contract Mortgage Rates were MIXED with the 30-year fixed rate increasing by 2 bps to 2.98% and the 15-year fixed rate declining by 3 bps to 2.47%.

Key findings of MBA's Forbearance and Call Volume Survey - February 1 to February 7, 2021

- Total loans in forbearance decreased by 6 basis points relative to the prior week: from 5.35% to 5.29%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 7.46% to 7.34%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 3.07% to 3.01%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance remained unchanged relative to the prior week at 9.14%.
- By stage, 16.07% of total loans in forbearance are in the initial forbearance plan stage, while 81.42% are in a forbearance extension. The remaining 2.51% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) remained unchanged relative to the prior week at 0.07%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through February 7, 2021:
 - 28.2% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 25.5% resulted in a loan deferral/partial claim.
 - 15.4% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 13.8% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 7.7% resulted in a loan modification or trial loan modification.

- 7.5% resulted in loans paid off through either a refinance or by selling the home.
- The remaining 1.9% resulted in repayment plans, short sales, deed-in-lieu or other reasons.
- Weekly servicer call center volume:
 - As a percent of servicing portfolio volume (#), calls increased from the previous week from 8.4% to 9.2%.
 - Average speed to answer increased from 2.2 minutes to 3.2 minutes.
 - Abandonment rates increased from 6.2% to 8.1%.
 - Average call length increased from 8.0 minutes to 8.2 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of February 7, 2021:
 - Total: 5.29% (previous week: 5.35%)
 - IMBs: 5.69% (previous week: 5.73%)
 - Depositories: 5.26% (previous week: 5.36%)



Refinancing Index vs Mortgage Rate 4-Week Average



Purchase Index vs. Existing Home Sales



	12-Feb	5-Feb	29-Jan	22-Jan	15-Jan	8-Jan	1-Jan	25-Dec	18-Dec	13 Wk Avg	Year Ago
Market Index	892.6	940.4	981.1	907.6	946.8	965.2	827.2	813.7	863.9	889.7	645.5
Percent Change	-5.1	-4.1	8.1	-4.1	-1.9	16.7	1.7	-5.8	0.8	0.3	38.3
Non-seasonally Adj. % Chg	-3.5	-2.5	10.2	-2.8						13.7	37.5
Purchase Index	299.5	318.8	334.6	334.2	348.2	338.9	313.8	318.8	316.3	326.0	258.4
Percent Change	-6.1	-4.7	0.1	-4.0	2.7	8.0	-1.6	0.8	-4.6	-8.1	15.9
Refinancing Index	4,337	4,549	4,746	4,262	4,484	4,706	3,918	3,803	4,169	4,224	2,875
Percent Change	-4.7	-4.2	11.4	-5.0	-4.7	20.1	3.0	-8.8	3.8	2.7	50.8
Refinance % of Total	69.3	70.2	71.4	70.7	72.3	74.8	73.5	72.9	74.8	71.9	63.2
	-1.3	-1.7	1.0	-2.2	-3.3	1.8	0.8	-2.5	2.9	-3.7	9.7
% of ARMs	2.4	2.3	2.2	2.2	2.1	1.6	1.7	2.0	1.9	2.0	5.4
30-Year Fixed Rate	2.98	2.96	2.92	2.95	2.92	2.88	2.86	2.90	2.86	2.91	3.77
15-Year Fixed Rate	2.47	2.50	2.44	2.43	2.48	2.39	2.40	2.42	2.43	2.46	3.22
5-Year ARM on 30-Year	2.83	2.92	2.88	2.60	2.76	2.66	2.63	2.57	2.71	2.69	3.23

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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February 17, 2021

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