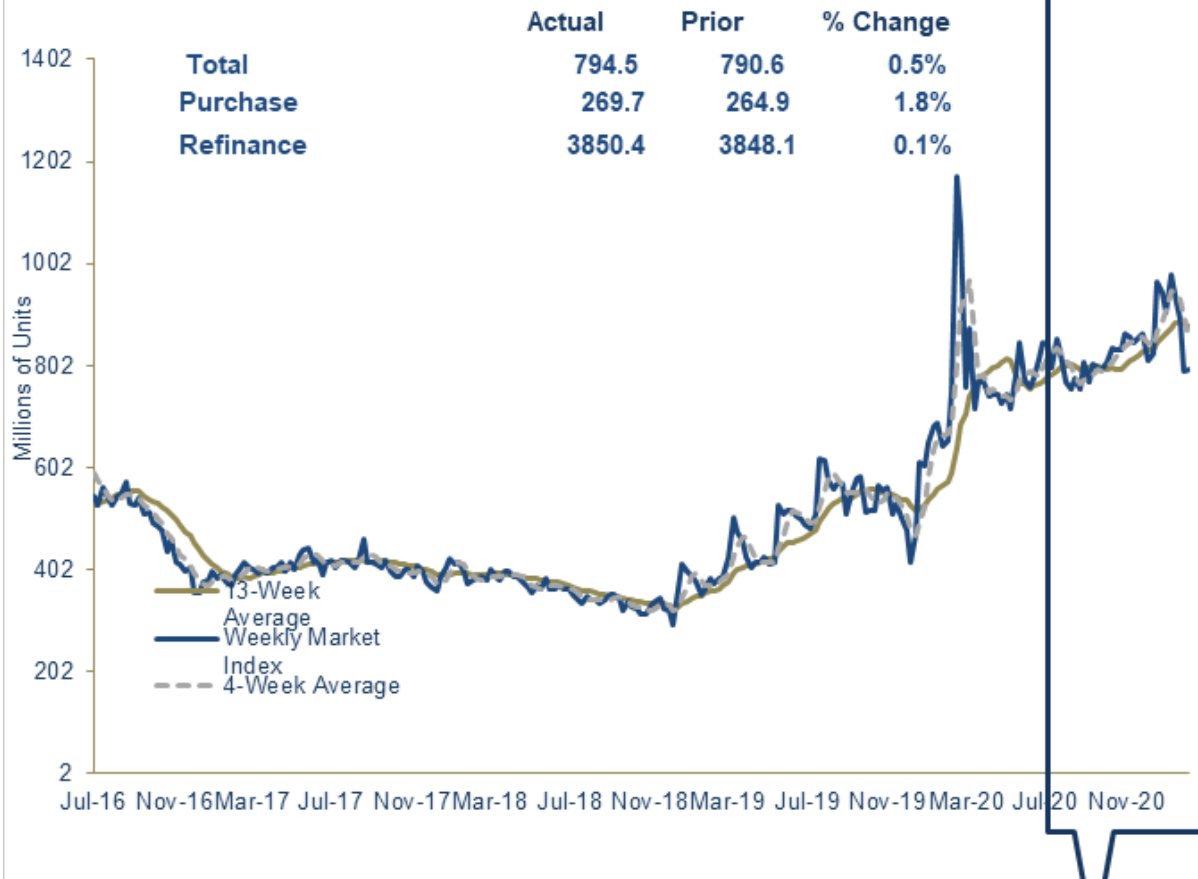


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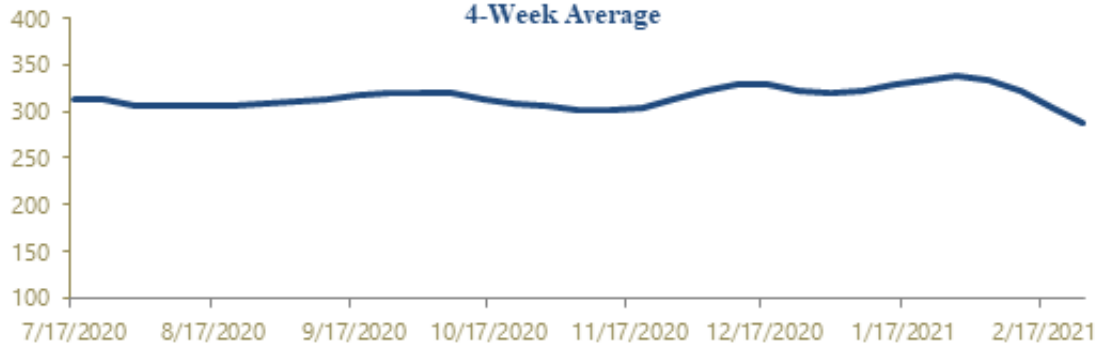
Mortgage Apps: Surprisingly Steady Despite Rate Move

Bottom Line: Mortgage applications were steady in the final week of February, despite the average 30-year fixed-rate mortgage nearing 3.25%. Falling sharply after eclipsing 3% the prior week, it appears the "elbow" rate that triggers sharp reactions from borrowers, creating an inflection point for mortgage applications, is 3%. That said, in the first push back above a critical inflection rate like this, we often see borrowers who were waiting for steadily lower rates jump in, fearing they might miss the opportunity for low rates. This will bear close watching in the coming weeks as mortgage rates this week are likely higher still for most borrowers. Overall, the decline in purchase applications as rates increase is a concern. **Any further move higher in mortgage rates above 3.25% on the 30-year fixed-rate mortgage risks slowing housing activity, one of the most important economic recovery drivers.**

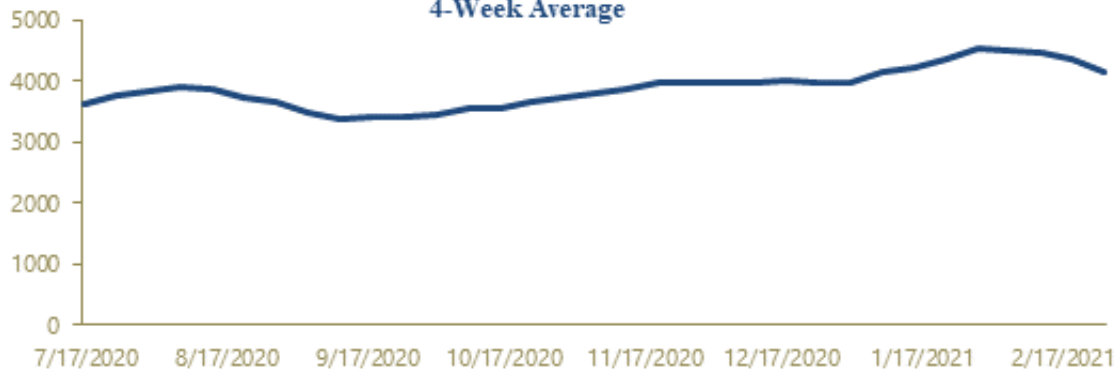
Mortgage Applications



Purchase Index 4-Week Average



Refi Index 4-Week Average



The MBA Mortgage Applications Index ROSE by 0.5% during the week ended February 26 to 794.5, moderately below its 13 week average of 879.2 but 5.4% ABOVE its year-ago level.

The Purchase Index ROSE by 1.8% to 269.7, sharply below its 13 week average of 316.5 but 1.5% ABOVE its year-ago level.

The Refinance Index ROSE by 0.1% to 3,850. Despite this increase, refinancing activity is moderately below its 13 week average of 4,204 but 7.1% ABOVE its year-ago level.

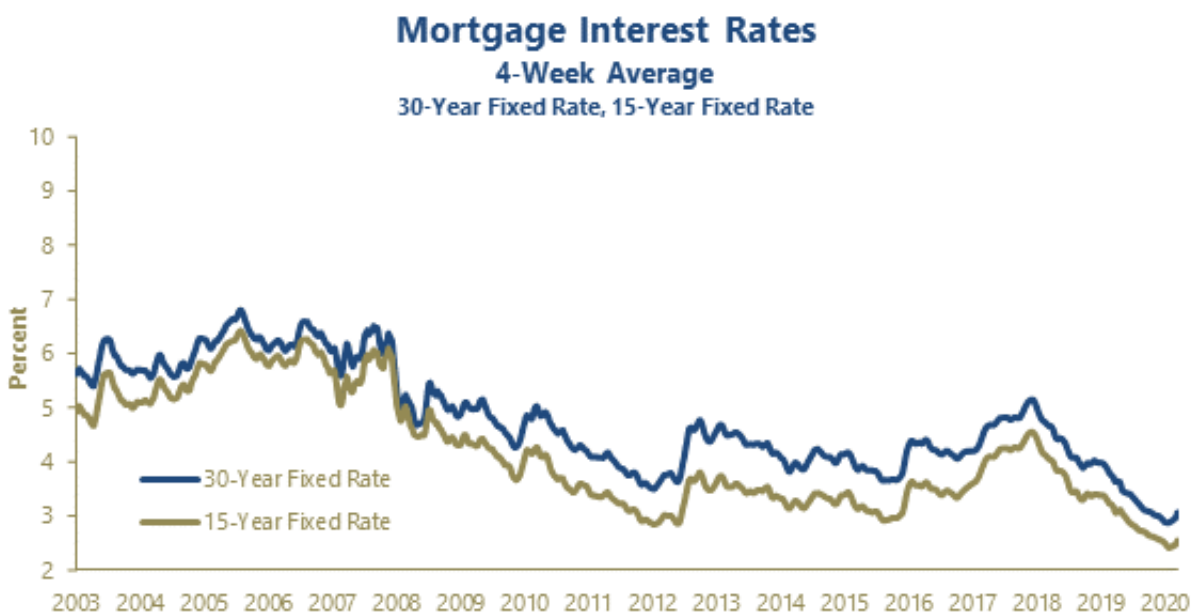
Contract Mortgage Rates ROSE with the 30-year fixed rate increasing by 15 bps to 3.23% and the 15-year fixed rate increasing by 8 bps to 2.64%.

Key findings of MBA's Forbearance and Call Volume Survey - February 15 to February 21, 2021

- Total loans in forbearance increased by 1 basis point relative to the prior week: from 5.22% to 5.23%.
 - By investor type, the share of Ginnie Mae loans in forbearance increased relative to the prior week: from 7.32% to 7.35%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance remained the same relative to the prior week at 2.97%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance increased relative to the prior week: from 8.94% to 9.03%.
- By stage, 15.6% of total loans in forbearance are in the initial forbearance plan stage, while 81.9% are in a forbearance extension. The remaining 2.5% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) increased relative to the prior week: from 0.06% to 0.07%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through February 21, 2021:
 - 27.8% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 25.9% resulted in a loan deferral/partial claim.
 - 15.3% 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.
 - 7.8% resulted in a loan modification or trial loan modification.

- 7.6% resulted in loans paid off through either a refinance or by selling the home.
- The remaining 1.8% 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 decreased from the previous week from 9.3% to 7.9%.
 - Average speed to answer increased from 2.3 minutes to 3.0 minutes.
 - Abandonment rates increased from 6.0% to 7.6%.
 - 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 21, 2021:
 - Total: 5.23% (previous week: 5.22%)
 - IMBs: 5.57% (previous week: 5.54%)
 - Depositories: 5.29% (previous week: 5.28%)

MBA's latest Forbearance and Call Volume Survey covers the period from February 15 through February 21, 2021, and represents 74% of the first-mortgage servicing market (37.1 million loans).



Refinancing Index vs Mortgage Rate 4-Week Average



Purchase Index vs. Existing Home Sales



	26-Feb	19-Feb	12-Feb	5-Feb	29-Jan	22-Jan	15-Jan	8-Jan	1-Jan	13 Wk Avg	Year Ago
Market Index	794.5	790.6	892.6	940.4	981.1	907.6	946.8	965.2	827.2	879.2	754.1
Percent Change	0.5	-11.4	-5.1	-4.1	8.1	-4.1	-1.9	16.7	1.7	-9.6	5.4
Non-seasonally Adj. % Chg	1.5	-10.2	-3.5	-2.5						1.3	5.0
Purchase Index	269.7	264.9	299.5	318.8	334.6	334.2	348.2	338.9	313.8	316.5	265.8
Percent Change	1.8	-11.6	-6.1	-4.7	0.1	-4.0	2.7	8.0	-1.6	-14.8	1.5
Refinancing Index	3,850	3,848	4,337	4,549	4,746	4,262	4,484	4,706	3,918	4,204	3,594
Percent Change	0.1	-11.3	-4.7	-4.2	11.4	-5.0	-4.7	20.1	3.0	-8.4	7.1
Refinance % of Total	67.5	68.5	69.3	70.2	71.4	70.7	72.3	74.8	73.5	71.6	66.2
	-1.5	-1.2	-1.3	-1.7	1.0	-2.2	-3.3	1.8	0.8	-5.7	2.0
% of ARMs	2.9	2.7	2.4	2.3	2.2	2.2	2.1	1.6	1.7	2.1	6.4
30-Year Fixed Rate	3.23	3.08	2.98	2.96	2.92	2.95	2.92	2.88	2.86	2.95	3.57
15-Year Fixed Rate	2.64	2.56	2.47	2.50	2.44	2.43	2.48	2.39	2.40	2.47	3.03
5-Year ARM on 30-Year	2.84	2.83	2.83	2.92	2.88	2.60	2.76	2.66	2.63	2.72	3.12

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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March 3, 2021

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