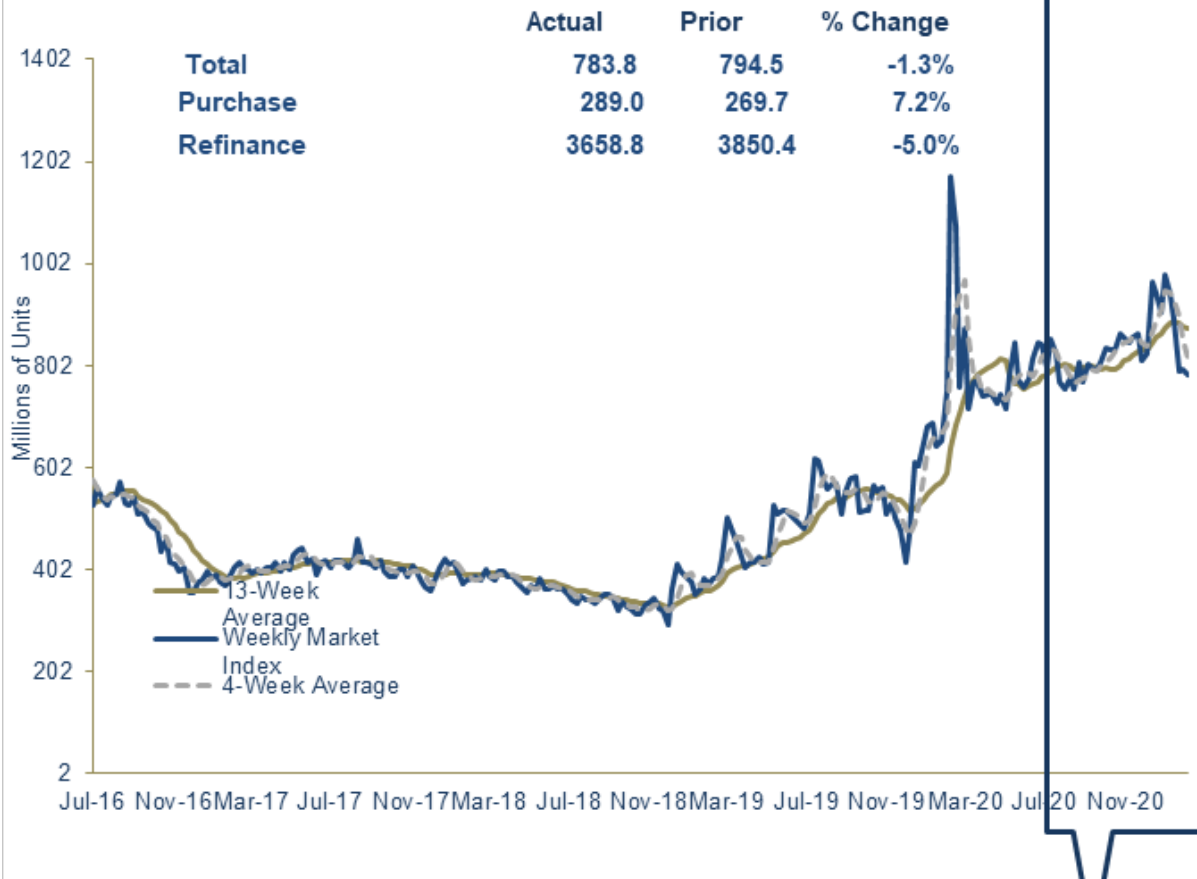


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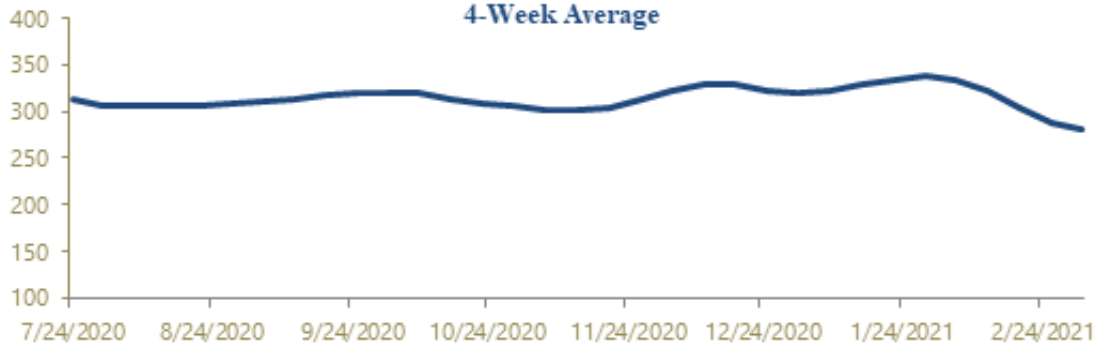
Mortgage Apps: Refis Drop As Mortgage Rates Hold Over 3.25%

Bottom Line: Mortgage applications fell slightly overall as refis tumbled, but purchase volumes rose. The average 30-year fixed-rate mortgage was 3.26%, up slightly and still well off the lows of late December and early January. Refinancing volumes fell sharply again and were down over 20% from the highs set at the end of January. Purchase volumes rose last week. It is typical to see would-be homebuyers rush to close deals when rates start to rise after a long period of declining, low rate. There appears to be evidence of that in this cycle, and this will bear close watching in the coming weeks. Overall, housing activity remains strong even with less refinancing activity, but purchase activity will be increasingly fragile. Much above 3.25% on the 30-year fixed-rate mortgage risks slowing housing activity, one of the most important economic recovery drivers. So far this week, secondary mortgage market rates have declined modestly with the move in Treasury yields and a tightening in spreads.

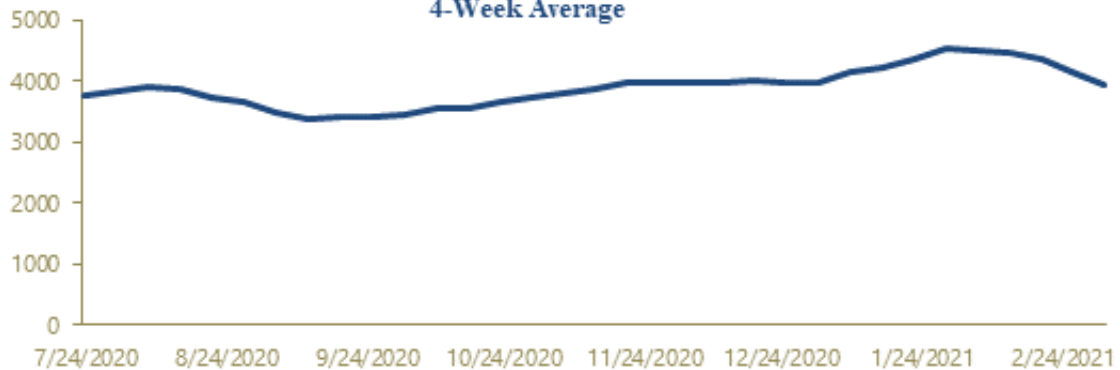
Mortgage Applications



Purchase Index 4-Week Average



Refi Index 4-Week Average



The MBA Mortgage Applications Index FELL by 1.3% during the week ended March 5 to 783.8, sharply below its 13 week average of 874.2 and 33.1% BELOW its year-ago level.

The Purchase Index ROSE by 7.2% to 289.0, moderately below its 13 week average of 313.7 but 3.0% ABOVE its year-ago level.

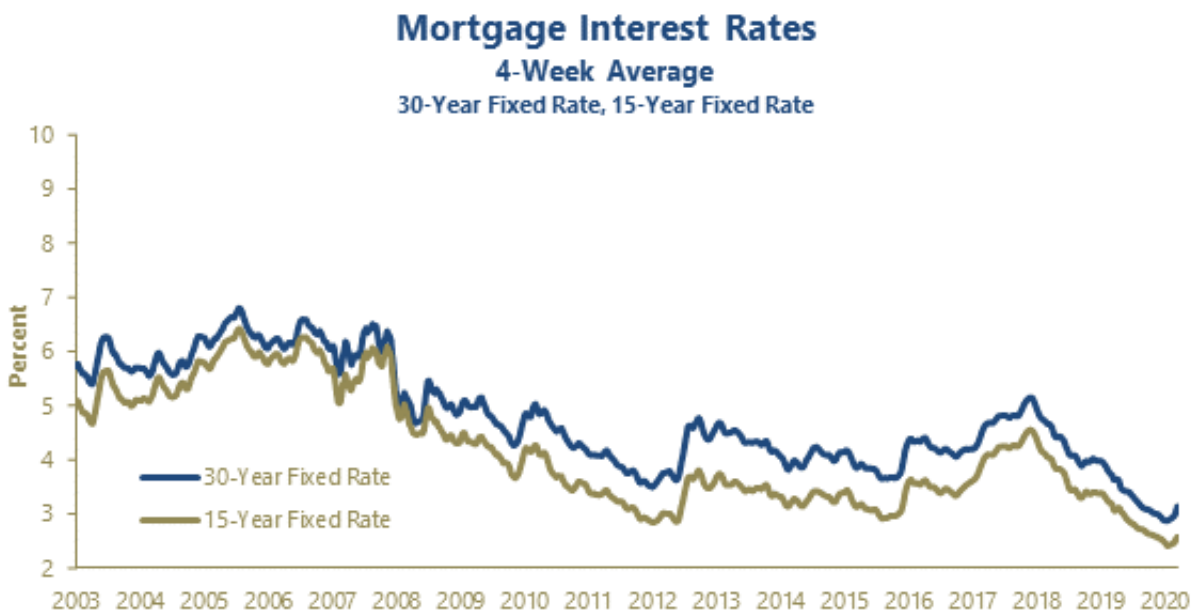
The Refinance Index FELL by 5.0% to 3,659. With this decline, refinancing activity is sharply below its 13 week average of 4,180 and 43.0% BELOW its year-ago level.

Contract Mortgage Rates were MIXED with the 30-year fixed rate increasing by 3 bps to 3.26% and the 15-year fixed rate declining by 1 bp to 2.63%.

Key findings of MBA's Forbearance and Call Volume Survey - February 22 to February 28, 2021

- Total loans in forbearance decreased by 3 basis points relative to the prior week: from 5.23% to 5.20%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 7.35% to 7.28%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 2.97% to 2.94%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance increased relative to the prior week: from 9.03% to 9.05%.
- By stage, 14.6% of total loans in forbearance are in the initial forbearance plan stage, while 82.8% are in a forbearance extension. The remaining 2.6% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) remained the same relative to the prior week at 0.07%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through February 28, 2021:
 - 27.7% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 25.8% resulted in a loan deferral/partial claim.
 - 15.2% 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.
 - 8.0% 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 increased from the previous week from 7.9% to 8.7%.
 - Average speed to answer decreased from 3.0 minutes to 2.6 minutes.
 - Abandonment rates decreased from 7.6% to 6.1%. Average call length decreased from 8.2 minutes to 8.1 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of February 28, 2021:
 - Total: 5.20% (previous week: 5.23%)
 - IMBs: 5.51% (previous week: 5.57%)
 - Depositories: 5.28% (previous week: 5.29%)



Refinancing Index vs Mortgage Rate 4-Week Average



Purchase Index vs. Existing Home Sales



	5-Mar	26-Feb	19-Feb	12-Feb	5-Feb	29-Jan	22-Jan	15-Jan	8-Jan	13 Wk Avg	Year Ago
Market Index	783.8	794.5	790.6	892.6	940.4	981.1	907.6	946.8	965.2	874.2	1172.1
Percent Change	-1.3	0.5	-11.4	-5.1	-4.1	8.1	-4.1	-1.9	16.7	-10.3	-33.1
Non-seasonally Adj. % Chg	-0.5	1.5	-10.2	-3.5						0.6	-32.3
Purchase Index	289.0	269.7	264.9	299.5	318.8	334.6	334.2	348.2	338.9	313.7	280.7
Percent Change	7.2	1.8	-11.6	-6.1	-4.7	0.1	-4.0	2.7	8.0	-7.9	3.0
Refinancing Index	3,659	3,850	3,848	4,337	4,549	4,746	4,262	4,484	4,706	4,180	6,419
Percent Change	-5.0	0.1	-11.3	-4.7	-4.2	11.4	-5.0	-4.7	20.1	-12.5	-43.0
Refinance % of Total	64.5	67.5	68.5	69.3	70.2	71.4	70.7	72.3	74.8	71.0	76.5
	-4.4	-1.5	-1.2	-1.3	-1.7	1.0	-2.2	-3.3	1.8	-9.2	-15.7
% of ARMs	3.0	2.9	2.7	2.4	2.3	2.2	2.2	2.1	1.6	2.2	5.9
30-Year Fixed Rate	3.26	3.23	3.08	2.98	2.96	2.92	2.95	2.92	2.88	2.97	3.47
15-Year Fixed Rate	2.63	2.64	2.56	2.47	2.50	2.44	2.43	2.48	2.39	2.48	2.90
5-Year ARM on 30-Year	2.69	2.84	2.83	2.83	2.92	2.88	2.60	2.76	2.66	2.73	3.02

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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March 10, 2021

Steven A. Wood, Senior Economic Adviser

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