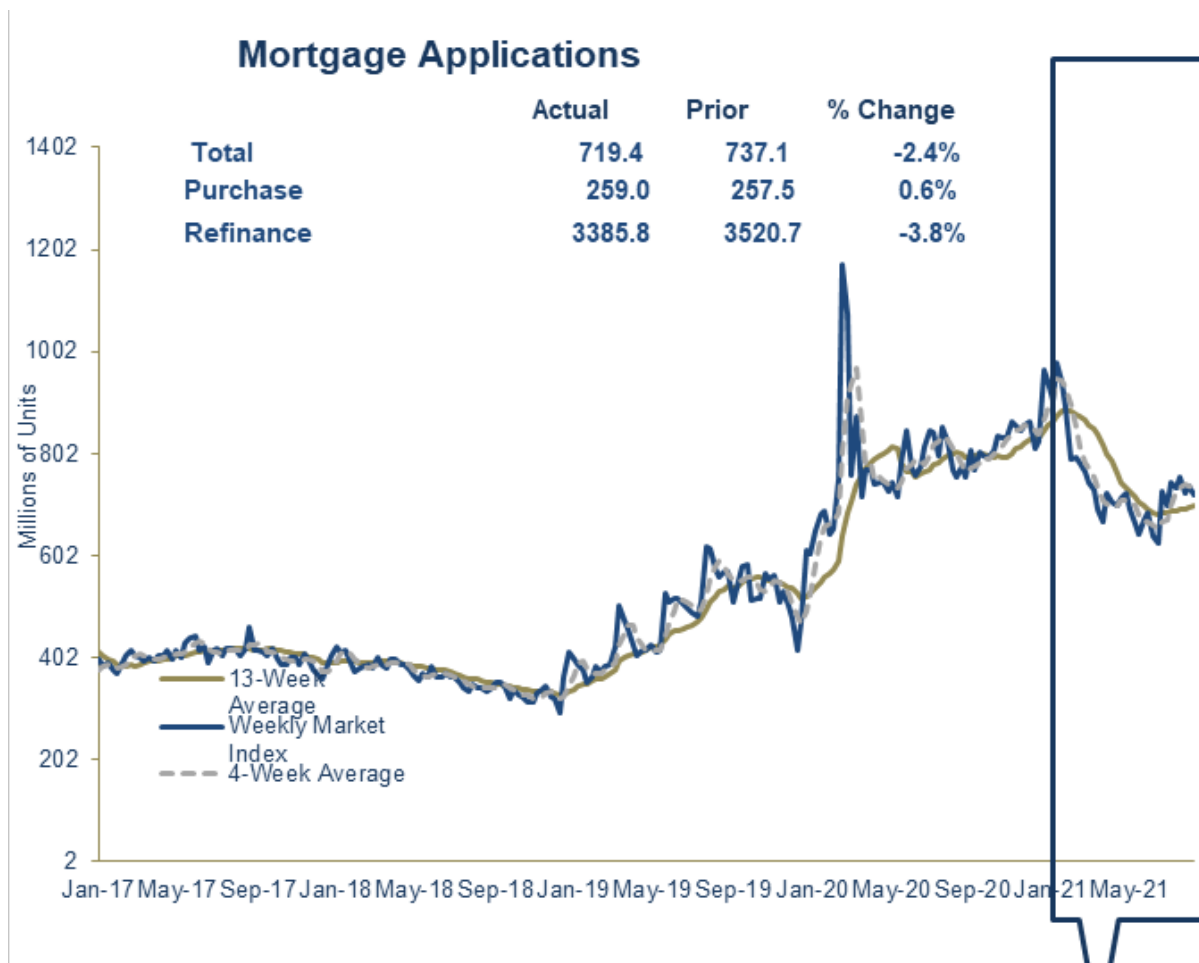


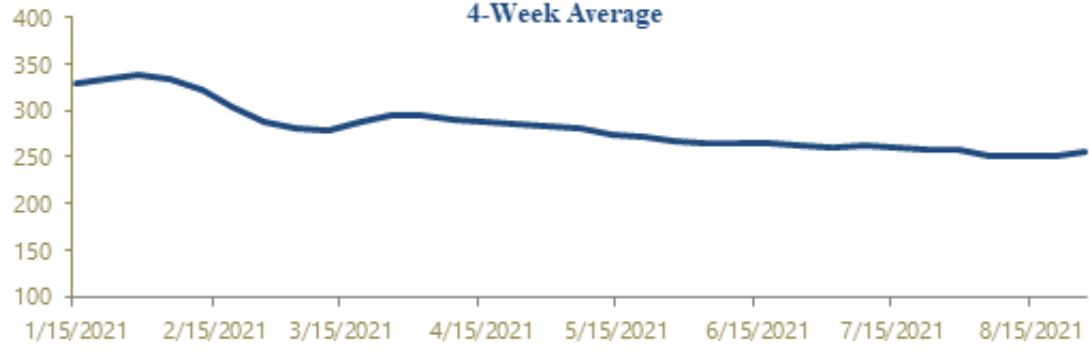
01.Sep.2021

Mortgage Apps: Sluggish Volumes Continued

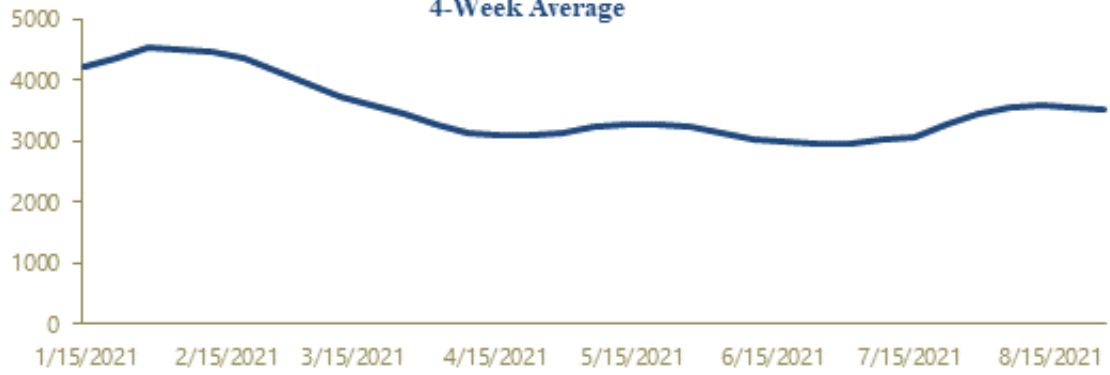
Bottom Line: Mortgage application volume remained sluggish last week as applications for refinancing slipped again. Mortgage rates were little changed as current coupon yields in the secondary market last week, closing at 1.77%, and were up 2 bps this week through Tuesday. Trends are mixed to lower for both purchase and refi applications. Largely confirmed by the latest existing and new home sales data, housing market activity appears to be plateauing at a historically moderate to strong pace as buyers struggle with affordability in an environment where rates would need to decline substantially again to offset the higher prices in most markets.



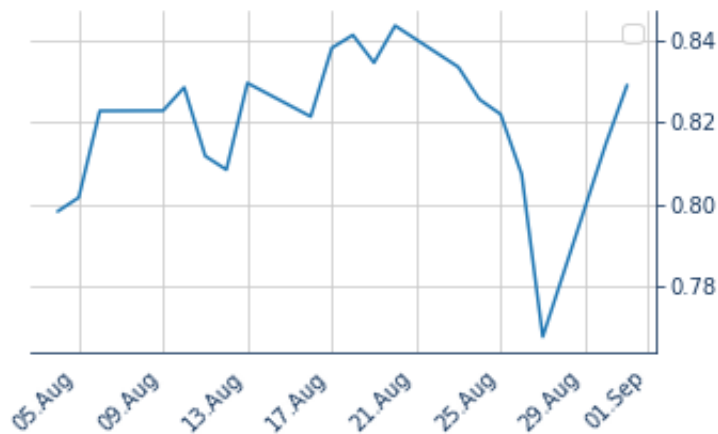
Purchase Index
4-Week Average



Refi Index
4-Week Average



MBS Current Coupon spread to 7yr UST Yield



The MBA Mortgage Applications Index FELL by 2.4% during the week ended August 27 to 719.4, modestly above its 13 week average of 701.1 but 4.7% BELOW its year-ago level.

The Purchase Index ROSE by 0.6% to 259.0, slightly above its 13 week average of 257.8 but 16.3% BELOW its year-ago level.

The Refinance Index FELL by 3.8% to 3,386. With this decline, refinancing activity is modestly above its 13 week average of 3,274 and 2.1% ABOVE its year-ago level.

Contract Mortgage Rates were MIXED with the 30-year fixed rate unchanged at 3.03% and the 15-year fixed rate increasing by 1 bp to 2.39%.

Key findings of MBA's Forbearance and Call Volume Survey - August 16 to August 22, 2021

- Total loans in forbearance remained the same relative to the prior week at 3.25%.
 - By investor type, the share of Ginnie Mae loans in forbearance remained the same relative to the prior week at 3.92%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance remained the same relative to the prior week at 1.66%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance increased relative to the prior week: from 7.15% to 7.18%.
- By stage, 10.2% of total loans in forbearance are in the initial forbearance plan stage, while 81.7% are in a forbearance extension. The remaining 8.1% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) remained unchanged relative to the prior week at 0.05%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through August 22, 2021, at the time of forbearance exit:
 - 28.3% resulted in a loan deferral/partial claim.
 - 22.5% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 16.0% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 13.1% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 11.2% 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 1.4% 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 relative to the prior week: from 7.3% to 6.3%.
 - Average speed to answer decreased from 1.5 minutes to 1.2 minutes.
 - Abandonment rates decreased from 4.6% to 3.8%.
 - Average call length increased from 7.9 minutes to 8.0 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of August 22, 2021:
 - Total: 3.25% (previous week: 3.25%)
 - IMBs: 3.50% (previous week: 3.48%)
 - Depositories: 3.35% (previous week: 3.35%)

MBA's latest Forbearance and Call Volume Survey covers the period from August 16 through August 22, 2021 and represents 74% of the first-mortgage servicing market (36.9 million loans).



Refinancing Index vs Mortgage Rate 4-Week Average



	27-Aug	20-Aug	13-Aug	6-Aug	30-Jul	23-Jul	16-Jul	9-Jul	2-Jul	13 Wk Avg	Year Ago
Market Index	719.4	737.1	725.4	754.8	734.3	747.0	698.3	727.5	627.0	701.1	755.1
Percent Change	-2.4	1.6	-3.9	2.8	-1.7	7.0	-4.0	16.0	-1.8	2.6	-4.7
Non-seasonally Adj. % Chg	-3.2	0.9	-4.3	2.5						2.7	-4.6
Purchase Index	259.0	257.5	249.9	252.0	247.5	251.9	255.8	273.3	252.4	257.8	309.6
Percent Change	0.6	3.0	-0.8	1.8	-1.7	-1.5	-6.4	8.3	-1.1	0.5	-16.3
Refinancing Index	3,386	3,521	3,490	3,684	3,571	3,633	3,268	3,362	2,791	3,274	3,316
Percent Change	-3.8	0.9	-5.3	3.2	-1.7	11.2	-2.8	20.4	-2.3	3.4	2.1
Refinance % of Total	66.8	67.3	67.3	68.0	67.6	67.5	64.9	64.1	61.6	64.7	62.5
	-0.7	0.0	-1.0	0.6	0.1	4.0	1.2	4.1	-0.5	3.2	6.9
% of ARMs	3.2	3.1	3.2	3.2	3.4	3.5	3.3	3.5	3.3	3.5	2.6
30-Year Fixed Rate	3.03	3.03	3.06	2.99	2.97	3.01	3.11	3.09	3.15	3.08	3.08
15-Year Fixed Rate	2.39	2.38	2.41	2.35	2.33	2.36	2.46	2.48	2.52	2.45	2.67
5-Year ARM on 30-Year	2.80	2.68	2.90	2.52	2.93	2.81	2.74	3.02	2.94	2.79	3.08

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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September 1, 2021

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