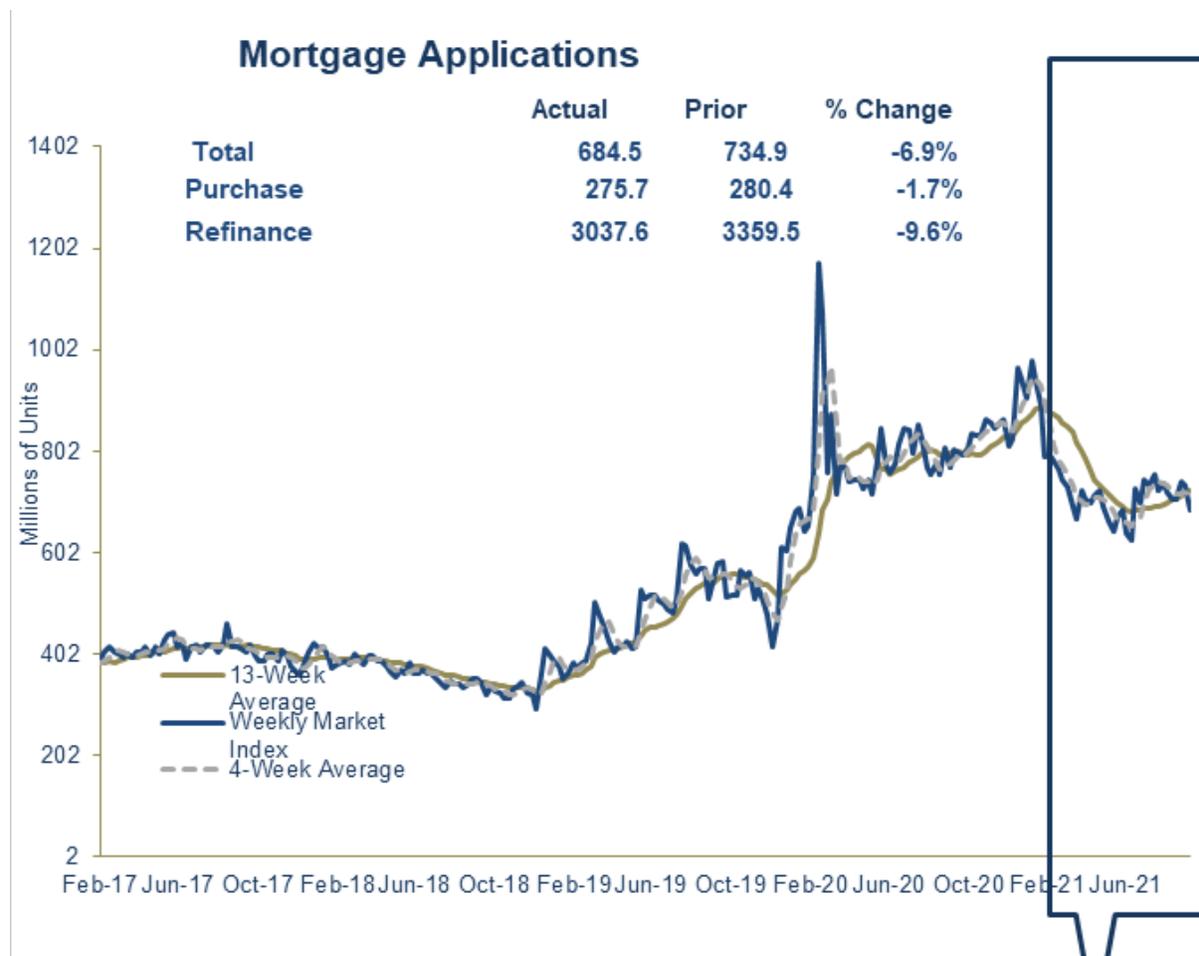


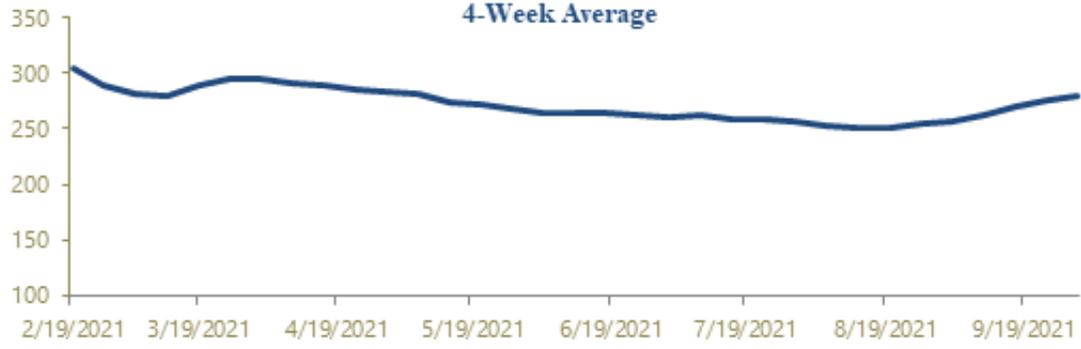
06.Oct.2021

Mortgage Apps: Sharp Decline As Rates Rise

Bottom Line: Mortgage applications fell sharply as mortgage rates rose, driving applications for refinancing sharply lower. Purchase applications also slipped. Realtors reported average 30-year fixed-rate mortgages of 3.14% last week. Current coupon yields in the secondary market were down -3.0 bps last week, closing at 1.9%, but were up 6.0 bps this week through Tuesday and trending higher. A break above 2.05% would take secondary mortgage rates to the highest levels seen since the pandemic. Refi apps have responded swiftly to higher rates, as expected, but purchase apps have remained somewhat resilient. Housing plateaued early in the summer but proved resilient amid lower affordability. Now it appears the market will test its resilience to higher mortgage rates.



Purchase Index
4-Week Average



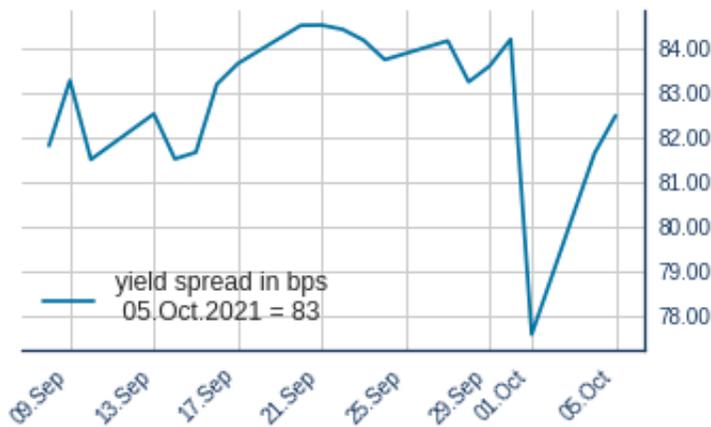
Refi Index
4-Week Average



MBS Current Coupon Yield



MBS Current Coupon spread to Blend of Treasury Yields



The MBA Mortgage Applications Index FELL by 6.9% during the week ended October 1 to 684.5, modestly below its 13 week average of 724.6 and 14.9% BELOW its year-ago level.

The Purchase Index FELL by 1.7% to 275.7, modestly above its 13 week average of 263.3 but 12.8% BELOW its year-ago level.

The Refinance Index FELL by 9.6% to 3,038. With this decline, refinancing activity is sharply below its 13 week average of 3,398 and 16.1% BELOW its year-ago level.

Contract Mortgage Rates ROSE with the 30-year fixed rate increasing by 4 bps to 3.14% and the 15-year fixed rate increasing by 2 bps to 2.45%.

Key findings of MBA's Forbearance and Call Volume Survey - September 20 to September 26, 2021

- Total loans in forbearance decreased by 7 basis points relative to the prior week: from 2.96% to 2.89%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 3.42% to 3.35%.
 - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 1.44% to 1.38%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 6.91% to 6.77%.
- By stage, 12.4% of total loans in forbearance are in the initial forbearance plan stage, while 78.7% are in a forbearance extension. The remaining 8.9% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) decreased relative to the prior week: from 0.05% to 0.04%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through September 26, 2021, at the time of forbearance exit:
 - 28.9% resulted in a loan deferral/partial claim.
 - 21.7% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 16.1% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 12.5% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 12.0% resulted in a loan modification or trial loan modification.
 - 7.4% 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 7.9% to 5.9%.
 - Average speed to answer decreased from 1.7 minutes to 1.5 minutes.
 - Abandonment rates decreased from 4.5% to 4.2%.
 - Average call length remained the same relative to the prior week at 8.2 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of September 26, 2021:
 - Total: 2.89% (previous week: 2.96%)
 - IMBs: 3.19% (previous week: 3.24%)

- Depositories: 2.93% (previous week: 3.06%)

source: Mortgage Banker's Association

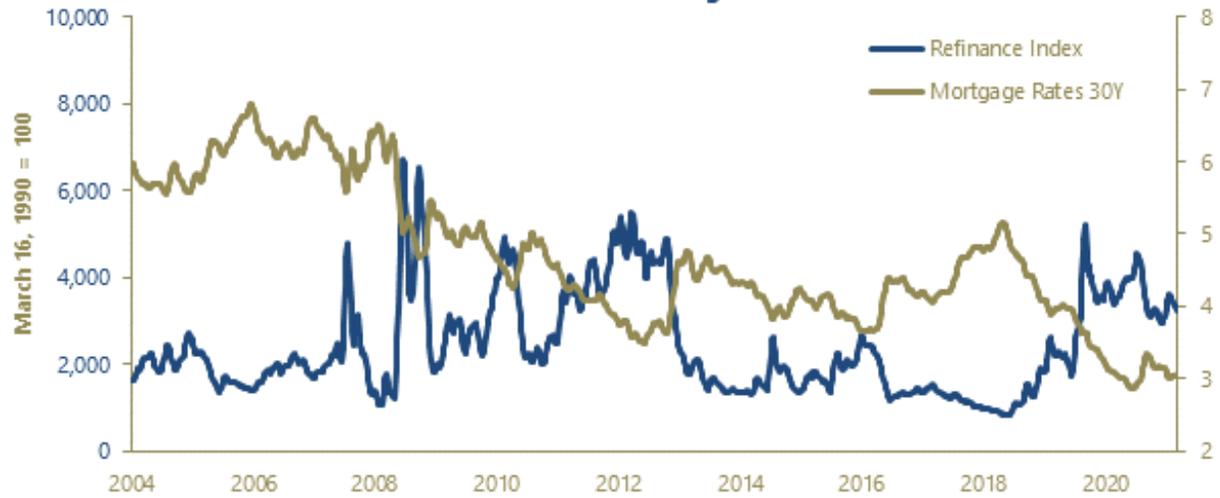
Mortgage Interest Rates 4-Week Average 30-Year Fixed Rate, 15-Year Fixed Rate



Purchase Index vs. Existing Home Sales



Refinancing Index vs Mortgage Rate 4-Week Average



	1-Oct	24-Sep	17-Sep	10-Sep	3-Sep	27-Aug	20-Aug	13-Aug	6-Aug	13 Wk Avg	Year Ago
Market Index	684.5	734.9	742.7	707.9	705.6	719.4	737.1	725.4	754.8	724.6	804.7
Percent Change	-6.9	-1.1	4.9	0.3	-1.9	-2.4	1.6	-3.9	2.8	-5.5	-14.9
Non-seasonally Adj. % Chg	-6.9	-1.3	16.0	-10.4						-5.8	-14.9
Purchase Index	275.7	280.4	283.9	277.9	258.4	259.0	257.5	249.9	252.0	263.3	316.0
Percent Change	-1.7	-1.2	2.2	7.5	-0.2	0.6	3.0	-0.8	1.8	4.7	-12.8
Refinancing Index	3,038	3,360	3,391	3,186	3,292	3,386	3,521	3,490	3,684	3,398	3,622
Percent Change	-9.6	-0.9	6.5	-3.2	-2.8	-3.8	0.9	-5.3	3.2	-10.6	-16.1
Refinance % of Total	64.5	66.4	66.2	64.9	66.8	66.8	67.3	67.3	68.0	66.3	65.4
Percent Change	-2.9	0.3	2.0	-2.8	0.0	-0.7	0.0	-1.0	0.6	-2.8	-1.4
% of ARMs	3.4	3.4	2.9	3.3	2.5	3.2	3.1	3.2	3.2	3.2	2.2
30-Year Fixed Rate	3.14	3.10	3.03	3.03	3.03	3.03	3.03	3.06	2.99	3.05	3.01
15-Year Fixed Rate	2.45	2.43	2.34	2.34	2.37	2.39	2.38	2.41	2.35	2.39	2.59
5-Year ARM on 30-Year	2.54	2.77	2.51	2.68	2.56	2.80	2.68	2.90	2.52	2.73	2.80

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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October 6, 2021

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