

Mortgage Lender Sentiment Survey[®]

Providing Insights Into Current Lending Activities and Market Expectations

Q2 2019 Full Report – published June 12, 2019



Disclaimer

Opinions, analyses, estimates, forecasts, and other views of Fannie Mae's Economic & Strategic Research (ESR) group or survey respondents included in these materials should not be construed as indicating Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although the ESR group bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, and other views published by the ESR group represent the views of that group or survey respondents as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.





Table of Contents

Summary of Key Findings	4
Research Objectives	5
Q2 2019 Respondent Sample and Groups	6
Key Findings	
Consumer Demand (Purchase and Refinance Mortgages).....	8
Credit Standards.....	11
Profit Margin Outlook.....	13
Appendix	17
Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

Key Findings – Q2 2019

Lender views on consumer demand growth and profit margin outlook reached the most positive levels seen over the past three or more years.

Profit Margin Outlook

Lenders' net profit margin outlook turned positive for the first time since Q3 2016, reaching the second most positive reading in survey history (since Q1 2014). This quarter, “consumer demand” jumped significantly and is now the top reason cited by lenders who reported an increased profit margin outlook, reaching its highest level in over three years.

Mortgage Demand

Lender sentiment on consumer demand growth for both recent lending activities and future demand expectations hit the highest readings seen over the past three or more years across both purchase and refinance mortgages.

Credit Standards

Overall, the pace of credit easing has trended down. Specifically, for GSE-eligible and government loans, the net easing share has declined to the lowest levels since 2014.



Research Objectives

The Mortgage Lender Sentiment Survey® (MLSS), which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry. The survey is unique because it is used not only to track lenders' current impressions of the mortgage industry, but also their insights into the future.

Tracks insights and provides benchmarks into current and future mortgage lending activities and practices.

Quarterly Regular Questions

- **Consumer Mortgage Demand**
- **Credit Standards**
- **Profit Margin Outlook**

Featured Specific Topic Analyses

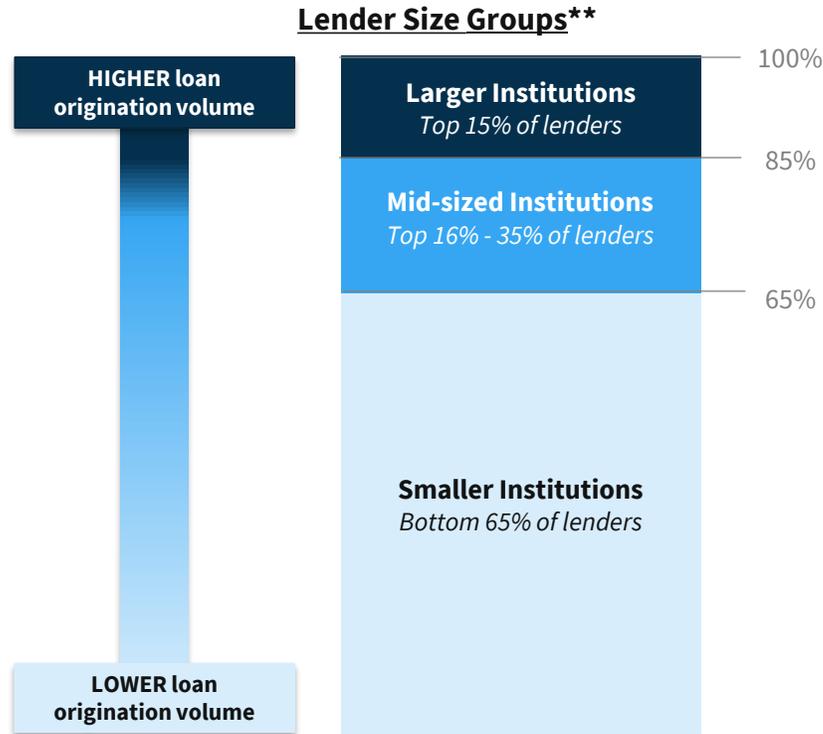
- **APIs and Mortgage Lending**
- **Housing Affordability**
- **Artificial Intelligence for Mortgage Lending**
- **Cost Cutting as a Top Business Priority**
- **Mortgage Data Initiatives**
- **Lenders' Customer Service Channel Strategies**

The MLSS is a quarterly 10-15 minute online survey of senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution customers. The results are reported at the lending institution parent-company level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their parent company.



Q2 2019 Respondent Sample and Groups

For Q2 2019, a total of 234 senior executives completed the survey during May 1-12, representing 211 lending institutions.*



Sample Q2 2019		Sample Size
Total Lending Institutions The "Total" data throughout this report is an average of the means of the three lender-size groups listed below.		211
Lender Size Groups	Larger Institutions Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2018 loan origination volume (above \$980 million)	61
	Mid-sized Institutions Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2018 loan origination volume (between \$317.5 million and \$980 million)	57
	Smaller Institutions Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2018 loan origination volume (less than \$317.5 million)	93
Institution Type***	Mortgage Banks (non-depository)	91
	Depository Institutions	85
	Credit Unions	34

* The results of the Mortgage Lender Sentiment Survey are reported at the lending institutional parent-company level. If more than one individual from the same institution completes the survey, their responses are weighted to represent their parent institution.

** The 2018 total loan volume per lender used here includes the best available annual origination information from Fannie Mae, Freddie Mac, and Marketrac. Lenders in the Fannie Mae database are sorted by their firm's total 2018 loan origination volume and then assigned into the size groups, with the top 15% of lenders being the "larger" group, the next 20% of lenders being the "mid-sized" group and the rest being the "small" group.

*** Lenders that are not classified into mortgage banks or depository institutions or credit unions are mostly housing finance agencies or investment banks.



Loan Type Definition

Questions about consumer mortgage demand and credit standards are asked across three loan types: GSE-Eligible, Non-GSE-Eligible, and Government loans.

Loan Type Definition Used in the Survey	
Loan Type	Definition
GSE-Eligible Loans	GSE-Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Government loans are excluded from this category.
Non-GSE Eligible Loans	Non-GSE-Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and may carry higher interest rates than GSE loans. Government loans are excluded from this category.
Government Loans	Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans, but also includes other programs such as Rural Housing Guaranteed and Direct loans.



Consumer Demand

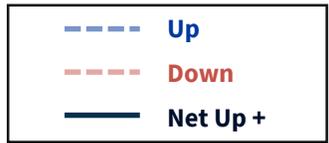
(Purchase and Refinance Mortgages)

Lender sentiment on consumer demand for both recent lending activities and future demand expectations reached the most positive levels seen over the past three or more years across both purchase and refinance mortgages.

- For purchase mortgages, the net share of lenders reporting demand growth over the prior three months rose significantly from the survey lows of last quarter, reaching the highest reading for any second quarter since 2016 for GSE-eligible and government loans and since Q2 2015 for non-GSE-eligible loans. Demand growth expectations for the next three months also improved, with the net share of lenders reporting growth expectations reaching the highest level for any second quarter over the past three years for GSE-eligible loans and over the survey's history for non-GSE-eligible loans.
- For refinance mortgages, across all loan types (GSE-eligible, non-GSE-eligible, and government), the net share of lenders reporting demand growth over the prior three months turned positive after being negative for nine consecutive quarters, reaching the highest reading since Q4 2016. Similarly, the net share expecting demand growth expectations for the next three months continued to climb and is now positive for the first time since Q3 2016 for GSE-eligible loans and since Q1 2016 for non-GSE-eligible and government loans.



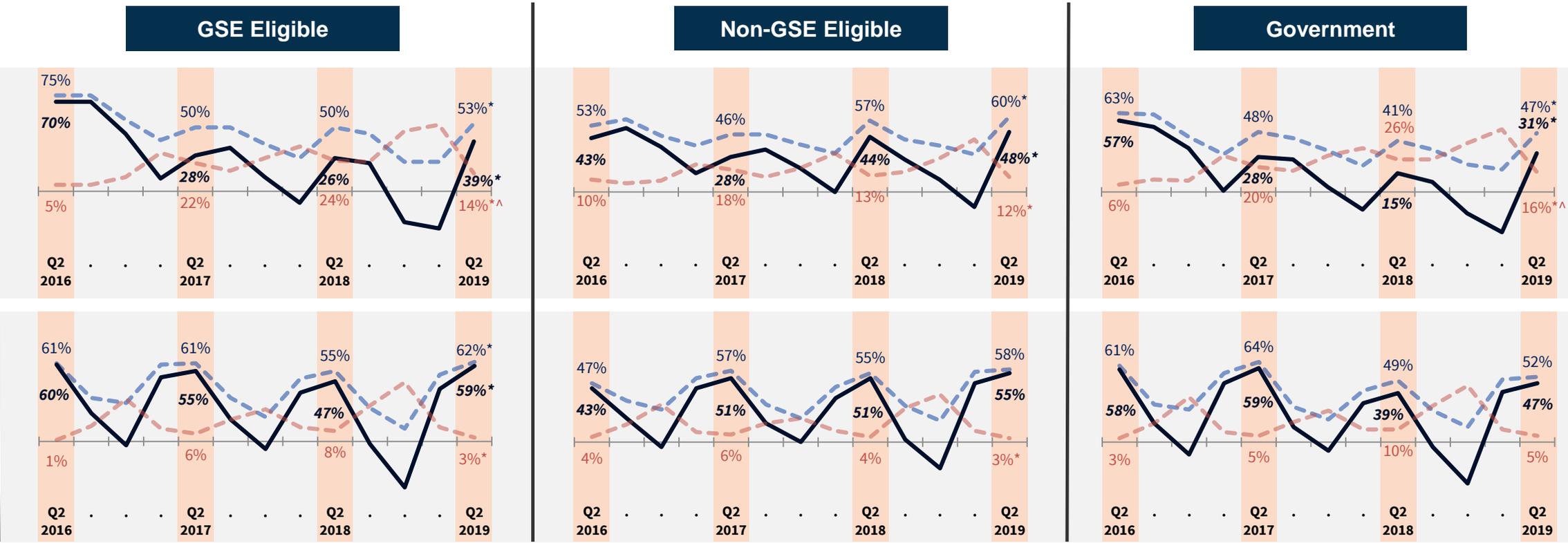
Purchase Mortgage Demand



The net share of lenders reporting demand growth over the prior three months rose significantly from the survey lows of last quarter, reaching the highest reading for any second quarter since 2016 for GSE-eligible and government loans, and, since Q2 2015 for non-GSE-eligible loans. Demand growth expectations for the next three months also improved, with the net share of lenders reporting growth expectations reaching the highest level for any second quarter over the past three years for GSE-eligible loans and over the survey's history for non-GSE-eligible loans.

Past 3 Months

Next 3 Months



Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

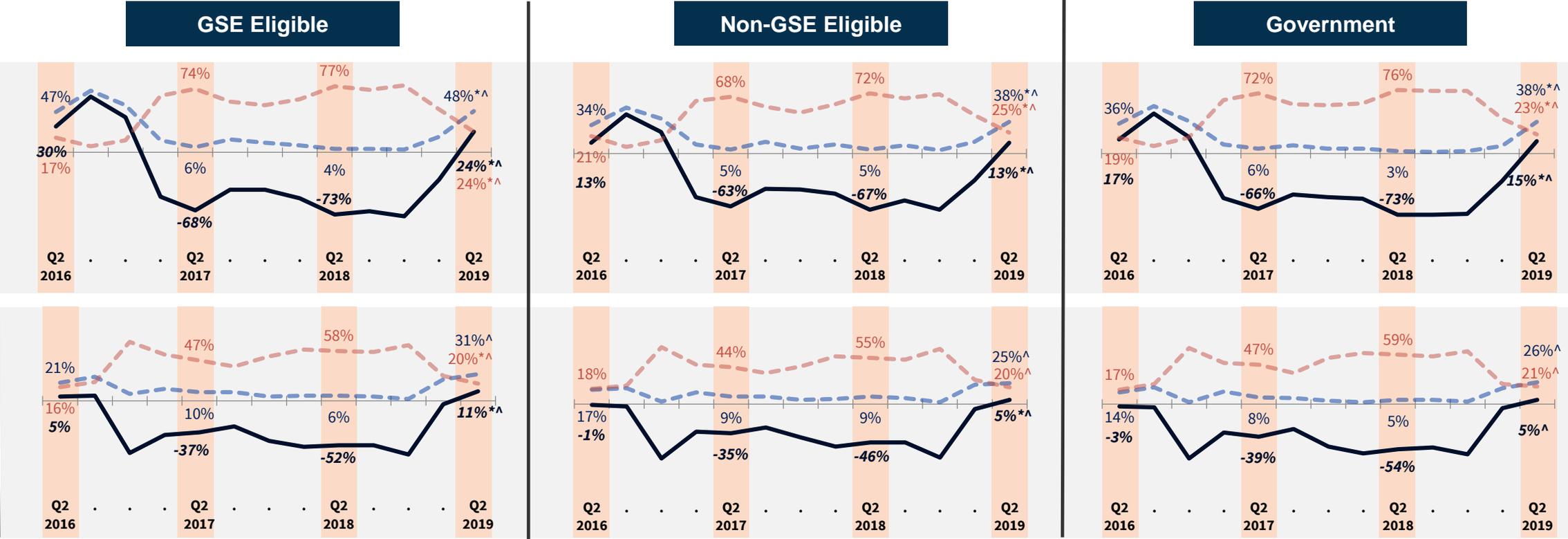
Refinance Mortgage Demand



Across all loan types, the net share of lenders reporting demand growth over the prior three months turned positive after being negative for nine consecutive quarters, reaching the highest reading since Q4 2016. Similarly, the net share expecting demand growth expectations for the next three months continued to climb and is now positive for the first time since Q3 2016 for GSE-eligible loans, and since Q1 2016 for non-GSE-eligible and government loans.

Past 3 Months

Next 3 Months



Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat



Credit Standards

Overall, the pace of easing has trended down. Specifically, for GSE-eligible and government loans, the net easing share has declined to the lowest levels since 2014.

- For the next three months, for GSE-eligible loans, the net share of lenders reporting easing expectations declined to the lowest level since Q3 2014.
- For government loans, the net easing share for the prior three months reached the lowest level since Q2 2014 and, for the next three months, the net easing share reached a survey low (since Q1 2014).

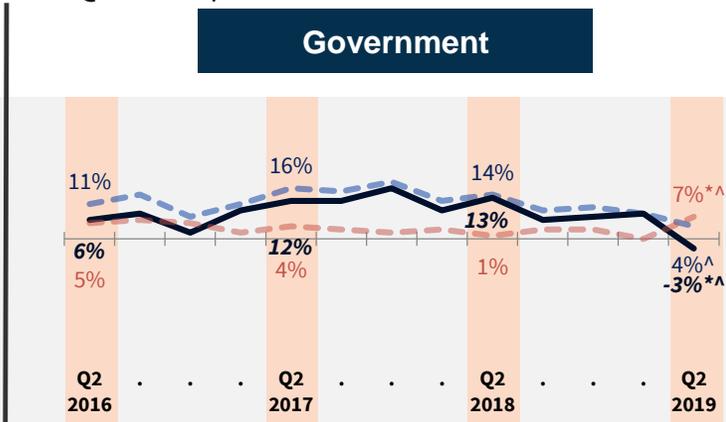
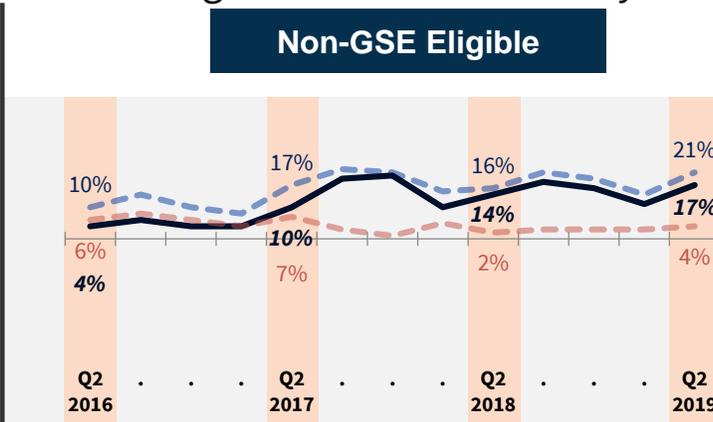
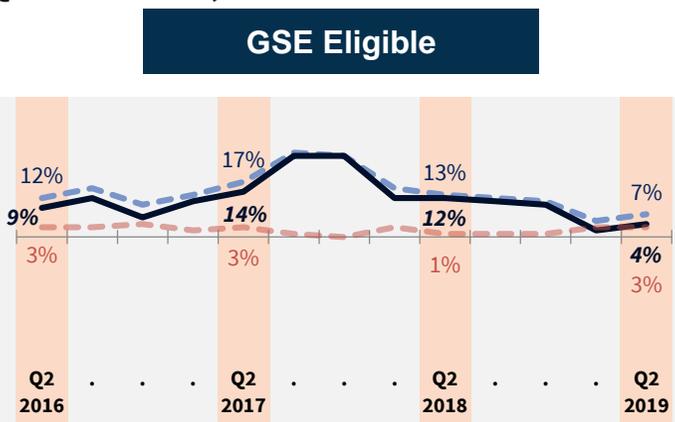


Credit Standards

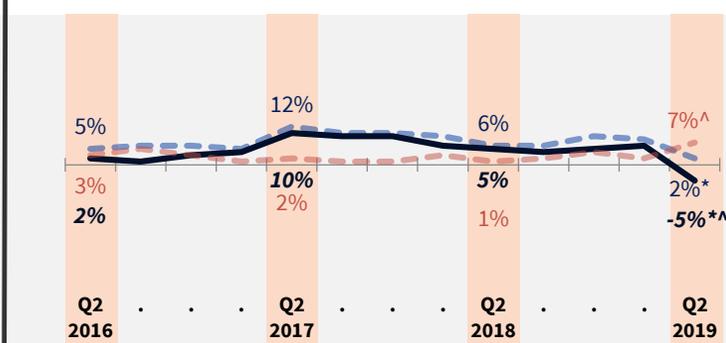
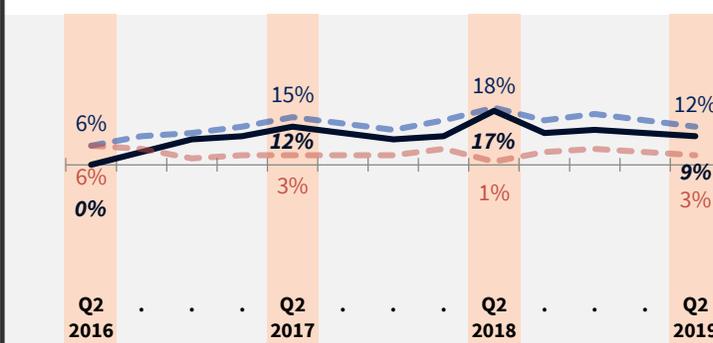
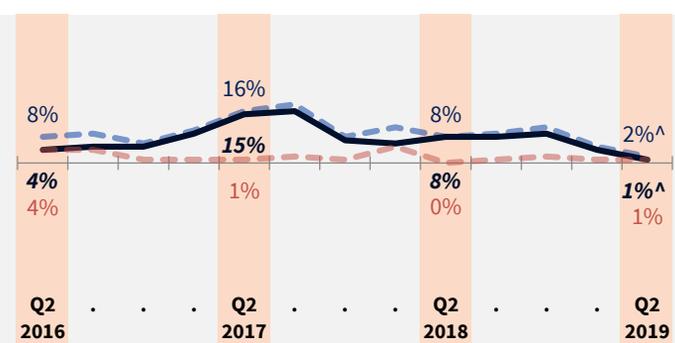


Overall, lenders on net continued to report easing credit standards at a modest pace across GSE-eligible and non-GSE-eligible loans over the past three months. For the next three months, for GSE-eligible loans, the net share of lenders reporting easing expectations declined to the lowest level since Q3 2014. For government loans, the net easing share for the prior three months reached the lowest level since Q2 2014 and, for the next three months, the net easing share reached a survey low (since Q1 2014).

Past 3 Months



Next 3 Months



Net Ease + = % of lenders saying ease minus % of lenders saying tighten
The % saying "remain unchanged" is not shown

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably



Profit Margin Outlook

Lenders credited “consumer demand” for their second most positive profit margin outlook in survey history.

- Lenders’ net profit margin outlook turned positive for the first time since Q3 2016. It reached the second most positive reading in survey history (since Q1 2014).
- This quarter, “consumer demand” jumped significantly and is now the top reason cited by lenders who reported an increased profit margin outlook, reaching the highest reading since Q2 2016. The impact of “operational efficiency” declined but remained the next most important reason.
- For the tenth consecutive quarter, “competition from other lenders” was cited as the top reason for lenders who reported a decreased profit margin outlook. “Staffing” is now the second most important reason, replacing “consumer demand.”

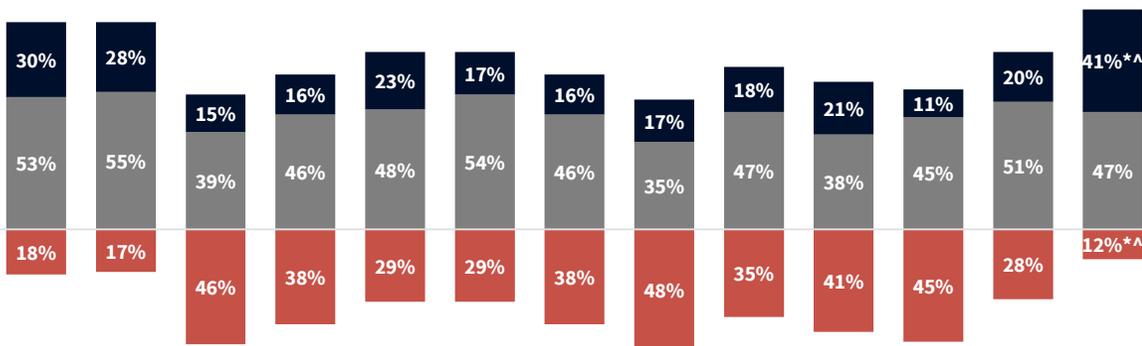


Lenders' Profit Margin Outlook – Next 3 Months

Lenders' net profit margin outlook turned positive for the first time since Q3 2016. It reached the second most positive reading in survey history (since Q1 2014). "Consumer demand" jumped significantly to be the top reason cited by lenders for their increased profit margin outlook, reaching the highest reading since Q2 2016.

Profit Margin Outlook

Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19
n=164	n=190	n=134	n=166	n=176	n=174	n=190	n=184	n=159	n=178	n=202	n=176	n=200

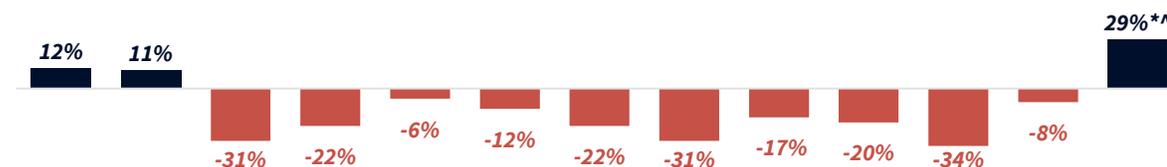


Increase

About the same

Decrease

Net increase %
(% of lenders saying increase minus % of lenders saying decrease)



Key Reasons for Expected Increase – Q2 2019

Consumer demand	64%
Operational efficiency (i.e. technology)	32%
Staffing (personnel costs) reduction	25%
Less competition from other lenders	22%
Market trend changes (i.e. shift from refinance to purchase)	17%

Showing data for selected answer choices only. n=81

Key Reasons for Expected Decrease – Q2 2019

Competition from other lenders	59%
Staffing (personnel costs)	28%
GSE pricing and policies	20%
Government regulatory compliance	18%
Marketing expenses	14%

Showing data for selected answer choices only. n=24

Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis points) + Substantially Decrease (25+ basis points))]
Q: What do you think will drive the increase (decrease) in your firm's profit margin over the next three months? Please select up to two of the most important reasons.

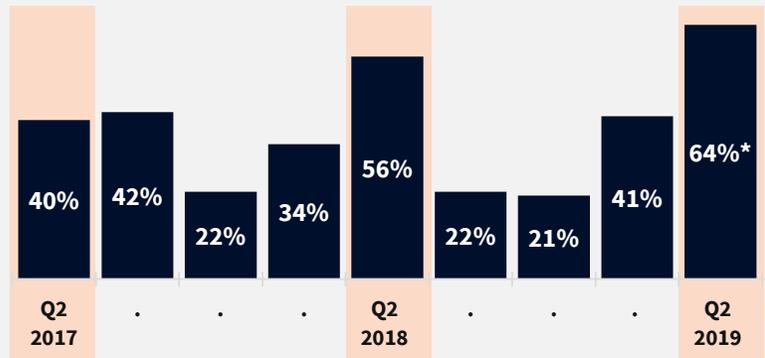
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)



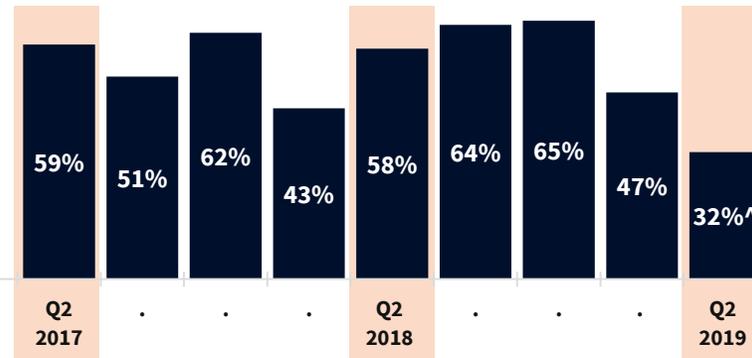
Increased Profit Margin Outlook – Top Drivers

This quarter, “consumer demand” jumped significantly to be the top reason cited by lenders for their increased profit margin outlook, reaching the highest reading since Q2 2016. The impact of “operational efficiency” has declined somewhat, but still remained as the second most important reason.

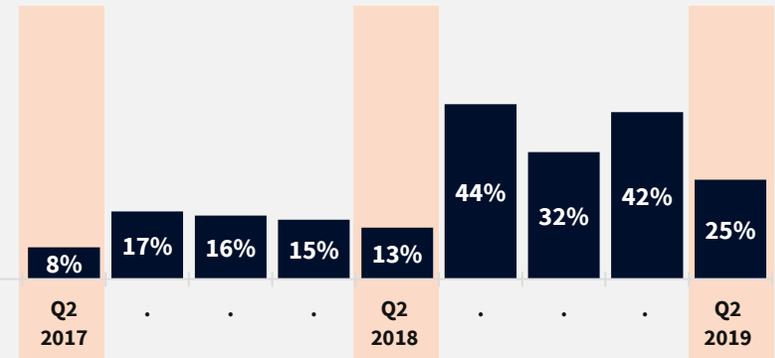
Consumer Demand



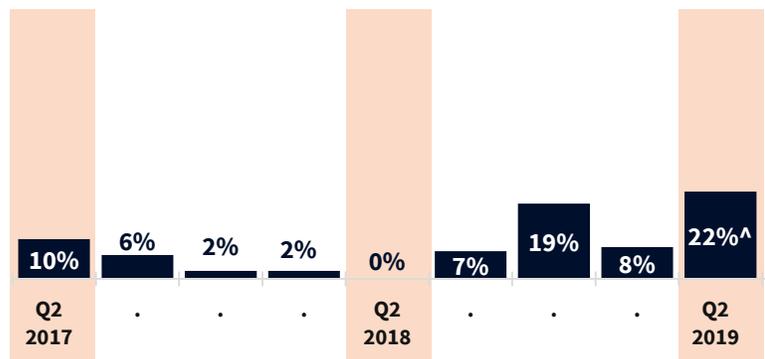
Operational Efficiency



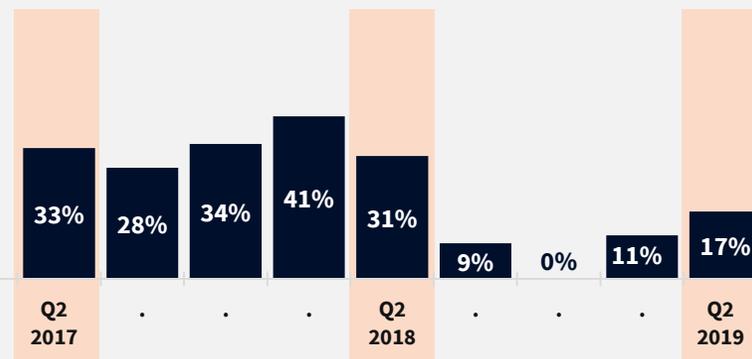
Staffing Reduction



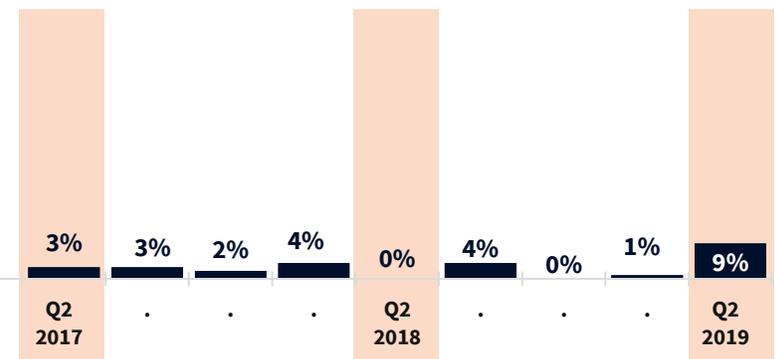
Less Competition from Other Lenders



Market Trend Changes



Marketing Expense Reduction



Q: What do you think will drive the decrease in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)

Total: Q2 2017: N=40; Q3 2017: N=30; Q4 2017: N=29; Q1 2018: N=34; Q2 2018: N=30; Q3 2018: N=38; Q4 2018: N=22; Q1 2019: N=36; Q2 2019: N=81

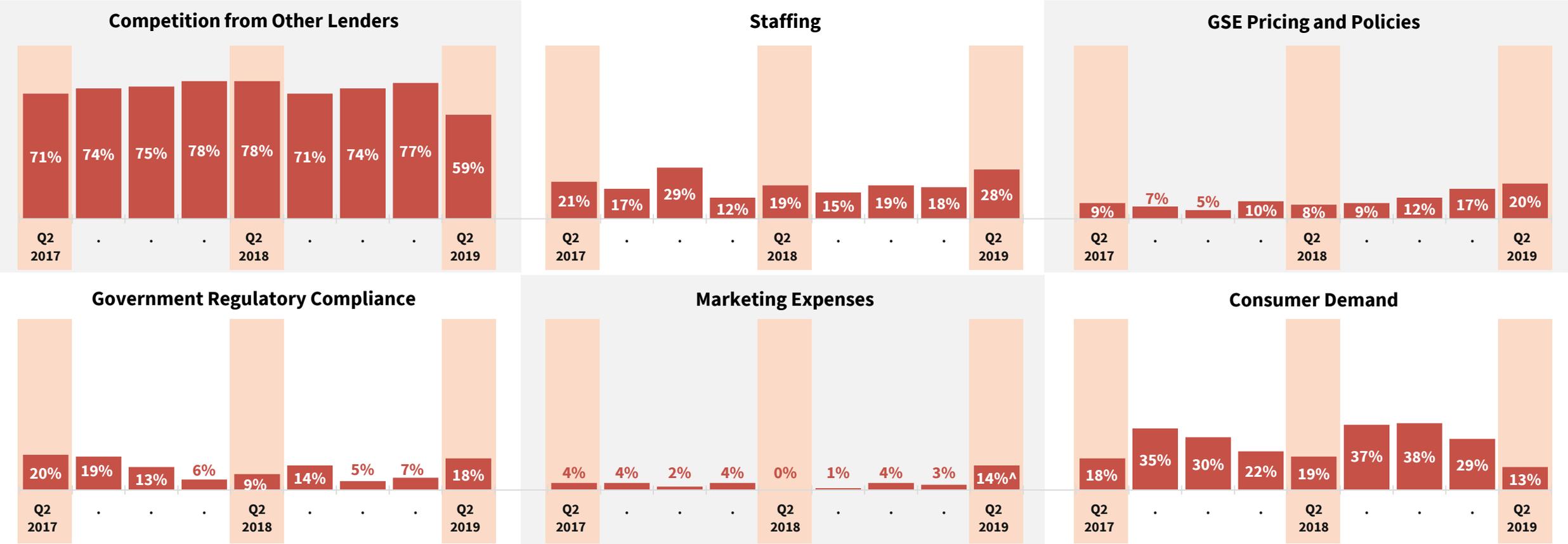
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)

^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)



Decreased Profit Margin Outlook – Top Drivers

For the tenth consecutive quarter, “competition from other lenders” has continued to be cited as the top reason for lenders’ decreased profit margin outlook. “Staffing” is now the second most important reason, replacing “consumer demand.”



Q: What do you think will drive the decrease in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)

Total: Q2 2017: N=49; Q3 2017: N=49; Q4 2017: N=75; Q1 2018: N=85; Q2 2018: N=52; Q3 2018: N=69; Q4 2018: N=87; Q1 2019: N=52; Q2 2019: N=24

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)

^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)





Appendix





Appendix

Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

Mortgage Lender Sentiment Survey[®]

Survey Methodology

- A quarterly, 10- to 15-minute online survey among senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution partners.
- To ensure that the survey results represent the behavior and output of organizations rather than individuals, the Fannie Mae Mortgage Lender Sentiment Survey is structured and conducted as an establishment survey.
- Each respondent is asked 40-75 questions.

Sample Design

- Each quarter, a random selection of approximately 3,000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

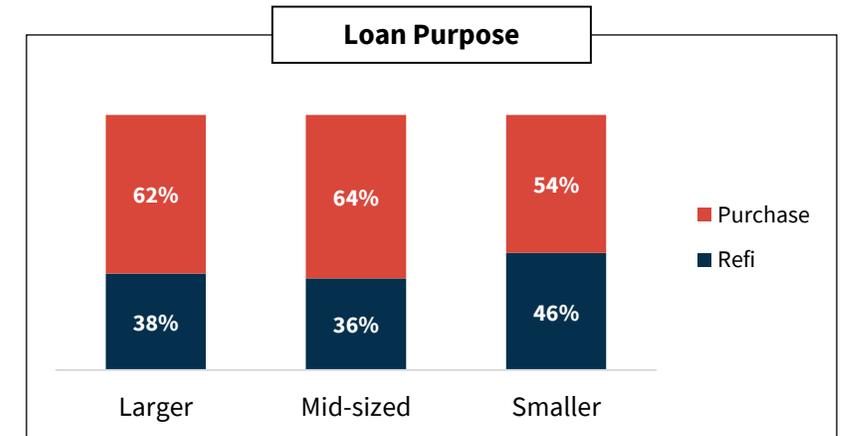
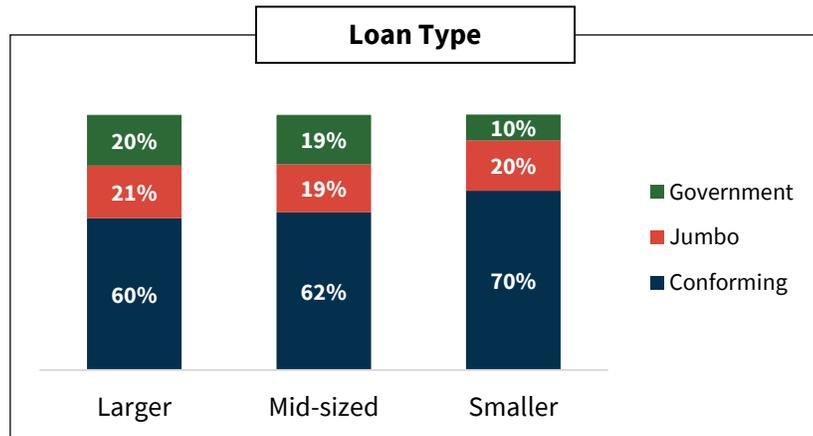
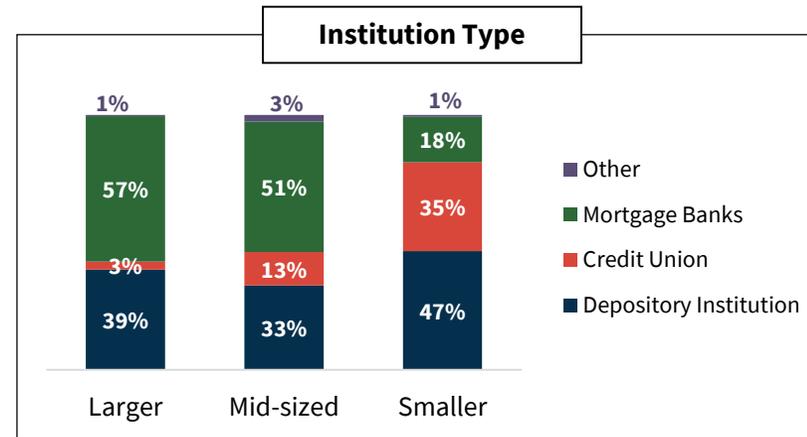
Data Weighting

- The results of the Mortgage Lender Sentiment Survey are reported at the institutional parent-company level. If more than one individual from the same parent institution completes the survey, their responses are averaged to represent their parent institution.



Lending Institution Characteristics

Fannie Mae’s customers invited to participate in the Mortgage Lender Sentiment Survey represent a broad base of different lending institutions that conducted business with Fannie Mae in 2018. Institutions were divided into three groups based on their 2018 total industry loan volume – Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describe the composition and loan characteristics of the three groups of institutions.



Note: Government loans include FHA loans, VA loans and other non-conventional loans from Marketrac.



Sample Sizes

		Q2 2017		Q3 2017		Q4 2017		Q1 2018		Q2 2018		Q3 2018		Q4 2018		Q1 2019		Q2 2019	
		Sample Size	Margin of Error																
Total Lending Institutions		184	±7.22%	190	±6.64%	196	±6.42%	196	±6.43%	170	±7.04%	184	±6.78%	212	±6.52%	184	±7.03%	211	±6.19%
Loan Origination Volume Groups	Larger Institutions	54	±13.34%	58	±11.16%	72	±9.47%	64	±10.32%	40	±13.79%	45	±12.83%	59	±12.36%	49	±13.62%	61	±10.50%
	Mid-sized Institutions	58	±12.87%	66	±10.69%	55	±11.78%	51	±12.36%	36	±15.07%	42	±13.73%	58	±12.47%	43	±14.59%	57	±11.43%
	Smaller Institutions	72	±11.55%	66	±11.65%	69	±11.25%	81	±10.30%	94	±9.60%	97	±9.51%	95	±9.74%	92	±9.92%	93	±9.62%
Institution Type	Mortgage Banks	58	±12.87%	73	±10.12%	74	±9.88%	69	±10.36%	56	±11.87%	66	±10.89%	76	±10.80%	53	±13.05%	91	±8.92%
	Depository Institutions	82	±10.82%	75	±10.71%	77	±10.37%	63	±11.63%	67	±11.29%	68	±11.31%	88	±10.15%	79	±10.72%	85	±9.80%
	Credit Unions	36	±16.33%	38	±15.18%	37	±15.27%	56	±12.04%	34	±16.05%	39	±14.96%	38	±15.48%	33	±16.69%	34	±16.05%

2017

Q1 was fielded between February 1, 2017 and February 13, 2017
 Q2 was fielded between May 3, 2017 and May 14, 2017
 Q3 was fielded between August 2, 2017 and August 13, 2017
 Q4 was fielded between November 1, 2017 and November 14, 2017

2018

Q1 was fielded between February 7, 2018 and February 19, 2018
 Q2 was fielded between May 2, 2018 and May 14, 2018
 Q3 was fielded between August 1, 2018 and August 13, 2018
 Q4 was fielded between October 31, 2018 and November 12, 2018

2019

Q1 was fielded between February 6, 2019 and February 17, 2019
 Q2 was fielded between May 1, 2019 and May 12, 2019



2019 Q2 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	211	61	57	93
Mortgage Banks (non-depository)	91	38	30	23
Depository Institutions	85	21	17	47
Credit Unions	34	2	10	22



2019 Q2 Sample Sizes: Consumer Demand

Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	207	190	183	206	192	183
Larger Institutions	60	60	60	60	60	60
Mid-sized Institutions	56	52	52	56	54	52
Smaller Institutions	90	78	71	89	78	71

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	203	180	169	202	184	169
Larger Institutions	58	54	56	58	54	56
Mid-sized Institutions	56	50	50	56	54	52
Smaller Institutions	89	76	62	88	76	61



2019 Q2 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	207	189	180	206	189	180
Larger Institutions	60	58	60	60	58	60
Mid-sized Institutions	56	52	52	56	52	52
Smaller Institutions	90	78	69	89	78	69



Calculation of the “Total”

The “Total” data presented in this report is an average of the means of the three loan origination volume groups (see an illustrated example below). Please note that percentages are based on the number of financial institutions that gave responses other than “Not Applicable.” Percentages may add to under or over 100% due to rounding.

Example:

Over the <u>past three months</u> , apart from normal seasonal variation, did your firm’s consumer demand for single-family <u>purchase</u> mortgages go up, go down, or stay the same? GSE Eligible (Q2 2019)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q2 “Total”
Go up	56%	53%	52%	53% $[(56\% + 53\% + 52\%)/3]$
Stayed the same	34%	36%	27%	32%
Go down	10%	11%	22%	14%





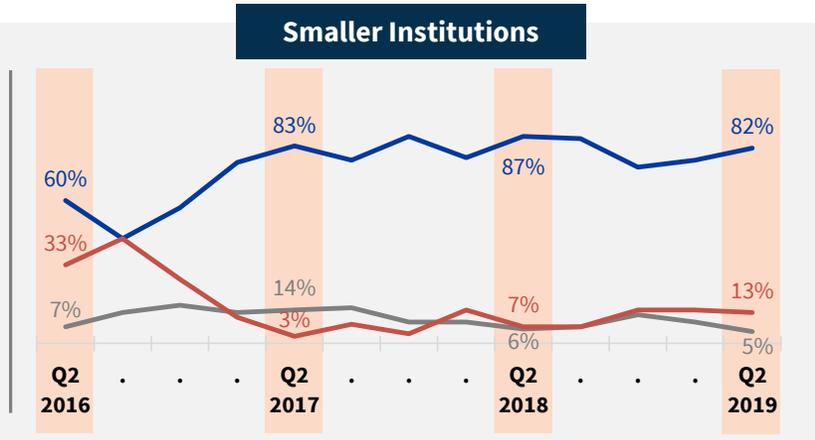
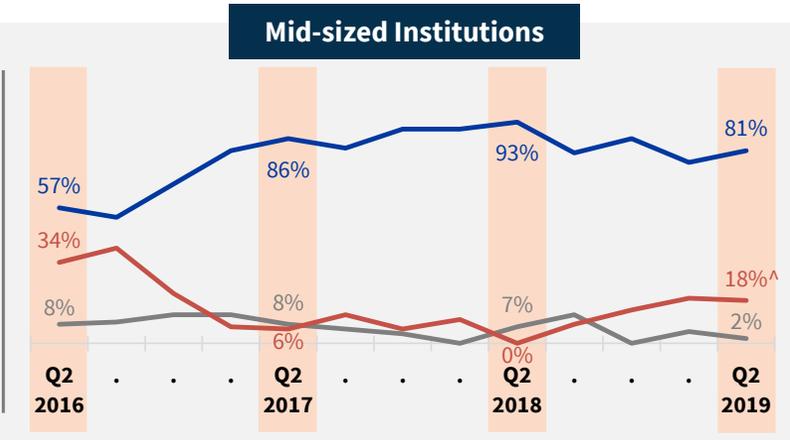
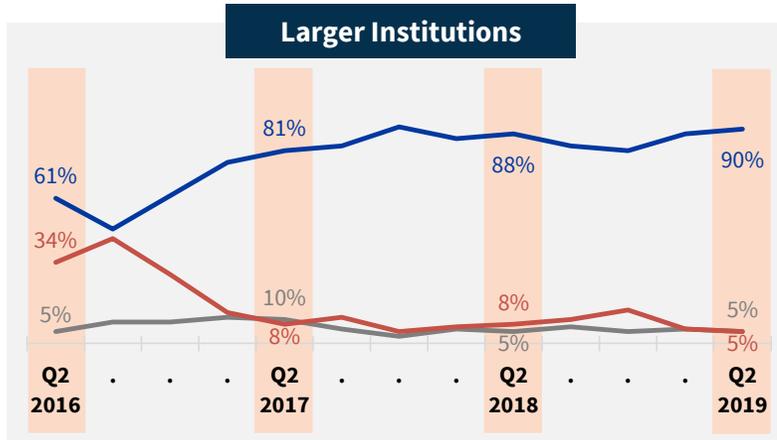
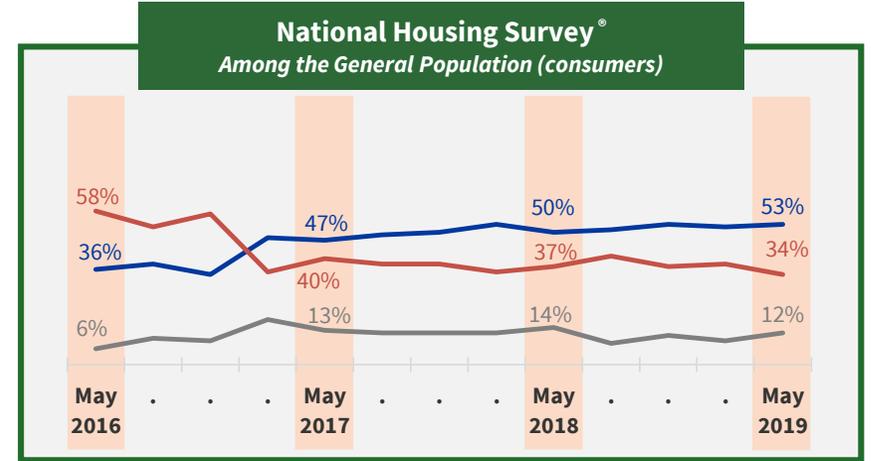
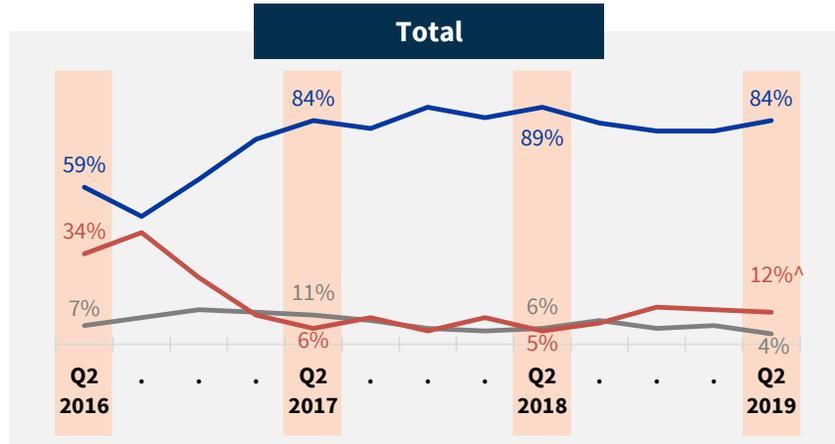
Appendix

Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

U.S. Economy Overall

In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?

- Right Track
- Don't know
- Wrong Track



* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
[^] Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

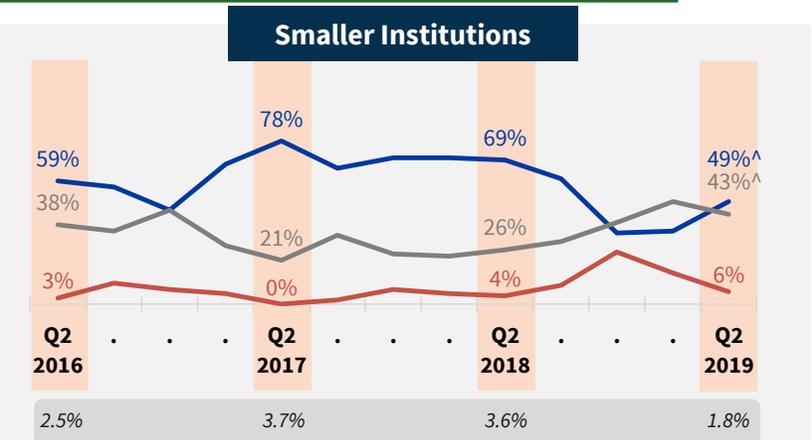
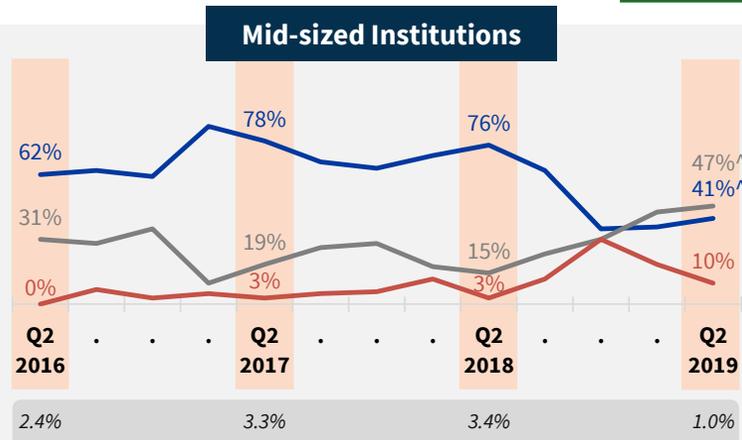
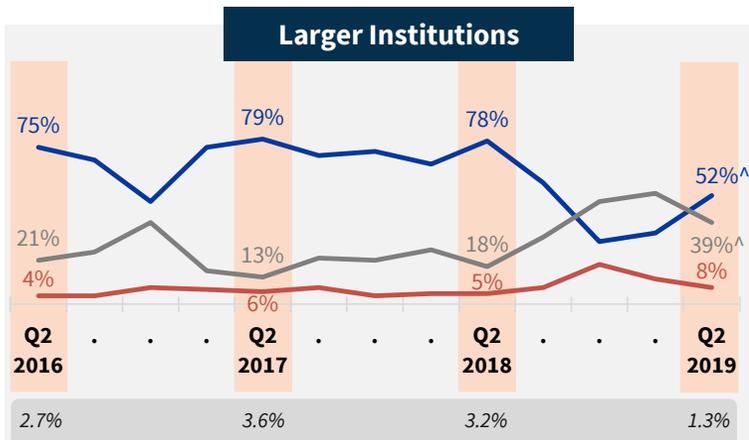
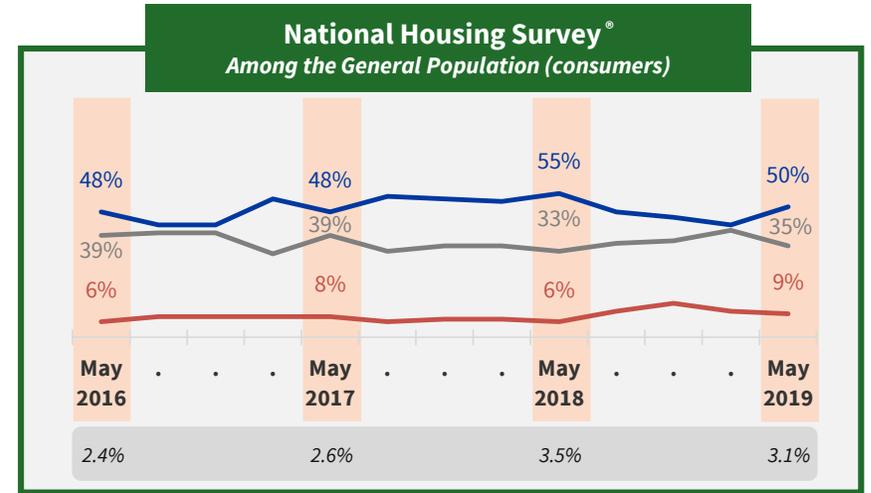
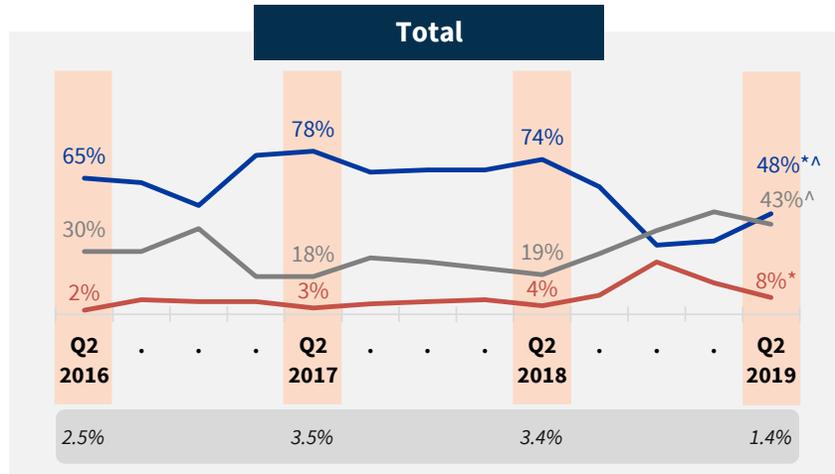


Home Prices – Next 12 Months

Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?

- Go Up
- Stay the Same
- Go Down

By about what percent do you, as a senior mortgage executive, think home prices nationally will go up/down on average over the next 12 months?



* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
[^] Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

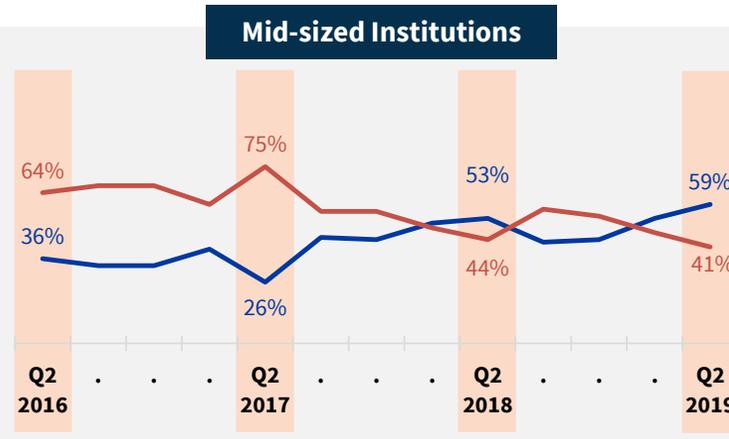
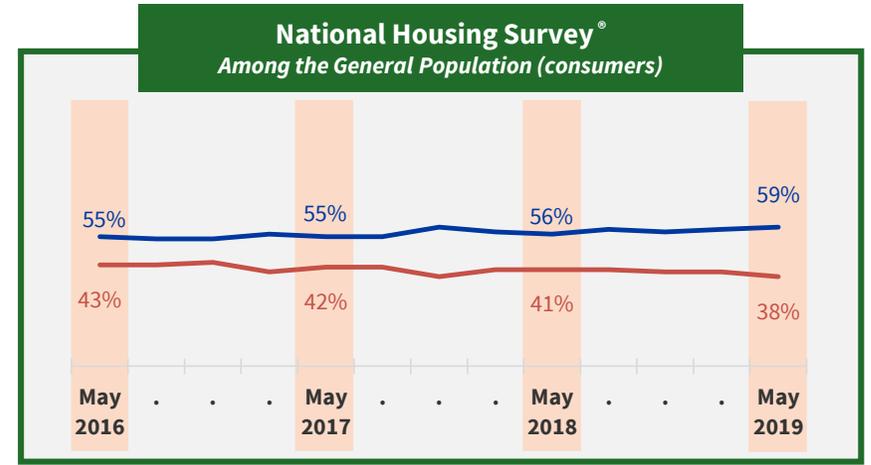
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>



Difficulty of Getting a Mortgage

Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?

- Easy**
(Very easy + Somewhat easy)
- Difficult**
(Very difficult + Somewhat difficult)



* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

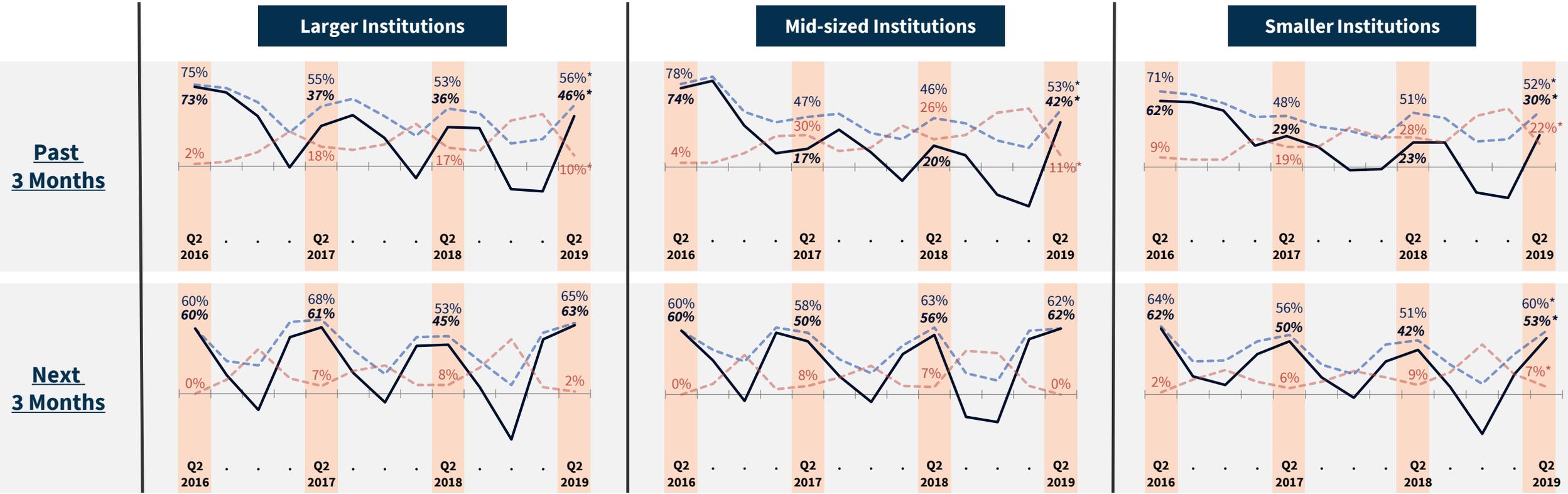




Appendix

Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

Purchase Mortgage Demand: GSE-Eligible (by institution size)



- - - Up
- - - Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

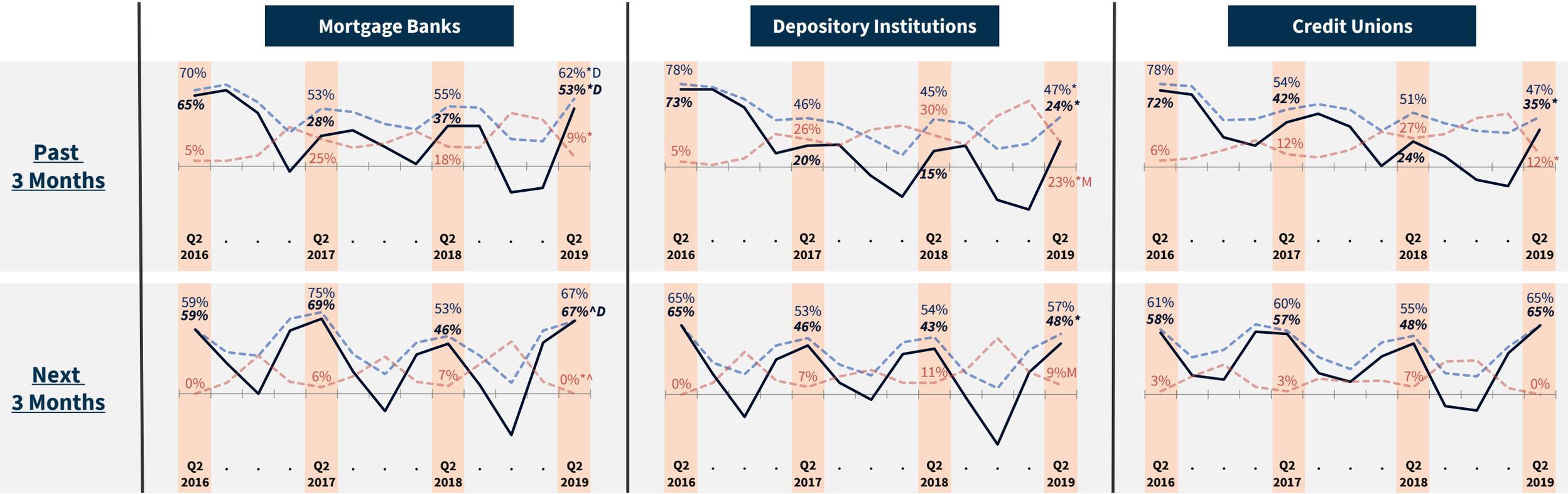
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Purchase Mortgage Demand: GSE-Eligible (by institution type)



--- Up
--- Down
--- Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

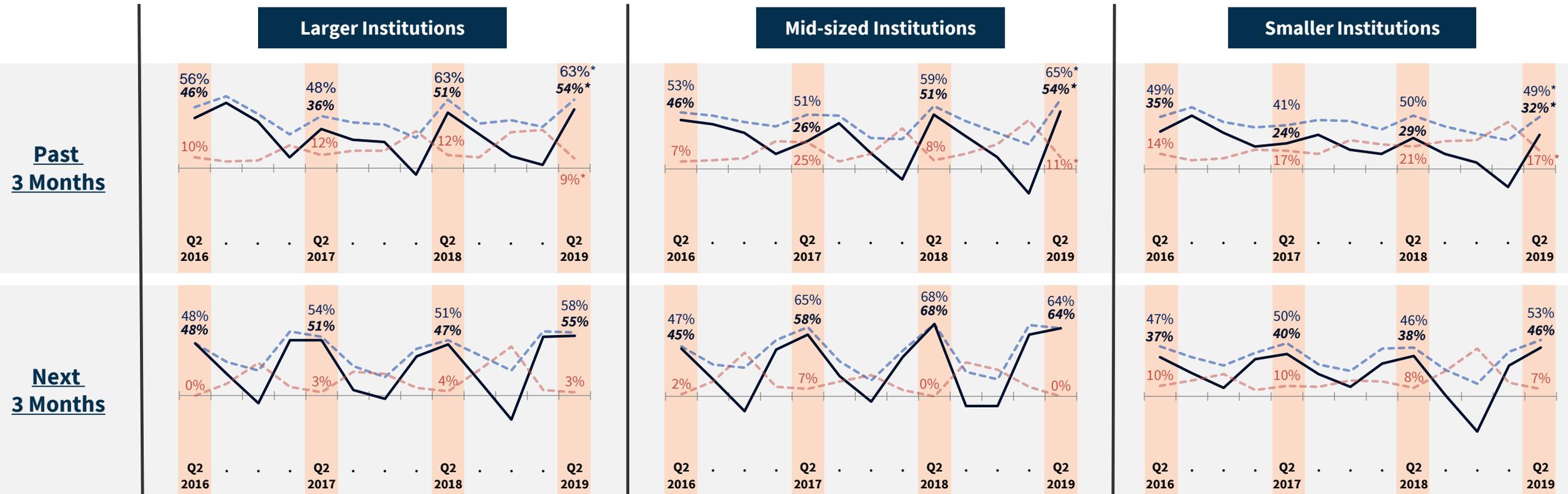
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Purchase Mortgage Demand: Non-GSE-Eligible (by institution size)



--- Up
--- Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

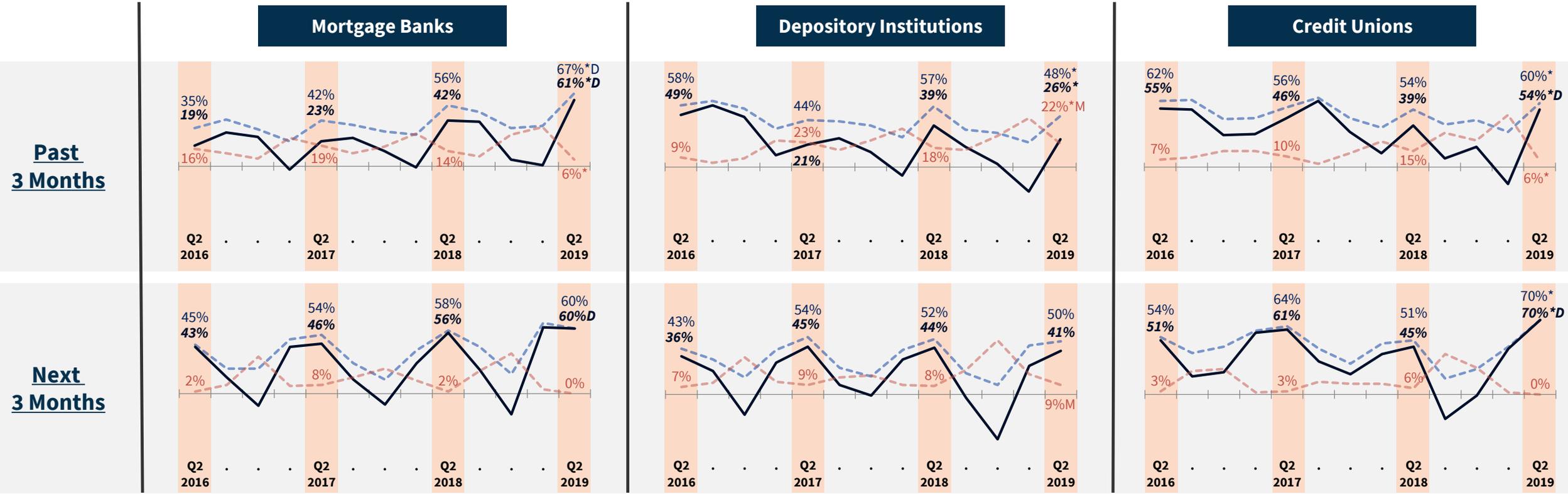
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Purchase Mortgage Demand: Non-GSE-Eligible (by institution type)



--- Up
--- Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

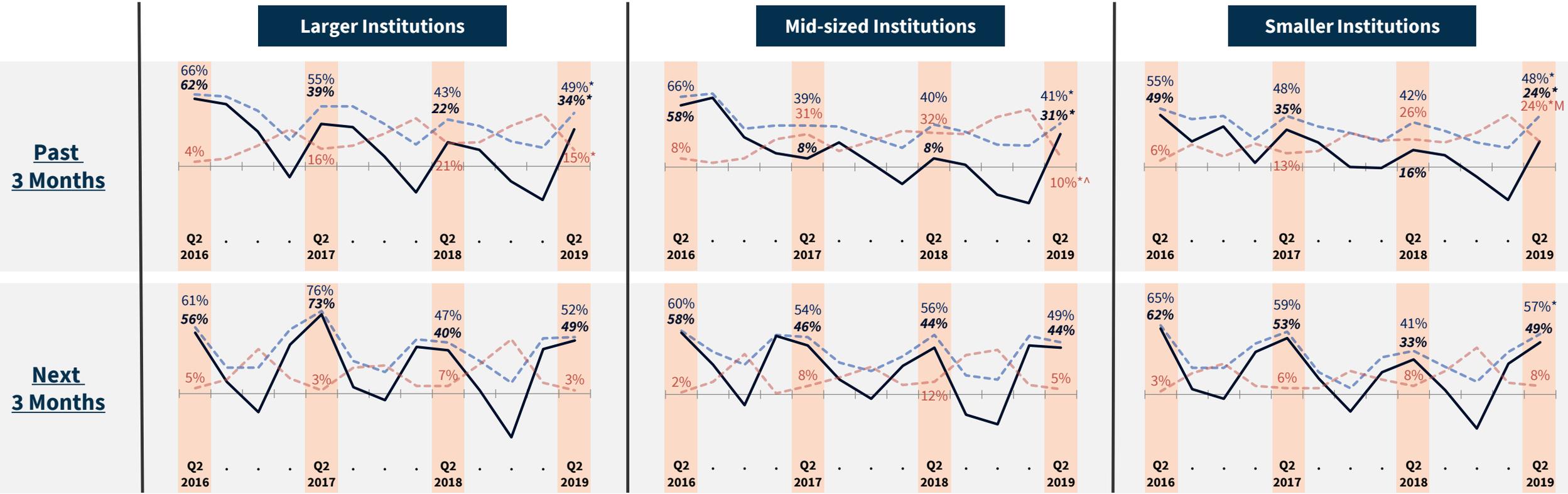
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Purchase Mortgage Demand: Government (by institution size)



--- Up
--- Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

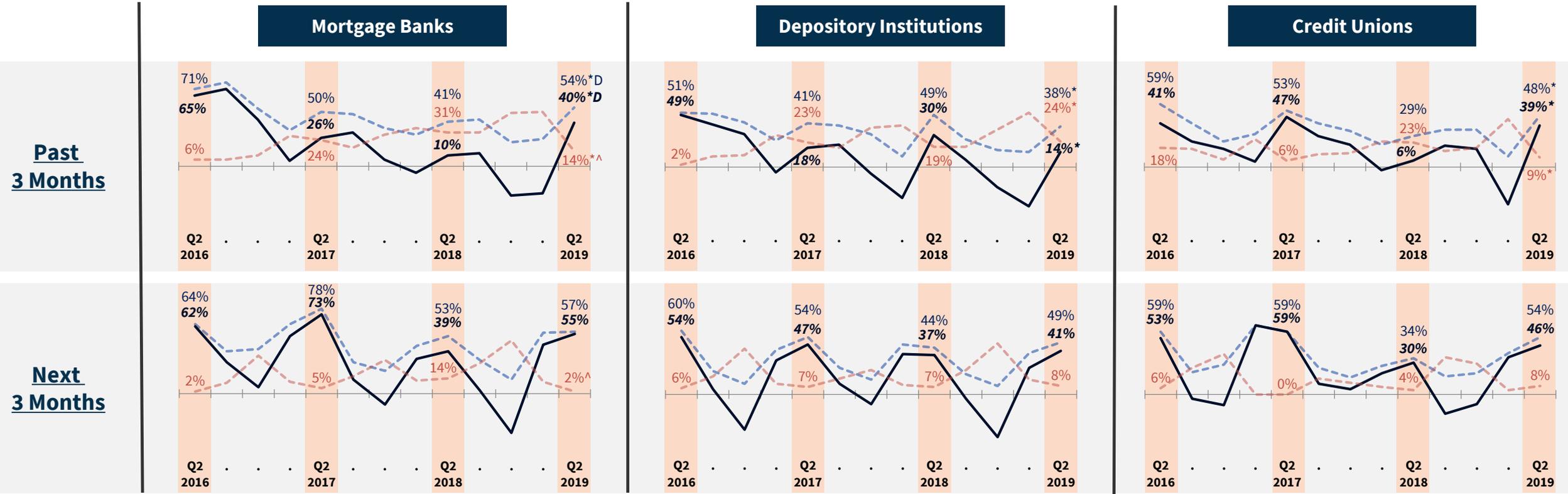
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Purchase Mortgage Demand: Government (by institution type)



--- Up
--- Down
— Net Up+

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Up+ = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=142

- Dropping interest rates
- Seasonality
- Inventory/Market expansion

Drivers of Demand Up

Drivers of Demand Down

Q: What do you think drove the change in your firm's consumer demand for single-family purchase mortgages over the past three months? Please be as specific as possible. (Optional)

“Lack of inventory, excess capacity and increased number of competitors.” – *Larger Institution*

“Lack of demand and competition.” – *Mid-sized Institution*

“Not enough inventory of affordable housing.” – *Smaller Institution*

“Low inventory esp. in the first-time homebuyer price range and the weather has been usually cold and snowy in our market.” – *Smaller Institution*

“Modest increase in inventory and rental costs with a concurrent modest decrease in rates and a slow down in-home price appreciation.” – *Larger Institution*

“Drop in interest rates from the 4th quarter of 2018 and normal seasonality in the home purchase market. Seeing more cash out refinances, as well.” – *Mid-sized Institution*

“Improvements in pricing. Market share growth. Expansion of products.” – *Mid-sized Institution*

“In Minnesota, the first two months of Q1 are always terrible for production and starts to heat up in March. This year it went right to Hot!! Not sure why but we had a 57% increase in production in March 2019 vs March 2018.” – *Smaller Institution*



Purchase Mortgage Demand: Drivers of Change (GSE-Eligible)

You mentioned that you expect your firm's consumer demand for GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	128	39	35	54	
Mortgage rates are favorable	47%	50%	48%	41%	28%
Economic conditions (e.g., employment) overall are favorable	39%	31%	39%	48%	26%
There are many homes available on the market	8%	8%	7%	9%	20%
It is easy to qualify for a mortgage	3%	3%	6%	0%	5%
Home prices are low	1%	0%	0%	2%	9%

You mentioned that you expect your firm's consumer demand for GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	8	1	0	6	
Home prices are high	50%	100%	0%	38%	53%
There are not many homes available on the market	37%	0%	0%	46%	8%
Economic conditions (e.g., employment) overall are not favorable	12%	0%	0%	15%	16%
Mortgage rates are not favorable	0%	0%	0%	0%	8%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	7%

*Q: Please tell me the primary reason why you think this is a good time to buy a house.

**Q: Please tell me the primary reason why you think this is a bad time to buy a house.



Purchase Mortgage Demand: Drivers of Change (Non-GSE-Eligible)

You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)		Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	110	35	34	41		
Mortgage rates are favorable	44%	36%	47%	52%	28%	
Economic conditions (e.g., employment) overall are favorable	29%	31%	28%	28%	26%	
It is easy to qualify for a mortgage	9%	14%	9%	2%	5%	
There are many homes available on the market	9%	3%	13%	12%	20%	
Home prices are low	1%	0%	0%	2%	9%	

You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)		Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	8	2	0	6		
Home prices are high	47%	50%	0%	45%	53%	
There are not many homes available on the market	35%	0%	0%	55%	8%	
Economic conditions (e.g., employment) overall are not favorable	0%	0%	0%	0%	16%	
Mortgage rates are not favorable	0%	0%	0%	0%	8%	
It is difficult to qualify for a mortgage	0%	0%	0%	0%	7%	

*Q: Please tell me the primary reason why you think this is a good time to buy a house.

**Q: Please tell me the primary reason why you think this is a bad time to buy a house.



Purchase Mortgage Demand: Drivers of Change (Government)

You mentioned that you expect your firm's consumer demand for government loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	98	31	26	40	
Economic conditions (e.g., employment) overall are favorable	43%	44%	38%	47%	26%
Mortgage rates are favorable	36%	30%	44%	36%	28%
There are many homes available on the market	7%	5%	10%	7%	20%
It is easy to qualify for a mortgage	6%	10%	4%	2%	5%
Home prices are low	4%	3%	4%	5%	9%

You mentioned that you expect your firm's consumer demand for government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	10	2	2	6	
Home prices are high	40%	100%	40%	17%	53%
There are not many homes available on the market	31%	0%	20%	50%	8%
Mortgage rates are not favorable	13%	0%	40%	0%	8%
Economic conditions (e.g., employment) overall are not favorable	8%	0%	0%	17%	16%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	7%

*Q: Please tell me the primary reason why you think this is a good time to buy a house.

**Q: Please tell me the primary reason why you think this is a bad time to buy a house.



Downward Purchase Demand Outlook Drivers

Lenders are citing high home prices as the top reason driving down expected future demand among all loan types. Lenders also expect a lack of homes on the market and unfavorable economic conditions to drive down future purchase demand.

GSE Eligible	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
		12	31	48	22	13	47	95	24	8
Home prices are high		48%	47%	41%	47%	74%	66%	62%	65%	75%
There are not many homes available on the market		73%	82%	74%	64%	83%	69%	45%	57%	75%
Economic conditions (e.g., employment) overall are not favorable		7%	12%	15%	13%	5%	8%	11%	30%	24%
Mortgage rates are not favorable		25%	20%	23%	67%	26%	44%	64%	22%	12%
It is difficult to qualify for a mortgage		30%	16%	12%	4%	0%	1%	3%	6%	0%

Non-GSE Eligible	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
		11	25	32	17	7	44	76	17	8
Home prices are high		44%	53%	37%	27%	54%	65%	60%	70%	80%
There are not many homes available on the market		41%	84%	65%	61%	79%	61%	41%	38%	62%
Economic conditions (e.g., employment) overall are not favorable		26%	15%	11%	18%	10%	9%	9%	36%	26%
Mortgage rates are not favorable		43%	19%	21%	64%	21%	47%	70%	26%	13%
It is difficult to qualify for a mortgage		28%	12%	23%	16%	25%	8%	6%	17%	0%

Government	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
		8	25	38	16	12	43	81	16	10
Home prices are high		53%	47%	40%	36%	45%	65%	51%	51%	72%
There are not many homes available on the market		65%	81%	72%	66%	73%	54%	46%	37%	44%
It is difficult to qualify for a mortgage		37%	13%	8%	13%	0%	10%	8%	20%	30%
Mortgage rates are not favorable		22%	18%	22%	56%	31%	44%	64%	37%	22%
Economic conditions (e.g., employment) overall are not favorable		12%	27%	15%	19%	4%	9%	15%	17%	17%

*Q: You mentioned that you expect your firm's consumer demand for GSE Eligible/Non-GSE Eligible/government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please **select up to two of the most important reasons** and rank them in order of importance. (Showing Total, % rank 1+2)

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

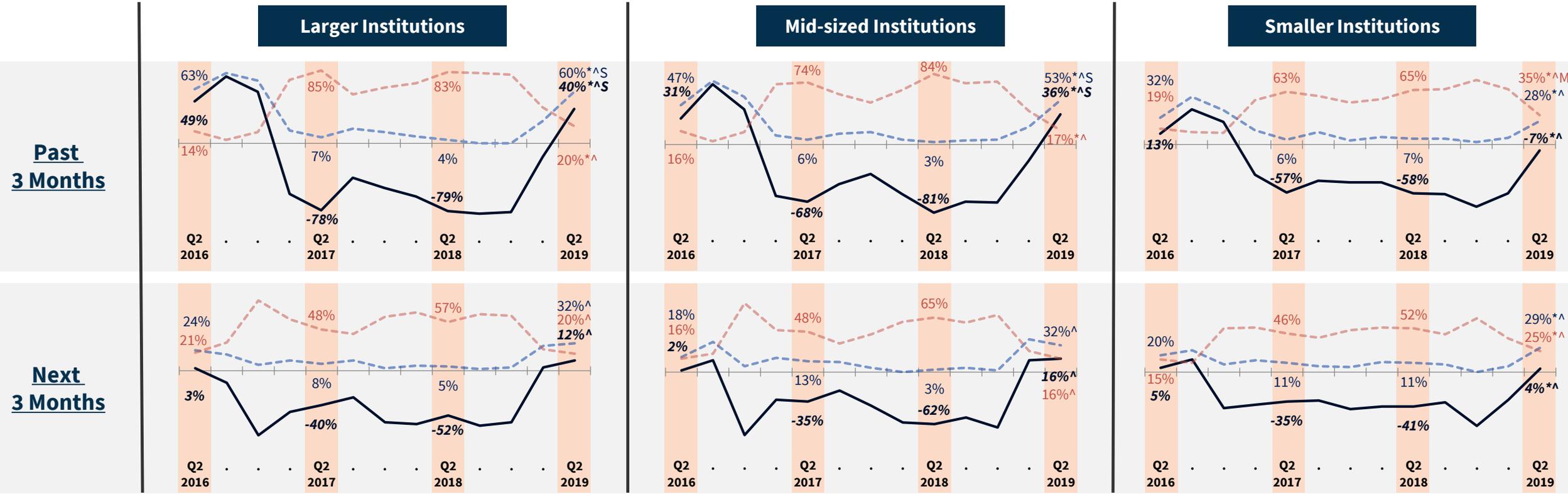




Appendix

Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

Refinance Mortgage Demand: GSE-Eligible (by institution size)



--- Up
--- Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

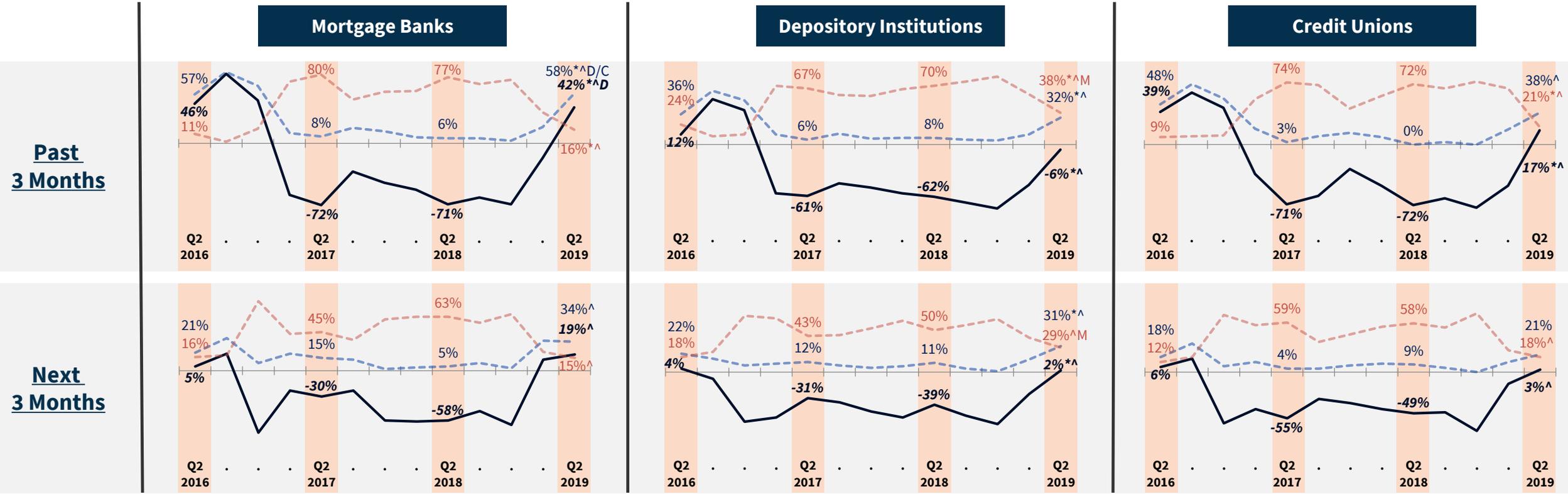
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Refinance Mortgage Demand: GSE-Eligible (by institution type)



--- Up
--- Down
--- Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

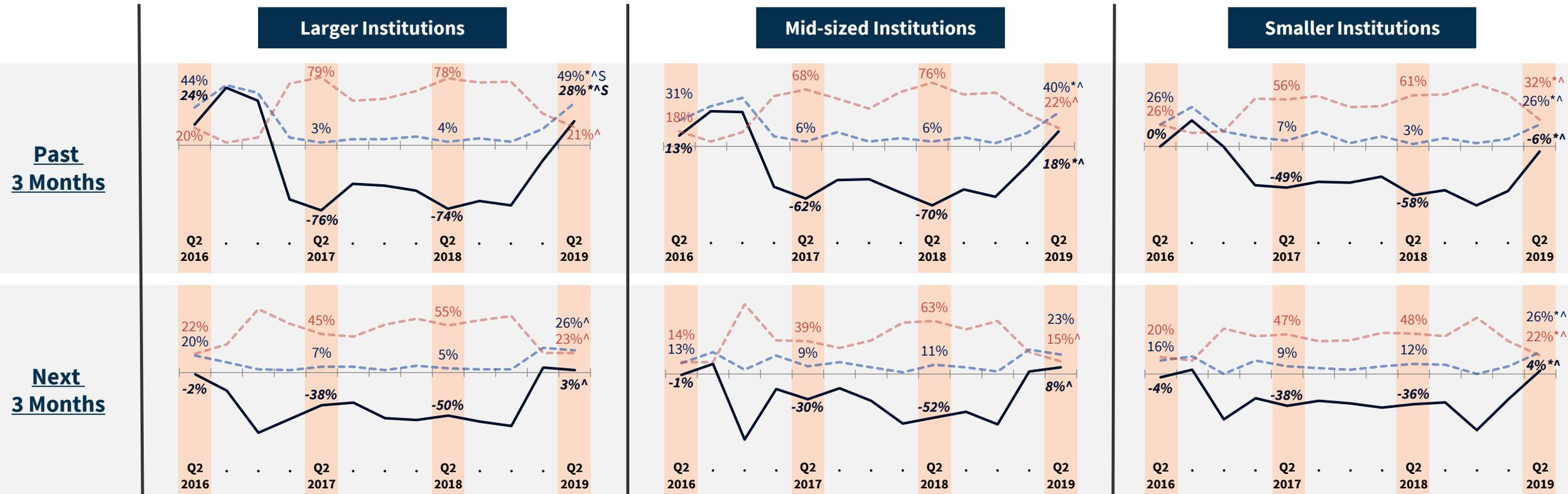
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Refinance Mortgage Demand: Non-GSE-Eligible (by institution size)



--- Up
--- Down
--- Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

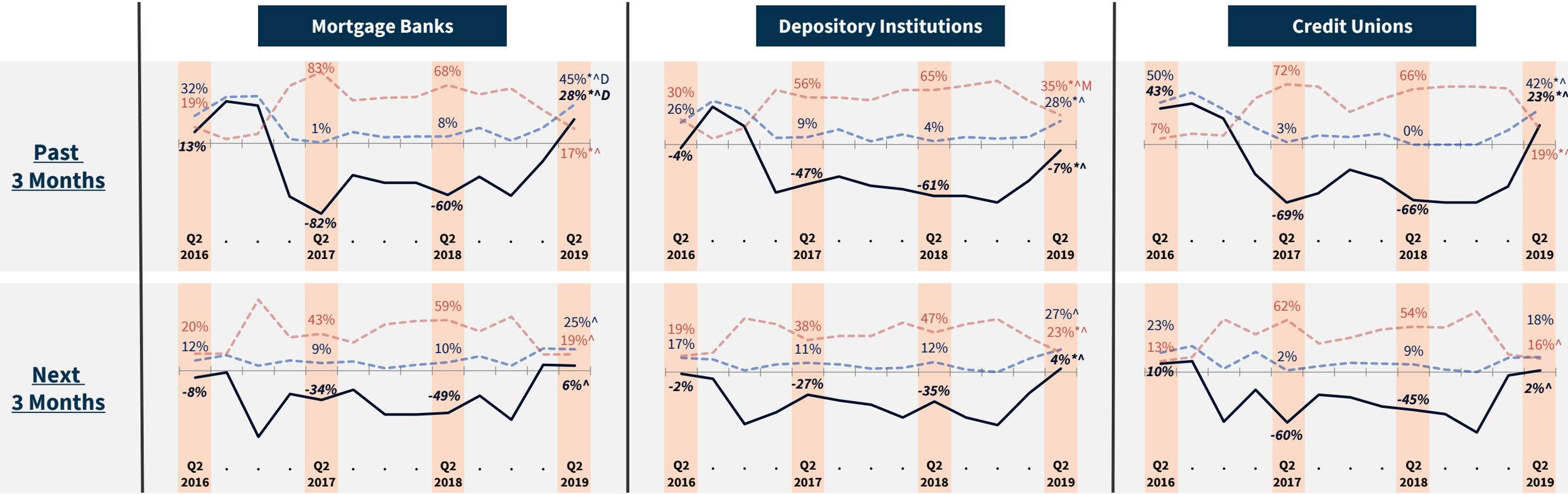
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Refinance Mortgage Demand: Non-GSE-Eligible (by institution type)



--- Up
--- Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

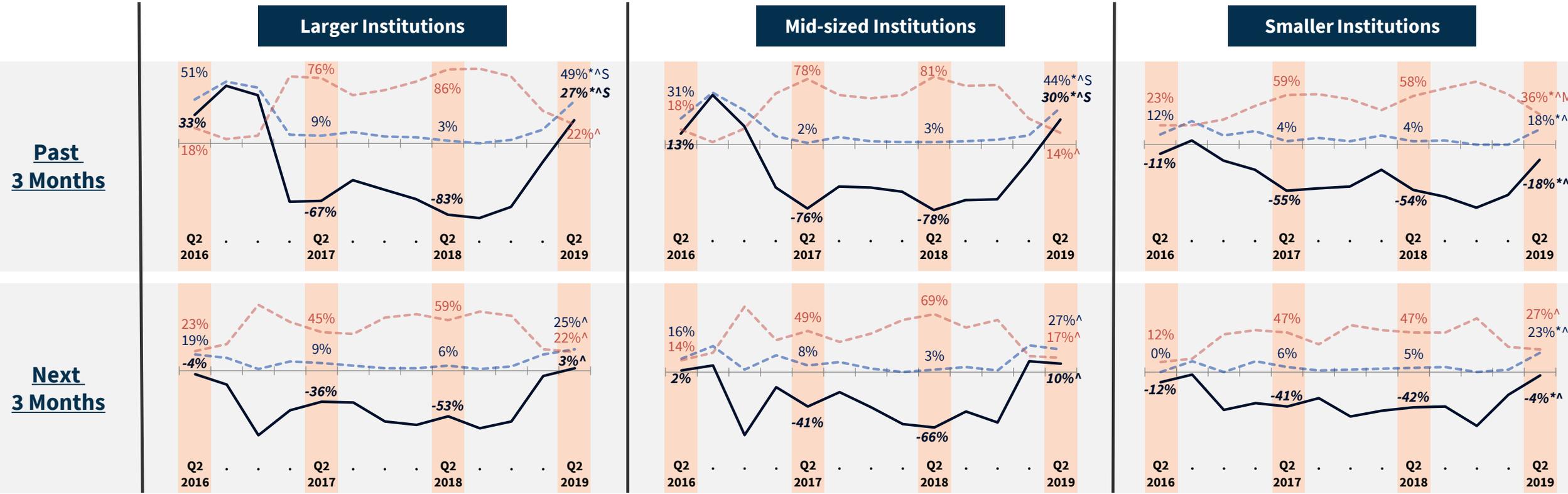
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Refinance Mortgage Demand: Government (by institution size)



--- Up
--- Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

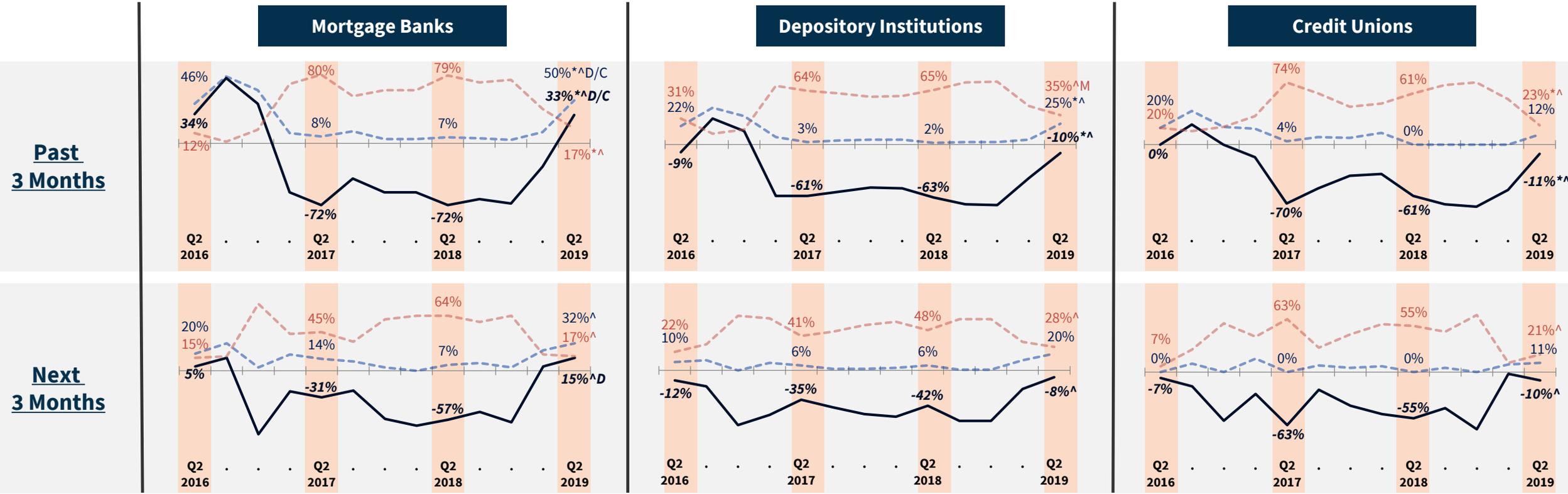
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Refinance Mortgage Demand: Government (by institution type)



--- Up
--- Down
— Net Up +

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown

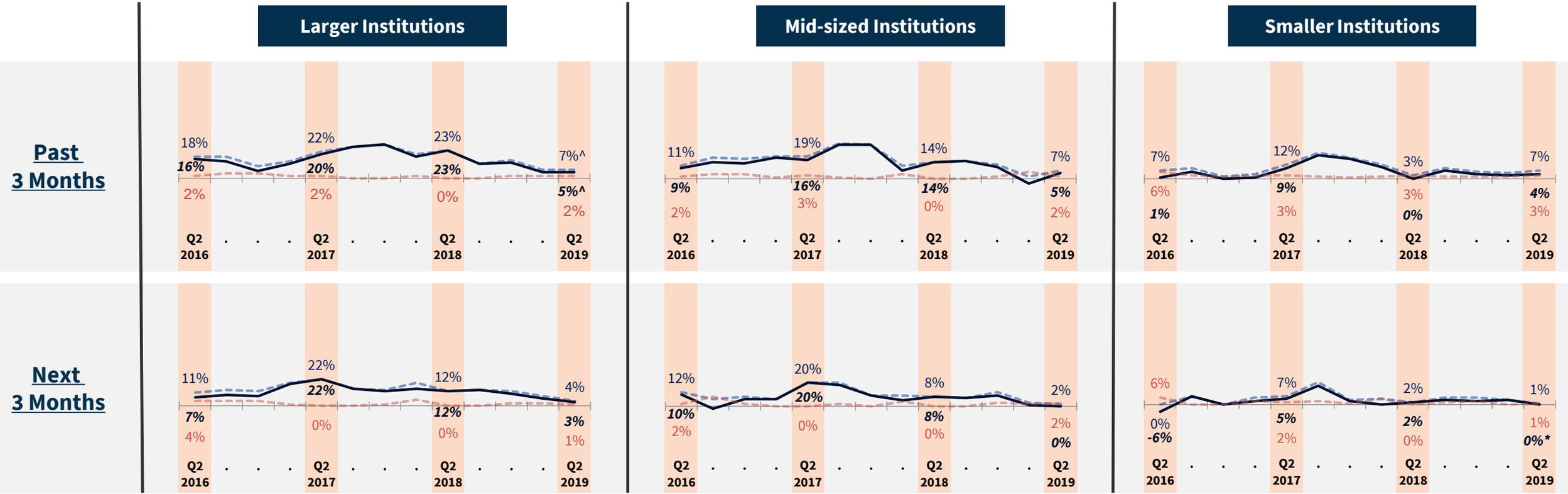




Appendix

Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

Credit Standards: GSE-Eligible (by institution size)



--- Ease
--- Tighten
— Net Ease +

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

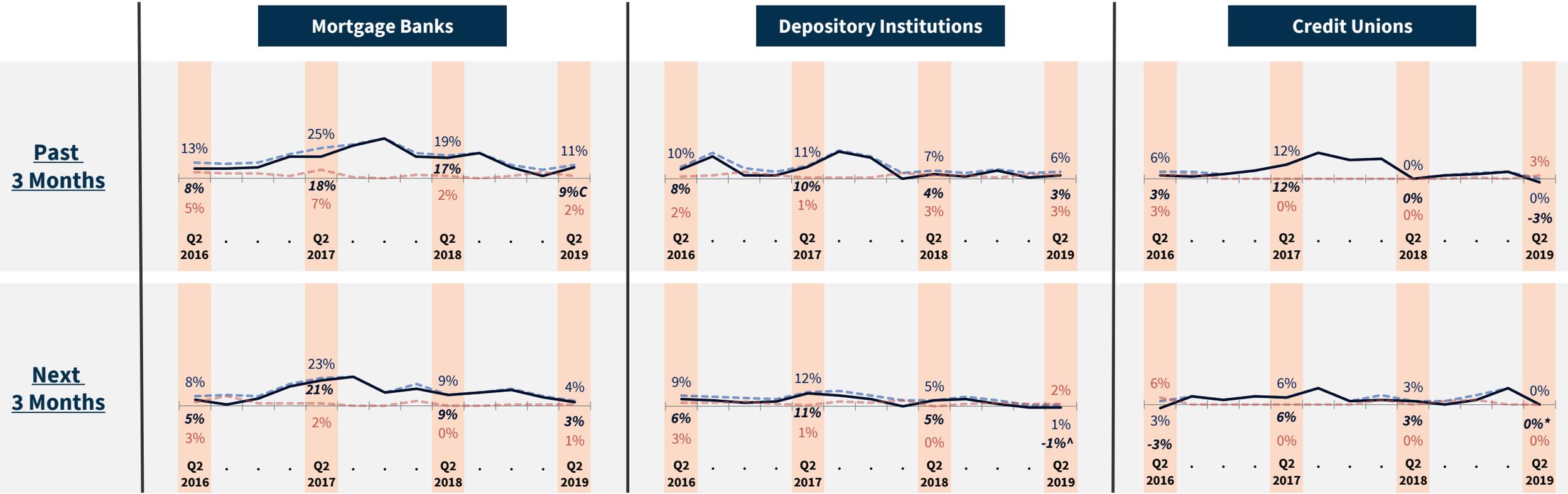
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Ease + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Credit Standards: GSE-Eligible (by institution type)



--- **Ease**
--- **Tighten**
— **Net Ease +**

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

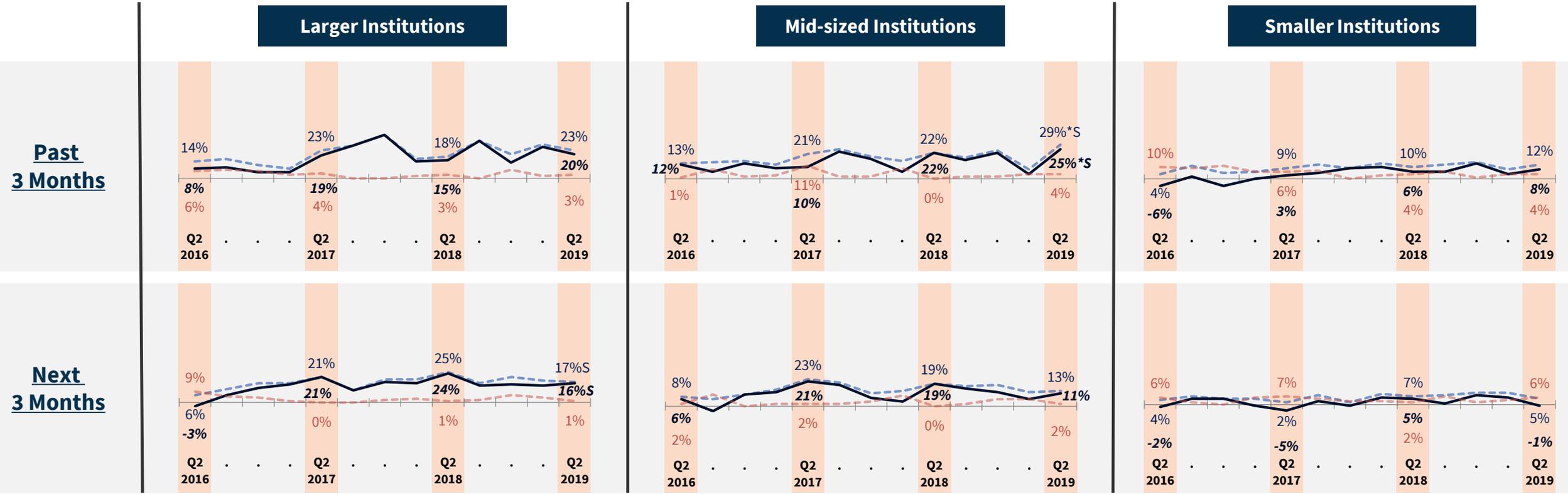
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Ease + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Credit Standards: Non-GSE-Eligible (by institution size)



--- Ease
--- Tighten
— Net Ease +

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

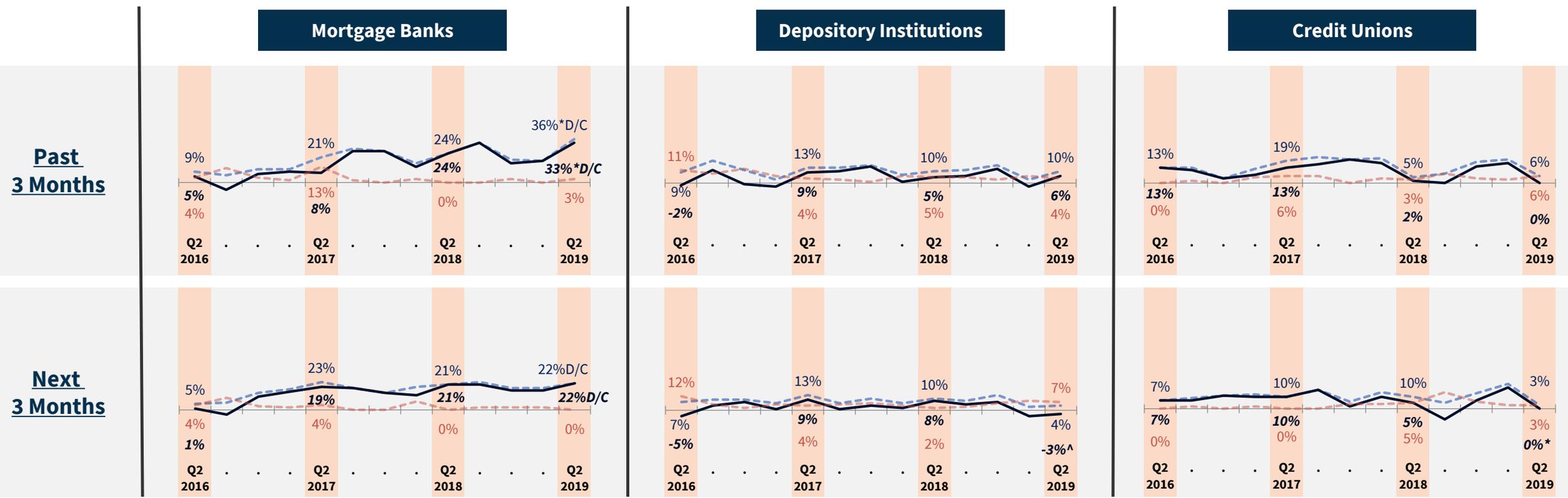
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Ease + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Credit Standards: Non-GSE-Eligible (by institution type)



--- Ease
--- Tighten
— Net Ease +

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

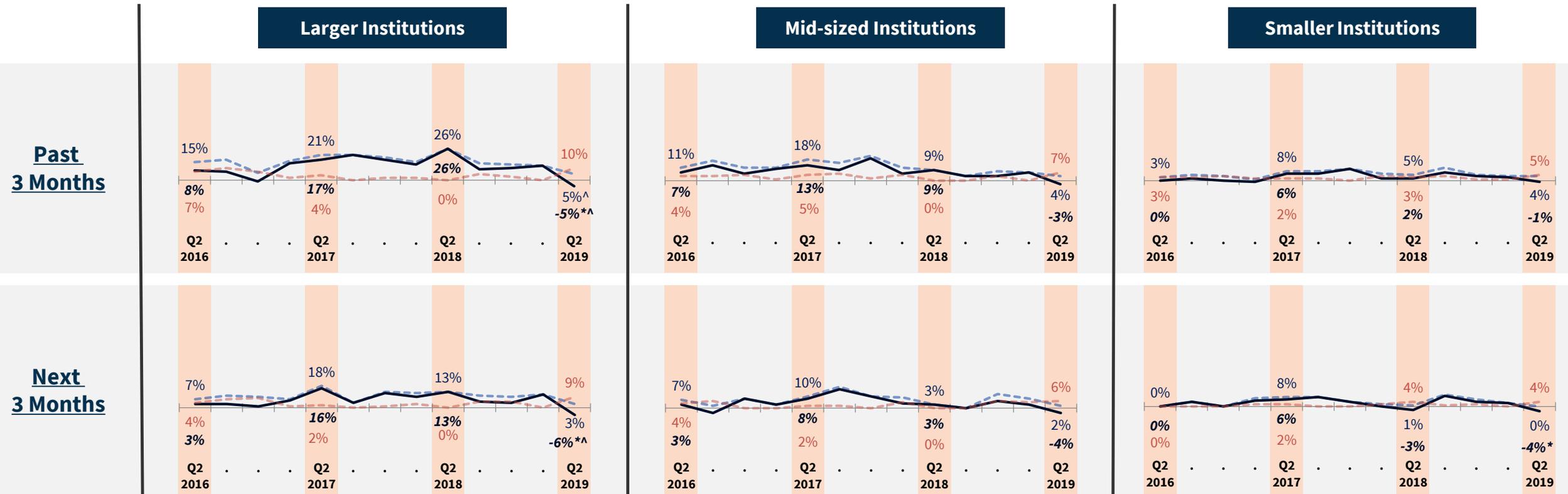
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Ease + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Credit Standards: Government (by institution size)



--- Ease
--- Tighten
--- Net Ease +

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

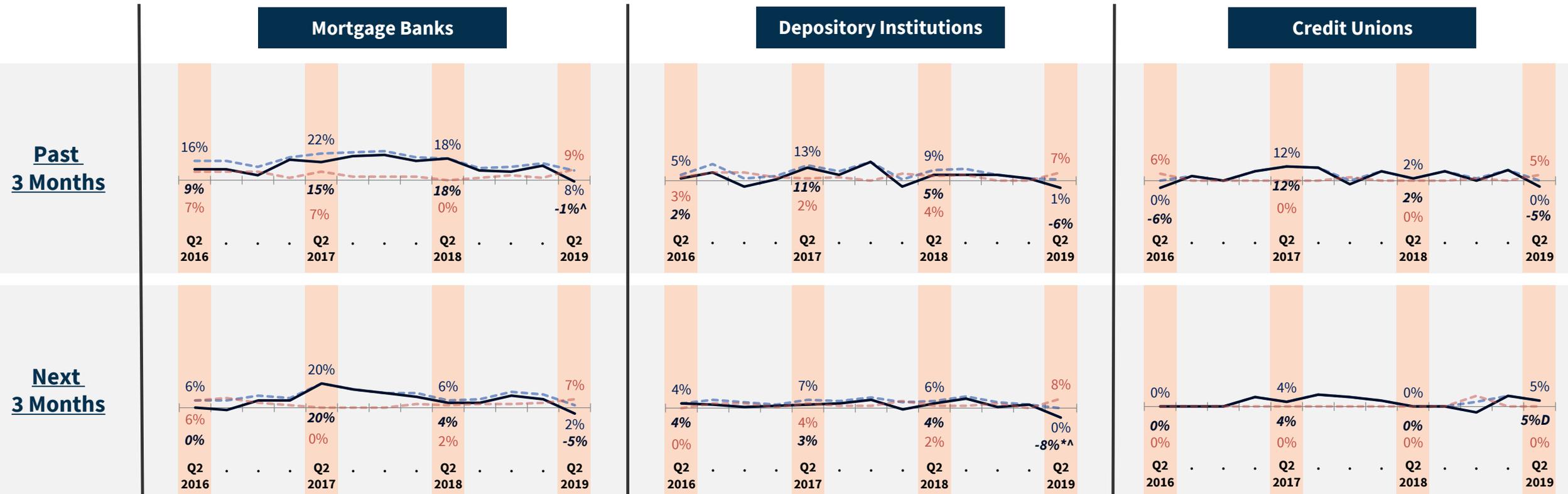
* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Ease + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



Credit Standards: Government (by institution type)



--- Ease
 --- Tighten
 — Net Ease +

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

Net Ease + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=43

- Changes to guidelines
- Market conditions
- Portfolio/Strategic changes

Q: What do you think drove the change in your firm's credit standards for approving consumer applications for purchase mortgage loans over the **last three months**? Please be as specific as possible. (Optional)

"We introduced a non-QM product that made more borrowers eligible." – *Larger Institution*

"Reduced margins over last couple years causing us to cut out some best practices in order to streamline production." – *Mid-sized Institution*

"Changes in GSE qualifications, better-prepared borrowers." – *Smaller Institution*

"DU/investor guideline adjustments/tightening. We follow agency/investor guidelines." – *Larger Institutions*

"Increased exposure to certain niche properties in a limited geography." – *Mid-sized Institution*

"Underwriting conditions increased substantially." – *Smaller Institution*

Next 3 Months

N=25

- Portfolio/Strategic changes
- Changes to guidelines
- Market/Economic conditions

Q: What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase mortgage loans over the **next three months**? Please be as specific as possible. (Optional)

"Confidence in secondary market." – *Larger Institution*

"We plan to continue to introduce additional outlets for non-GSE loans." – *Mid-sized Institution*

"Increased LTV's expanding MI program options." – *Smaller Institution*

"Non-QM and we are looking at the performance trends on govt loans and will be tightening up." – *Larger Institution*

"Private money (Jumbo lenders) are slowly tightening their standards are default rates creep up." – *Mid-sized Institution*

"Changes to DU risk assessment." – *Smaller Institution*

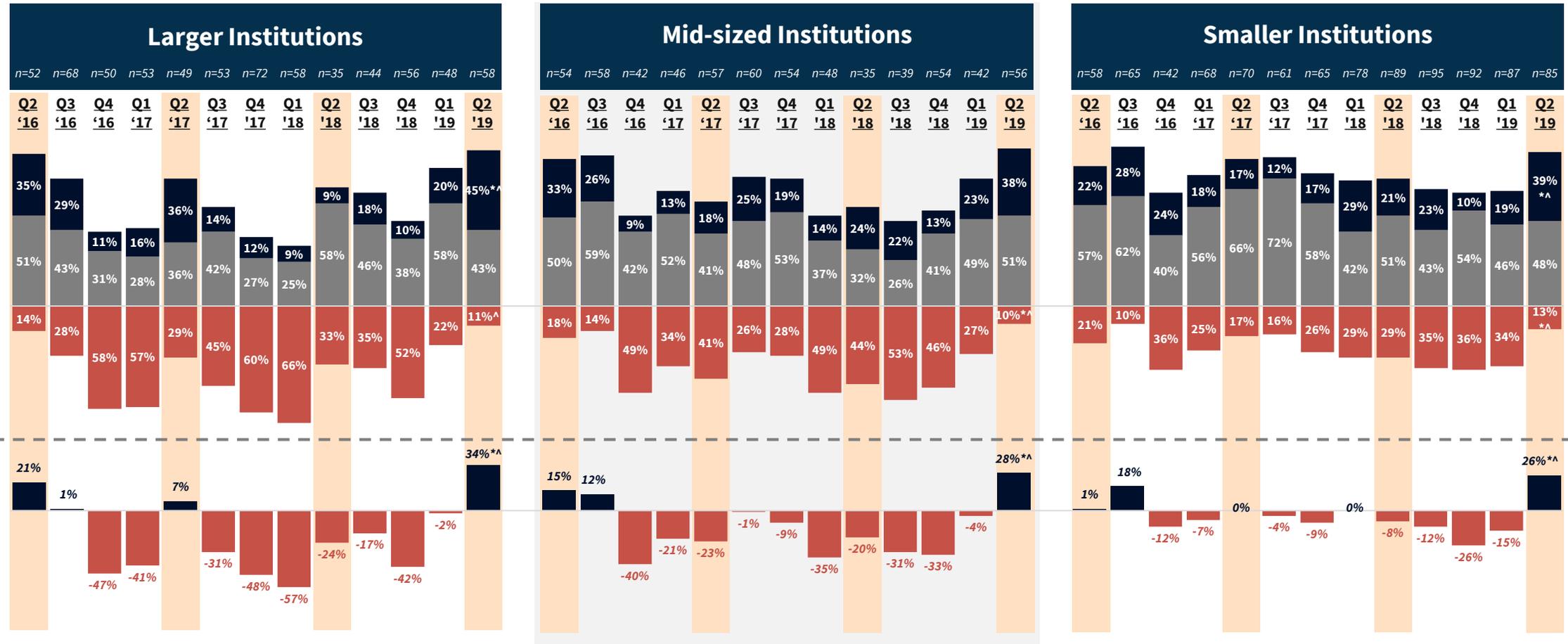




Appendix

Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

Profit Margin Outlook – Next 3 Months (by institution size)



Increase

About the same

Decrease

Net increase %
(% of lenders saying increase minus % of lenders saying decrease)

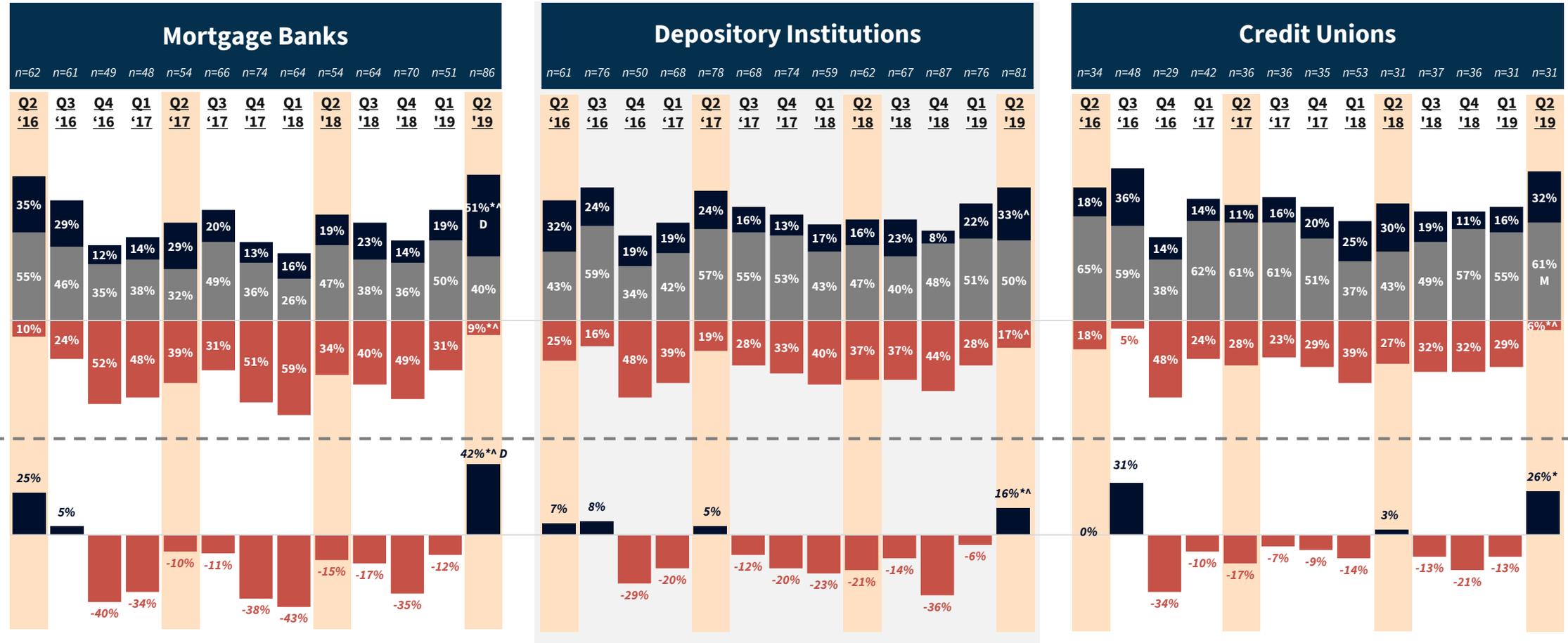
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis points) + Substantially Decrease (25+ basis points))]

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level



Profit Margin Outlook – Next 3 Months (by institution type)



Increase

About the same

Decrease

Net increase %
(% of lenders saying increase minus % of lenders saying decrease)

Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis points) + Substantially Decrease (25+ basis points))]

^{*} Denotes a statistically significant change compared with Q1 2019 (previous quarter)
^A Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)

M/D/C - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level



Increased Profit Margin – Drivers

What do you think will drive the increase in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2017			2018				2019	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	40	30	29	34	30	38	22	36	81
Consumer demand	40%	42%	22%	34%	56%	22%	21%	41%	64%*
Operational efficiency (i.e., technology)	59%	51%	62%	43%	58%	64%	65%	47%	32%^
Staffing (personnel costs) reduction	8%	17%	16%	15%	13%	44%	32%	42%	25%
Less competition from other lenders	10%	6%	2%	2%	0%	7%	19%	8%	22%^
Market trend changes (i.e. shift from refinance to purchase)	33%	28%	34%	41%	31%	9%	0%	11%	17%
Marketing expense reduction	3%	3%	2%	4%	0%	4%	0%	1%	9%
Government monetary or fiscal policy	6%	9%	3%	6%	4%	6%	9%	3%	8%
GSE pricing and policies	13%	11%	36%	29%	11%	12%	3%	9%	7%
Non-GSE (other investors) pricing and policies	3%	17%	13%	8%	15%	6%	21%	19%	6%
Servicing cost reduction	12%	4%	3%	4%	4%	2%	0%	3%	2%
Government regulatory compliance	2%	7%	0%	6%	0%	7%	0%	0%	2%

For detailed data by lender size and lender type, please check out the excel file posted on the [Mortgage Lender Sentiment Survey](#) web page, together with the report.

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)



Decreased Profit Margin – Drivers

What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2017			2018				2019	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	49	49	75	85	52	69	87	52	24
Competition from other lenders	71%	74%	75%	78%	78%	71%	74%	77%	59%
Staffing (personnel costs)	21%	17%	29%	12%	19%	15%	19%	18%	28%
GSE pricing and policies	9%	7%	5%	10%	8%	9%	12%	17%	20%
Government regulatory compliance	20%	19%	13%	6%	9%	14%	5%	7%	18%
Marketing expenses	4%	4%	2%	4%	0%	1%	4%	3%	14%^
Consumer demand	18%	35%	30%	22%	19%	37%	38%	29%	13%
Operational efficiency (i.e. technology)	10%	13%	8%	7%	12%	9%	7%	5%	13%
Government monetary or fiscal policy	9%	7%	7%	12%	9%	8%	10%	9%	12%
Market trend changes (i.e. shift from refinance to purchase)	26%	15%	19%	35%	31%	23%	16%	16%	3%^
Non-GSE (other investors) pricing and policies	10%	0%	3%	8%	8%	10%	6%	10%	3%
Servicing costs	0%	2%	4%	3%	2%	2%	1%	3%	3%

For detailed data by lender size and lender type, please check out the excel file posted on the [Mortgage Lender Sentiment Survey](#) web page, together with the report.

* Denotes a statistically significant change compared with Q1 2019 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2018 (same quarter of last year)





Appendix

Survey Methodology Details.....	18
Economic and Housing Sentiment.....	26
Consumer Demand (Purchase Mortgages).....	30
Consumer Demand (Refinance Mortgages).....	42
Credit Standards.....	49
Profit Margin Outlook.....	57
Survey Question Text.....	62

Question Text

Economic and Housing Sentiment

- q1. In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?
- q1a. Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?
- q2. Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?
- q4a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go up on average over the next 12 months?
- q5a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go down on average over the next 12 months?

Consumer Demand

- q6. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q7. What do you think drove the change in your firm's consumer demand for single family purchase mortgages over the past three months? Please be as specific as possible. (Optional)
- q14. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q46. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.
- q47. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.
- q49. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.
- q50. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.
- q51. You mentioned that you expect your firm's consumer demand for government loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.
- q52. You mentioned that you expect your firm's consumer demand for government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.



Question Text Continued

- q10. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q18. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q20. You indicated that you expect your firm's demand to **go down** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go down over the next three months?
- q21. You said that you expect your firm's demand to **go up** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go up over the next three months?

Profit Margin Outlook

- q22. Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production?
- q23. What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select the two most important strategies and rank them in order of importance.
- q24. What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.
- q25. What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select the two most important strategies and rank them in order of importance.
- q26. What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.

Credit Standards

- q27. Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q28. What do you think drove the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the last three months? Please be as specific as possible. (Optional)
- q31. Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and government mortgages.
- q32. What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the next three months? Please be as specific as possible. (Optional)

