



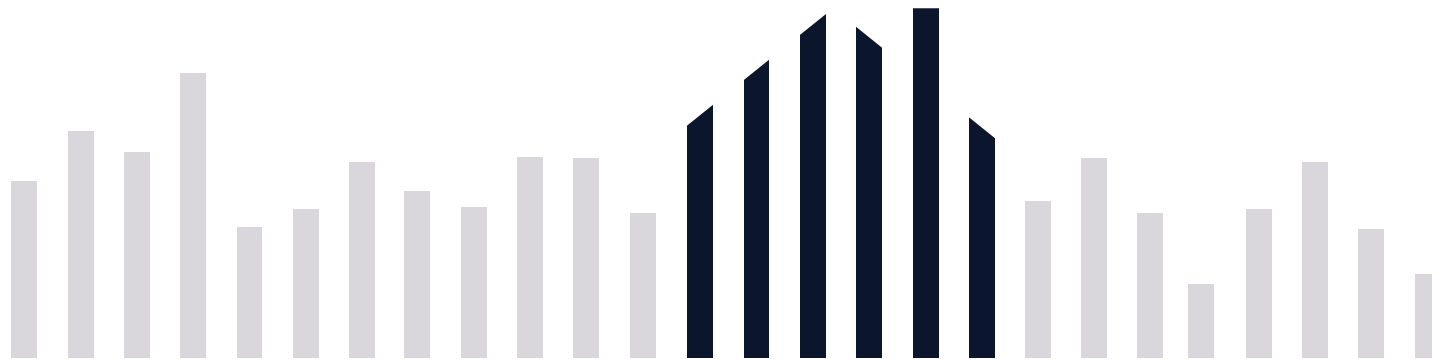
Fannie Mae®

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# Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

*Q3 2018 Full Report – published September 11, 2018*





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## Key Findings – Q3 2018:

**The pace at which lenders are easing credit standards has slowed, despite weakened mortgage demand sentiment and continuous negative profit margin outlook.**

### Profit Margin Outlook

- Lenders' net profit margin outlook has stayed negative for eight consecutive quarters, and is worse than the outlook seen last quarter (Q2 2018) and the one seen one year ago (Q3 2017). "Competition from other lenders" remains the top reason lenders cited for their lower profit margin outlook. This quarter, "consumer demand" jumped to be the second most important reason, reaching a survey high.

### Purchase Mortgage Demand

- For purchase mortgages, the net share of lenders reporting demand growth over the prior three months as well as the net share reporting growth expectations for the next three months reached the lowest readings for any third quarter in the survey's history (since 2014), across all loan types (GSE eligible, Non-GSE eligible, and government).

### Credit Standards

- The net shares of lenders reporting easing credit standards for GSE eligible and government loans for both the prior three months and the next three months are less than half the peak shares reached at the end of last year (Q4 2017).



## Research Objectives

- The *Mortgage Lender Sentiment Survey*<sup>®</sup>, 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

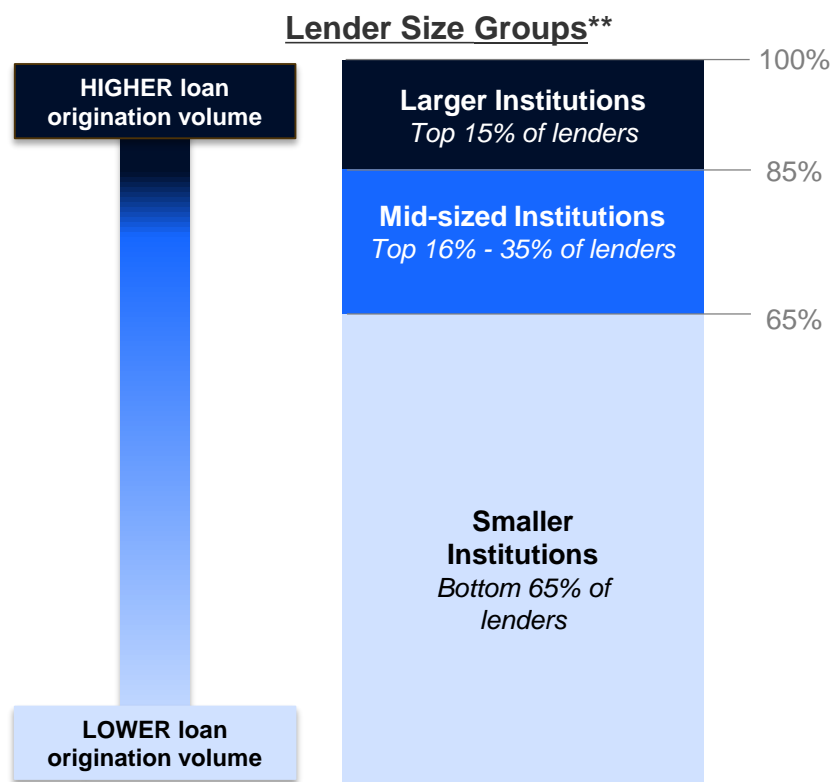
- Cost Cutting Business Priorities
- Mortgage Data Initiatives
- Lenders' Customer Service Channel Strategies
- Lenders' Experiences with APIs and Chatbots
- Next-Gen Technology Service Providers (TSPs)
- Mortgage Technology Innovation

- It 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.



# Q3 2018 Respondent Sample and Groups

For Q3 2018, a total of 195 senior executives completed the survey during August 1-13, representing 184 lending institutions.\*



Sample Q3 2018		Sample Size
<b>Total Lending Institutions</b> The "Total" data throughout this report is an average of the means of the three lender-size groups listed below.		184
<b>Lender Size Groups</b>	<b>Larger Institutions</b> Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2017 loan origination volume (above \$1.18 billion)	45
	<b>Mid-sized Institutions</b> Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2017 loan origination volume (between \$400 million and \$1.18 billion)	42
	<b>Smaller Institutions</b> Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2017 loan origination volume (less than \$400 million)	97
<b>Institution Type***</b>	<b>Mortgage Banks</b> (non-depository)	66
	<b>Depository Institutions</b>	68
	<b>Credit Unions</b>	39

\* 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 averaged to represent their parent institution.

\*\* The 2017 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 2017 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.



## 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
<b>GSE Eligible Loans</b>	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.
<b>Non-GSE Eligible Loans</b>	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.
<b>Government Loans</b>	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)

- For purchase 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 as well as the net share reporting growth expectations for the next three months reached the lowest readings for any third quarter in the survey's history (2014).
- For refinance mortgages, across all loan types (GSE eligible, Non-GSE eligible, and government), the net share of lenders reporting refinance demand growth over the prior three months and the net share reporting growth expectations for the next three months continued to be negative, but remained relatively stable from last quarter (Q2 2018).





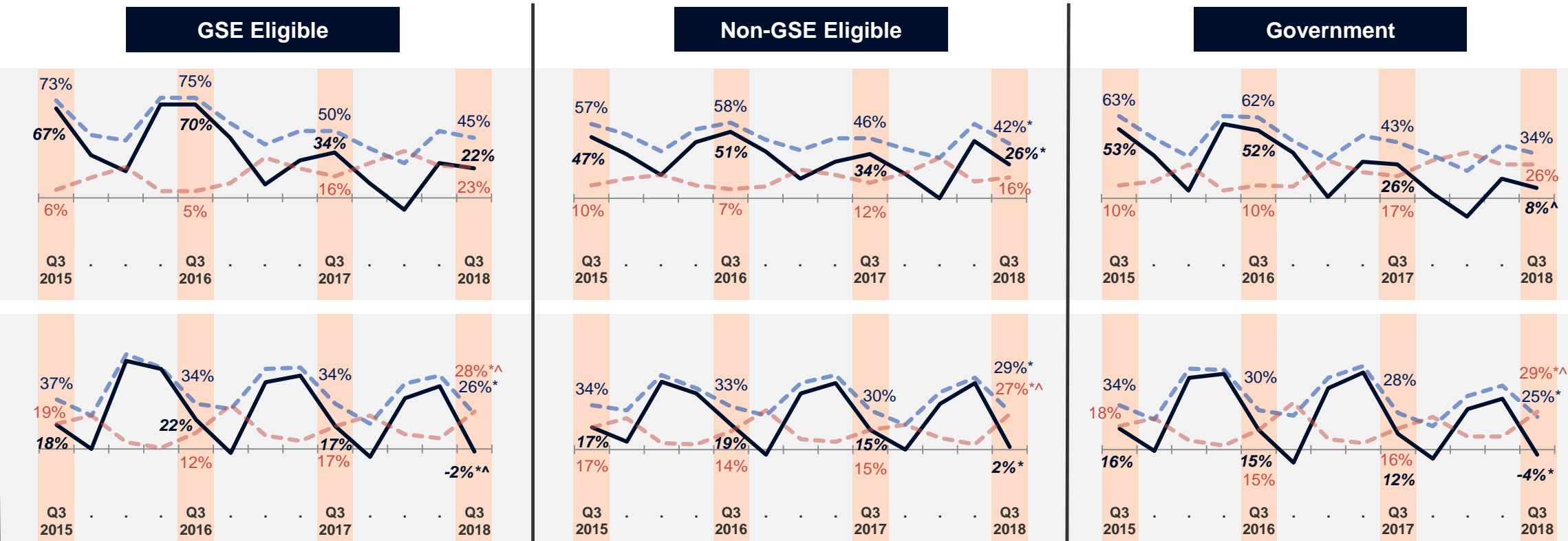
# Purchase Mortgage Demand

Across all loan types (GSE eligible, Non-GSE eligible, and government), the net share of lenders reporting demand growth over the prior three months as well as the net share reporting growth expectations for the next three months reached the lowest readings for any third quarter in the survey's history (2014).



**Past 3 Months**

**Next 3 Months**



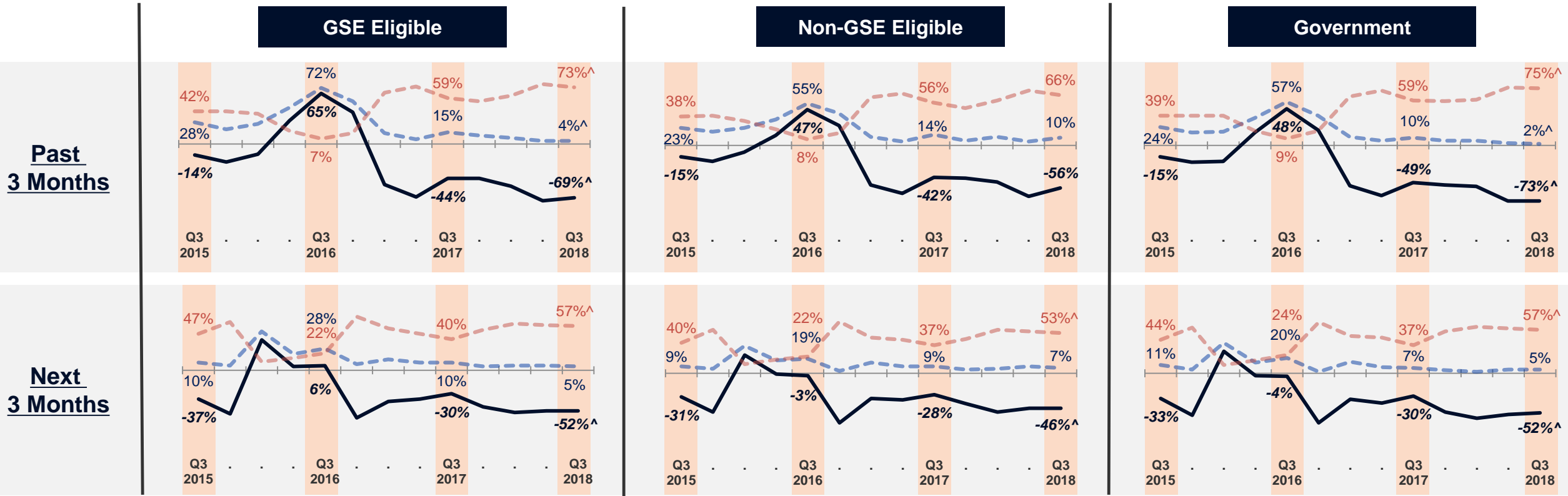
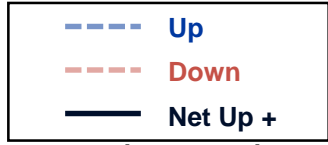
Net Up + = % of lenders saying up minus % of lenders saying down  
 The % saying "stay the same" is not shown  
 \* Denotes a statistically significant change compared with Q2 2018 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2017 (same quarter of last year)

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 (GSE eligible, Non-GSE eligible, and government), the net share of lenders reporting refinance demand growth over the prior three months and the net share reporting growth expectations for the next three months continued to be negative, but remained relatively stable from last quarter (Q2 2018).



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 Q2 2018 (previous quarter)  
^ Denotes a statistically significant change compared with Q3 2017 (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



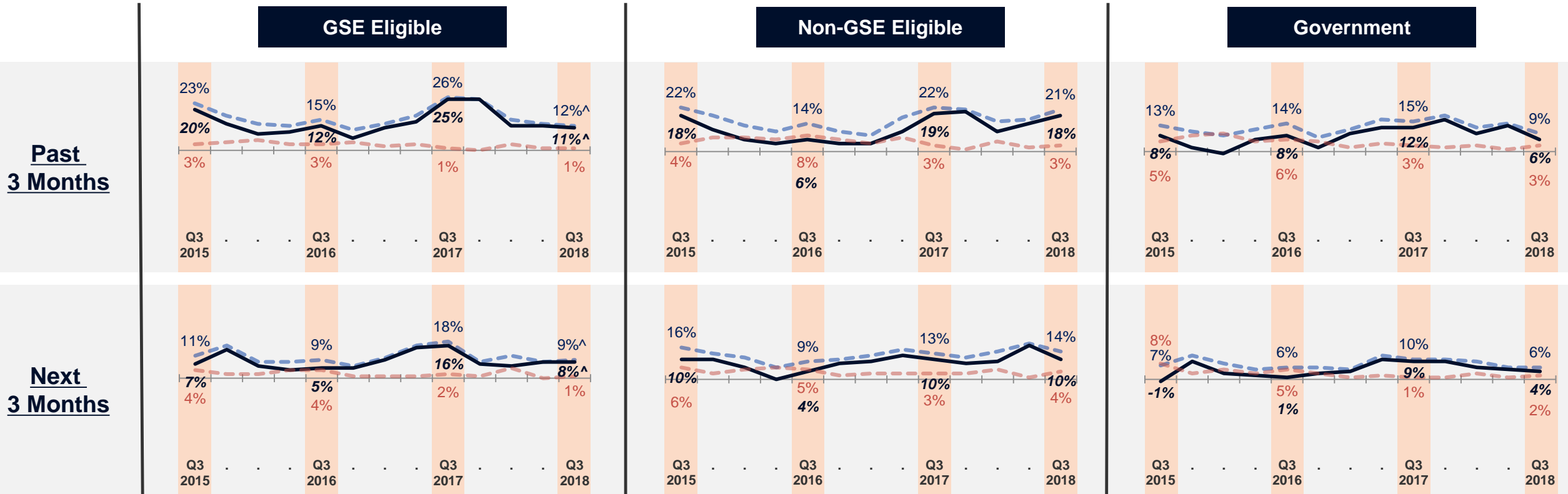
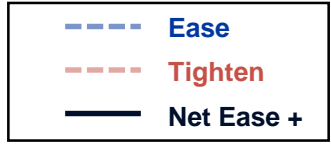
# Credit Standards

- The net shares of lenders reporting easing credit standards for GSE eligible and government loans for both the prior three months and the next three months are less than half the peak shares reached at the end of last year (Q4 2017).
- The net easing share for non-GSE eligible loans over the prior three months appears to tick up from last quarter.



# Credit Standards

The net shares of lenders reporting easing credit standards for GSE eligible and government loans for both the prior three months and the next three months are less than half the peak shares reached at the end of last year (Q4 2017). Additionally, the net easing share for non-GSE eligible loans over the prior three months appears to tick up from last quarter.



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 Q2 2018 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2017 (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



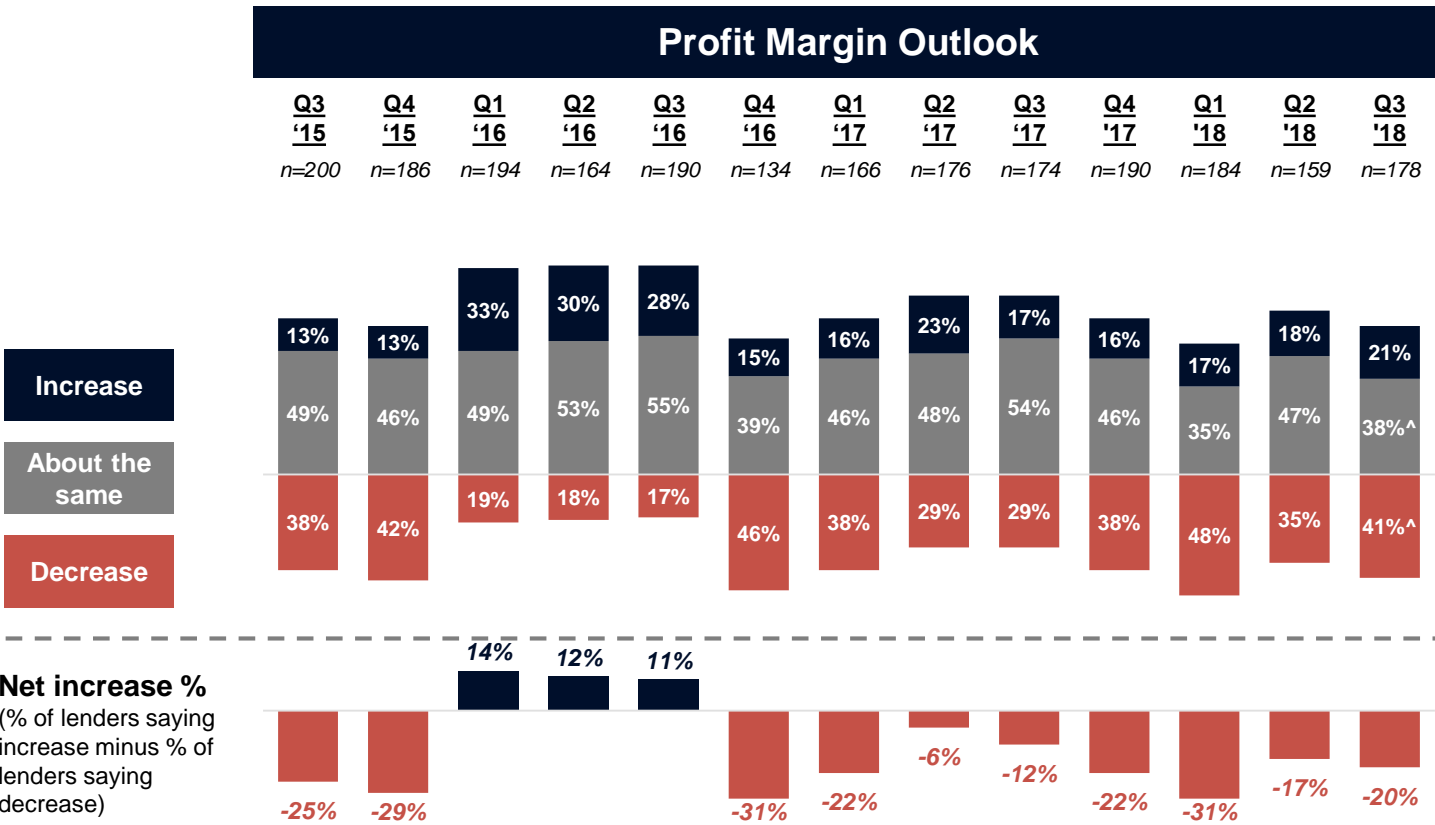
# Profit Margin Outlook

- Lenders' net profit margin outlook has stayed negative for eight consecutive quarters, and is worse than the outlook seen last quarter (Q2 2018) and the one seen one year ago (Q3 2017). Those expecting a lower profit margin outlook continued to point to “competition from other lenders” as the primary reason.
- For the seventh consecutive quarter, “competition from other lenders” has continued to be cited as the top reason for lenders' decreased profit margin outlook. This quarter, “consumer demand” jumped to be the second most important reason, reaching a survey high.



# Lenders' Profit Margin Outlook – Next 3 Months

Lenders' net profit margin outlook has stayed negative for eight consecutive quarters, and is worse than the outlook seen last quarter (Q2 2018) and the one seen one year ago (Q3 2017). Those expecting a lower profit margin outlook continued to point to “competition from other lenders” as the primary reason.



### Key Reasons for Expected Increase – Q3 2018

Operational efficiency (i.e. technology)	64%
Staffing (personnel costs) reduction	44%
Consumer demand	22%
GSE pricing and policies	12%
Market trend changes (i.e. shift from refinance to purchase)	9%

Showing data for selected answer choices only. n=38

### Key Reasons for Expected Decrease – Q3 2018

Competition from other lenders	71%
Consumer demand	37%
Market trend changes (i.e. shift from refinance to purchase)	23%
Staffing (personnel costs)	15%
Government regulatory compliance	14%

Showing data for selected answer choices only. n=69

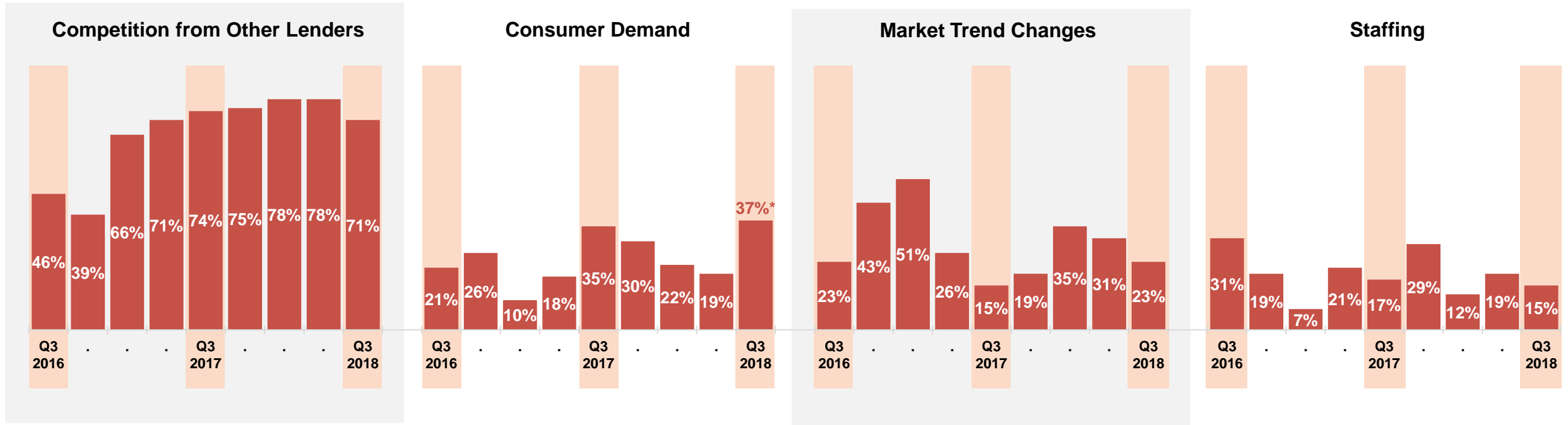
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis 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 Q2 2018 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2017 (same quarter of last year)



# Decreased Profit Margin Outlook – Top Drivers

For the seventh consecutive quarter, “competition from other lenders” has continued to be cited as the top reason for lenders’ decreased profit margin outlook. This quarter, “consumer demand” jumped to be the second most important reason, reaching a survey high.



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: Q3 2016: N=33; Q4 2016: N=64; Q1 2017: N=63; Q2 2017: N=49; Q3 2017: N=49; Q4 2017: N=75; Q1 2018: N=85; Q2 2018: N=52; Q3 2018: N=69

\* Denotes a statistically significant change compared with Q2 2018 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2017 (same quarter of last year)



# Appendix

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Appendix

# Survey Methodology Details



# Mortgage Lender Sentiment Survey<sup>®</sup>

## Background

- The Fannie Mae Mortgage Lender Sentiment Survey is a quarterly online survey of senior executives of Fannie Mae's lending institution partners to provide insights and benchmarks that help mortgage industry professionals understand industry and market trends and assess their own business practices.

## Survey Methodology

- A quarterly, 10-15 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.

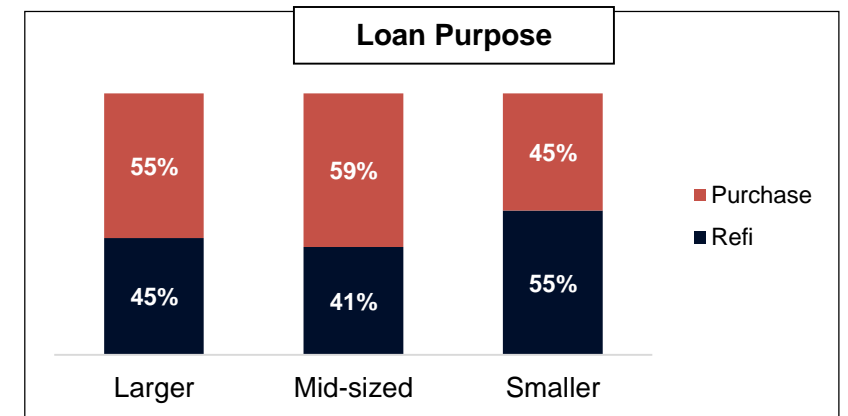
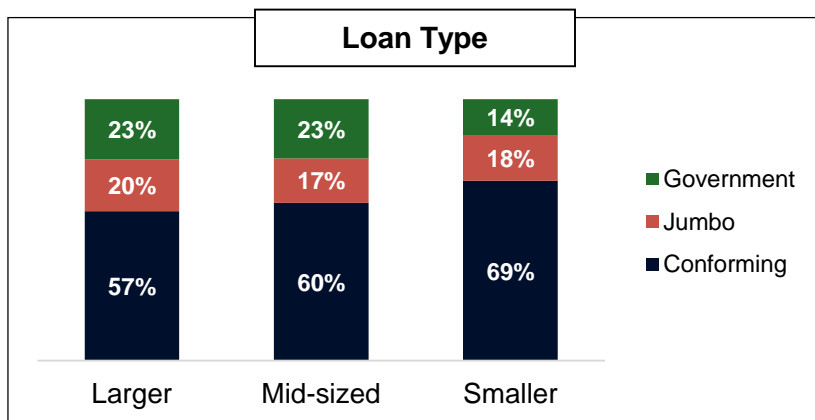
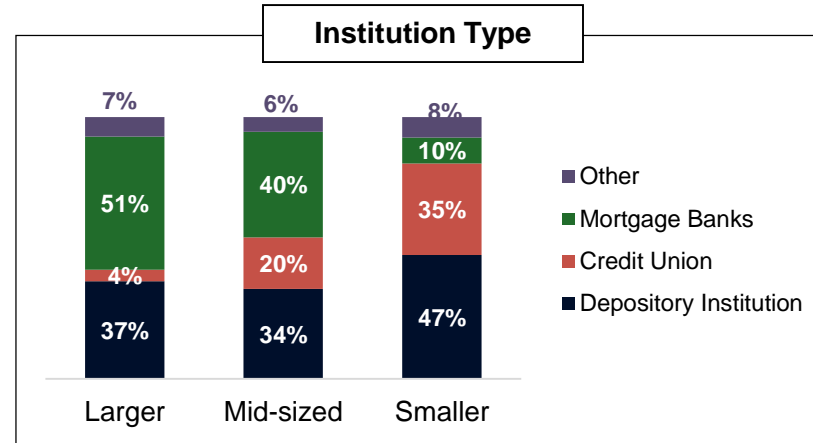
## Data Weighting

- 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 2017. Institutions were divided into three groups based on their 2017 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

		Q3 2016		Q4 2016		Q1 2017		Q2 2017		Q3 2017		Q4 2017		Q1 2018		Q2 2018		Q3 2018	
		Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error
<b>Total Lending Institutions</b>		200	± 6.47%	139	±7.93%	177	±7.18%	184	±7.22%	190	±6.64%	196	±6.42%	196	±6.43%	170	±7.04%	184	±6.78%
<b>Loan Origination Volume Groups</b>	Larger Institutions	70	±9.82%	50	±12.30%	58	±12.76%	54	±13.34%	58	±11.16%	72	±9.47%	64	±10.32%	40	±13.79%	45	±12.83%
	Mid-sized Institutions	59	±11.50%	45	±13.53%	47	±14.20%	58	±12.87%	66	±10.69%	55	±11.78%	51	±12.36%	36	±15.07%	42	±13.73%
	Smaller Institutions	71	±11.22%	44	±14.46%	72	±11.43%	72	±11.55%	66	±11.65%	69	±11.25%	81	±10.30%	94	±9.60%	97	±9.51%
<b>Institution Type</b>	Mortgage Banks	65	±10.79%	52	±12.40%	53	±13.36%	58	±12.87%	73	±10.12%	74	±9.88%	69	±10.36%	56	±11.87%	66	±10.89%
	Depository Institutions	79	±10.46%	54	±12.87%	72	±11.43%	82	±10.82%	75	±10.71%	77	±10.37%	63	±11.63%	67	±11.29%	68	±11.31%
	Credit Unions	49	±13.21%	29	±17.60%	44	±14.68%	36	±16.33%	38	±15.18%	37	±15.27%	56	±12.04%	34	±16.05%	39	±14.96%

## **2016**

Q1 was fielded between February 3, 2016 and February 16, 2016  
 Q2 was fielded between May 4, 2016 and May 16, 2016  
 Q3 was fielded between August 3, 2016 and August 15, 2016  
 Q4 was fielded between November 10, 2016 and November 20, 2016

## **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



## 2018 Q3 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
<b>Total</b>	184	45	42	97
<b>Mortgage Banks</b> (non-depository)	66	22	27	17
<b>Depository Institutions</b>	68	15	8	45
<b>Credit Unions</b>	39	4	6	29



## 2018 Q3 Sample Sizes: Consumer Demand

### Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
<b>Total Lending Institutions</b>	<b>180</b>	<b>166</b>	<b>159</b>	<b>180</b>	<b>167</b>	<b>160</b>
Larger Institutions	42	43	43	42	43	43
Mid-sized Institutions	42	40	40	42	40	40
Smaller Institutions	96	83	76	96	84	77

### Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
<b>Total Lending Institutions</b>	<b>174</b>	<b>161</b>	<b>151</b>	<b>176</b>	<b>163</b>	<b>151</b>
Larger Institutions	40	41	41	40	41	41
Mid-sized Institutions	42	39	39	42	39	39
Smaller Institutions	92	81	71	94	83	71



## 2018 Q3 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
<b>Total Lending Institutions</b>	<b>180</b>	<b>169</b>	<b>156</b>	<b>180</b>	<b>169</b>	<b>156</b>
Larger Institutions	42	43	43	42	43	43
Mid-sized Institutions	42	41	40	42	41	40
Smaller Institutions	96	85	73	96	85	73

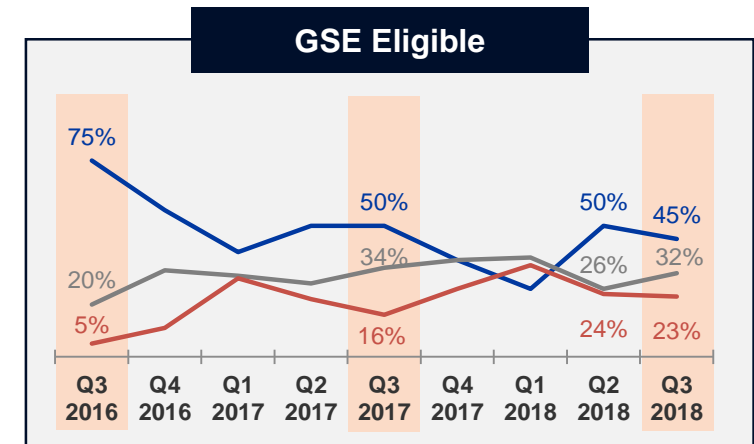


## Calculation of the “Total”

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 past three months, 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 (Q3 2018)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q3 “Total”
Go up	49%	41%	46%	<b>45% [(49% + 41% + 46%)/3]</b>
Stayed the same	37%	30%	31%	<b>33%</b>
Go down	14%	30%	23%	<b>22%</b>







Appendix

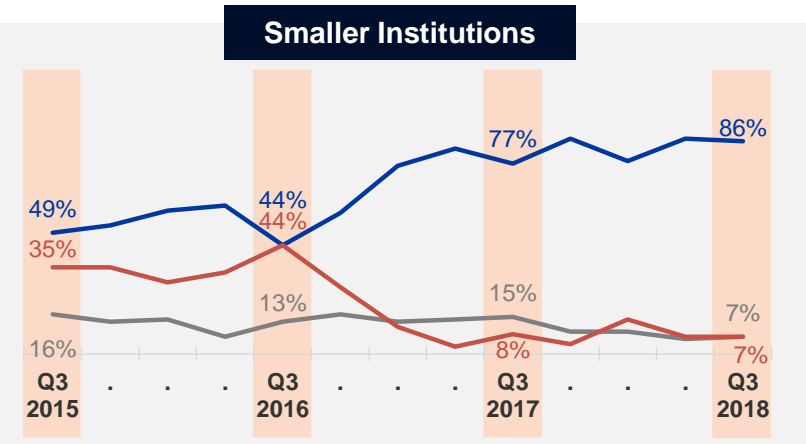
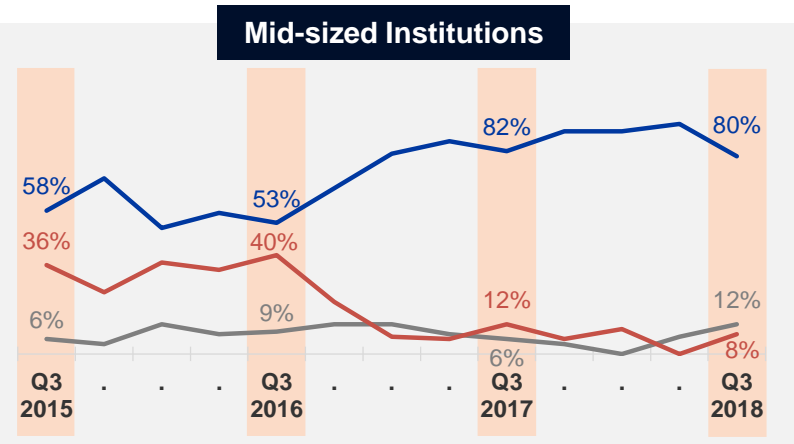
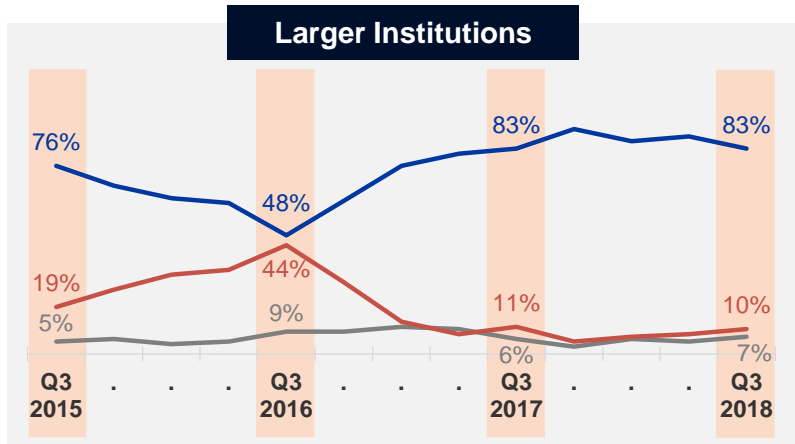
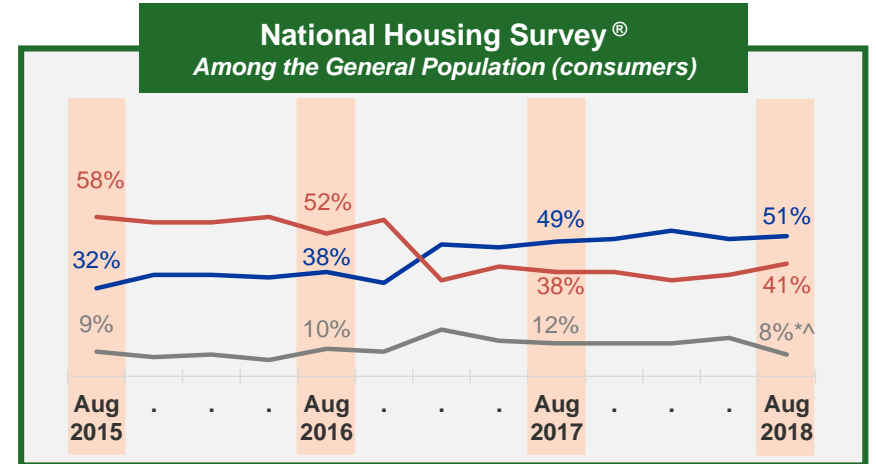
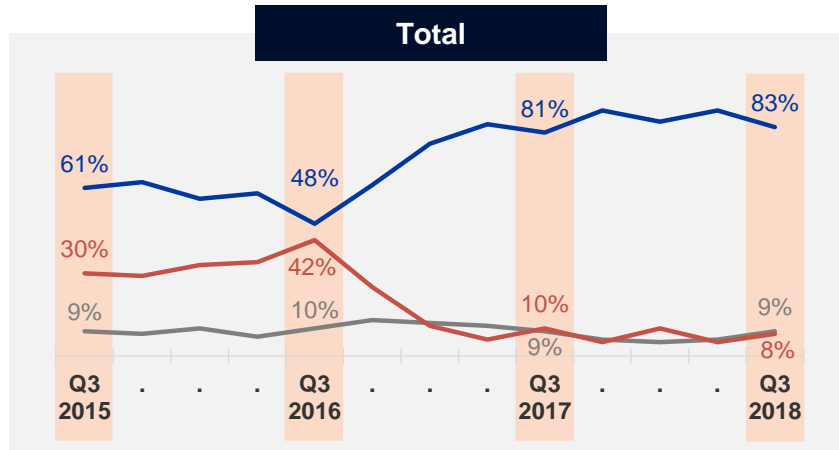
# Economic and Housing Sentiment



# 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 Q2 2018 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2017 (same quarter of last year)

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

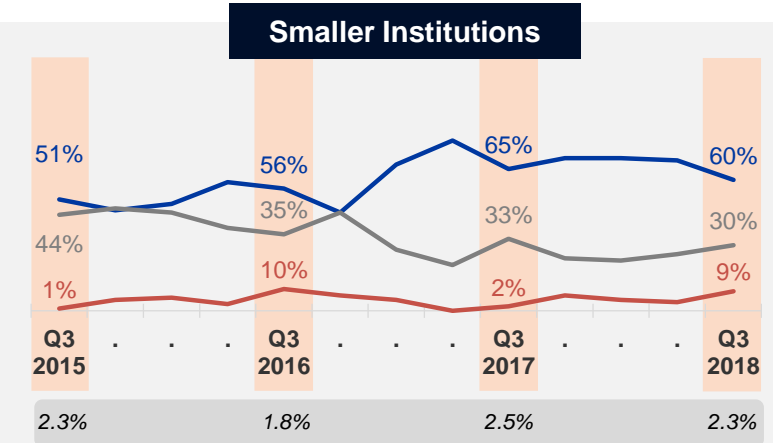
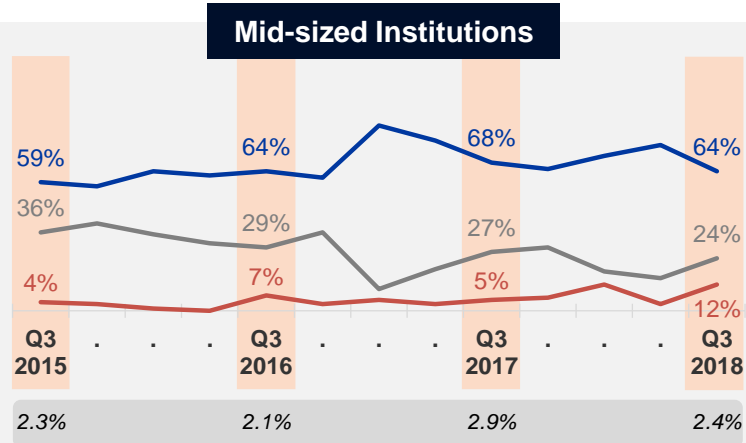
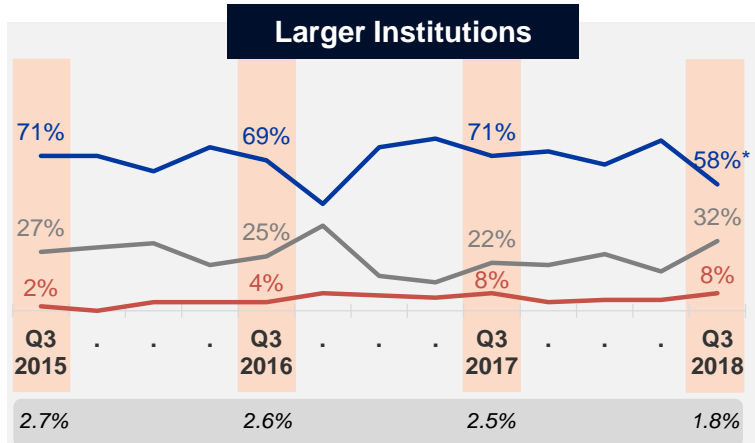
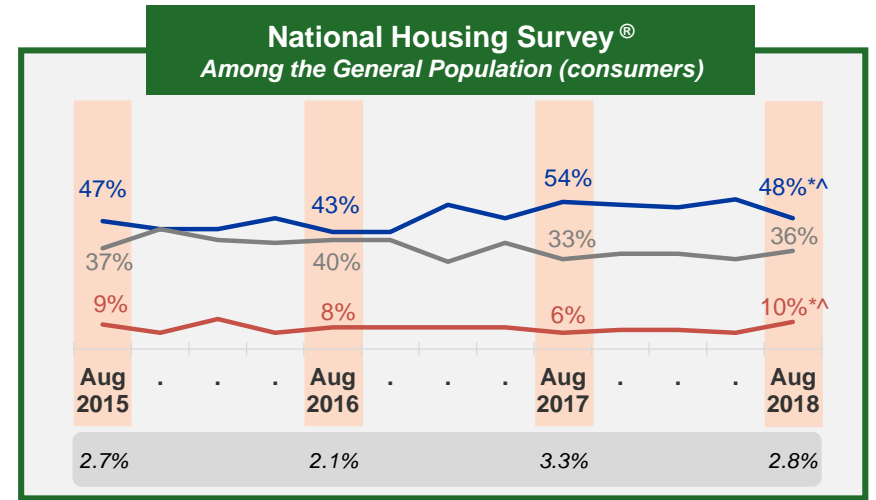
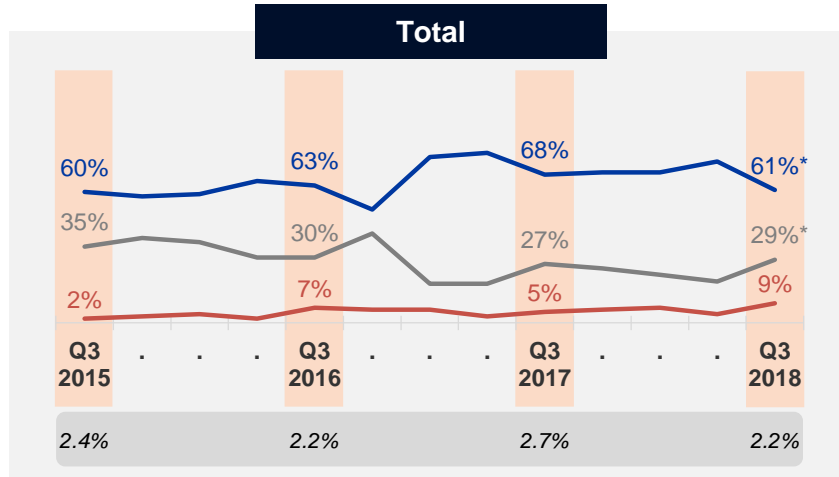


# Home Prices – Next 12 Months

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?



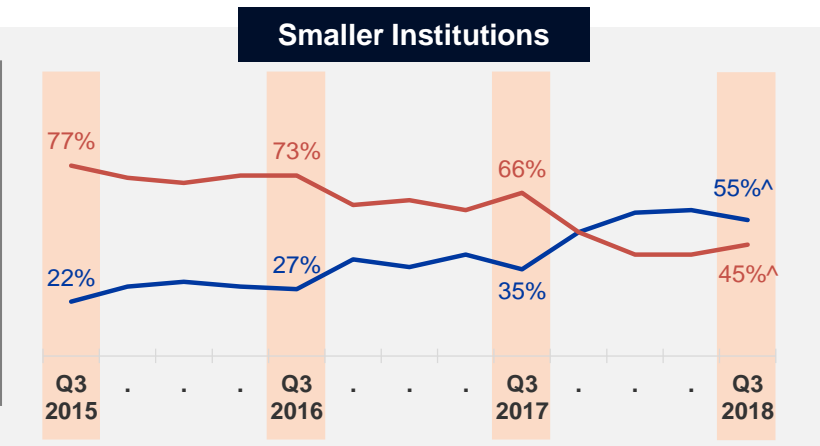
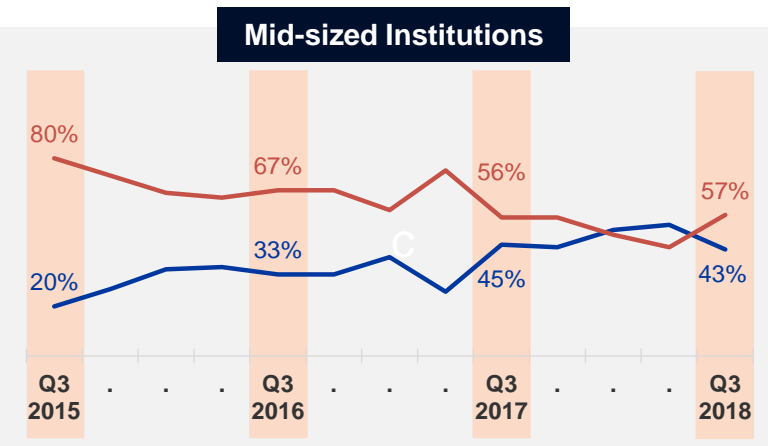
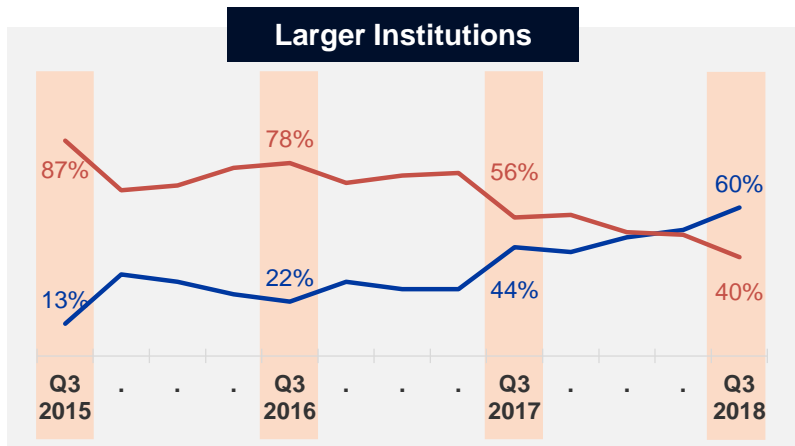
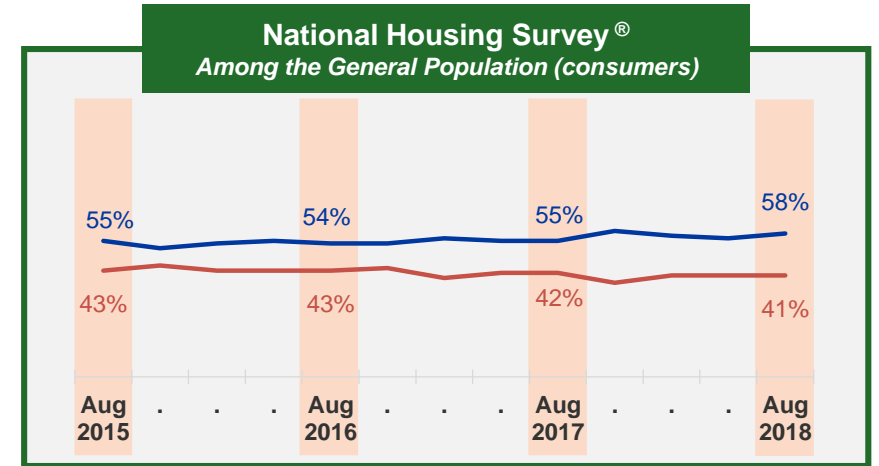
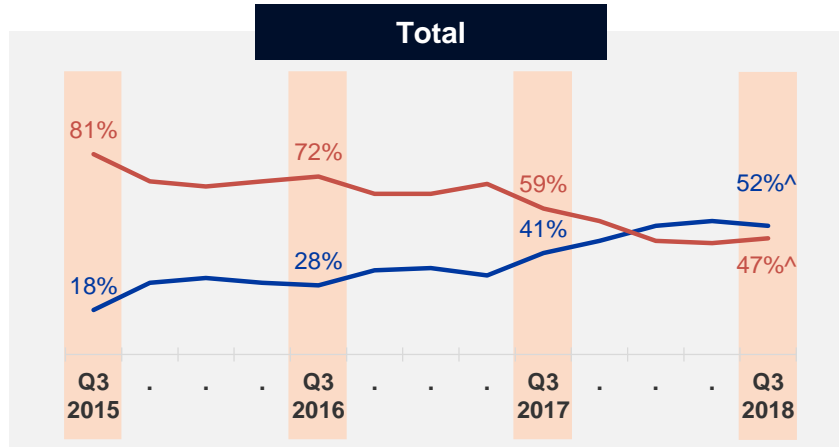
\* Denotes a statistically significant change compared with Q2 2018 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2017 (same quarter of last year)



# 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 Q2 2018 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q3 2017 (same quarter of last year)

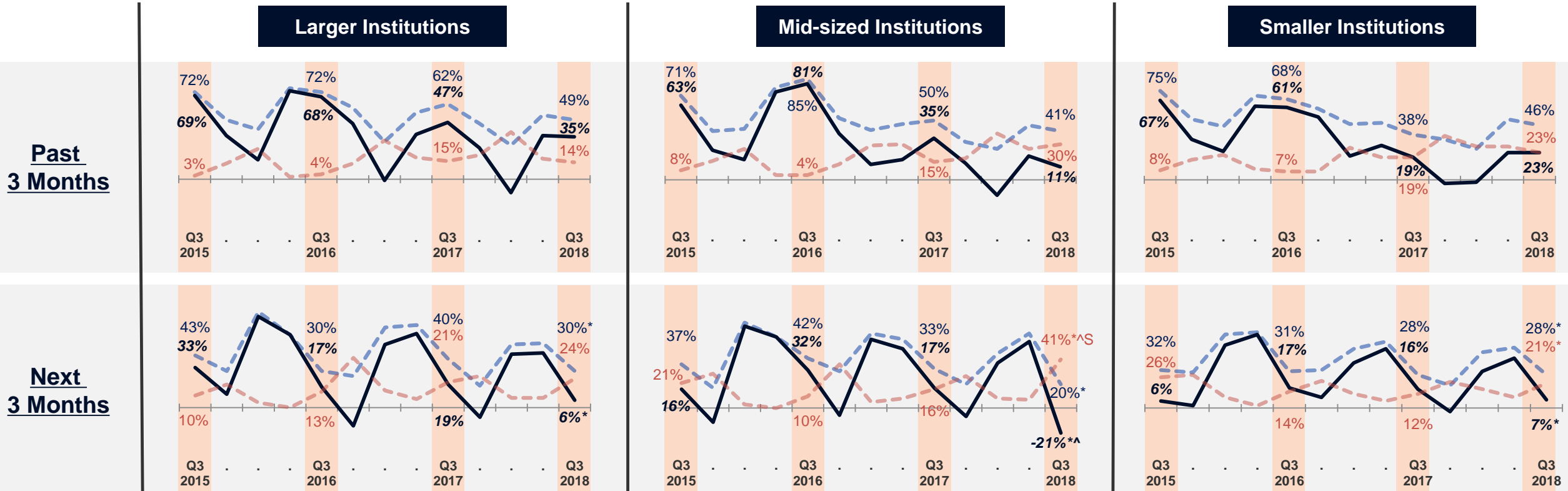


Appendix

# **Consumer Demand (Purchase Mortgages)**



# 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

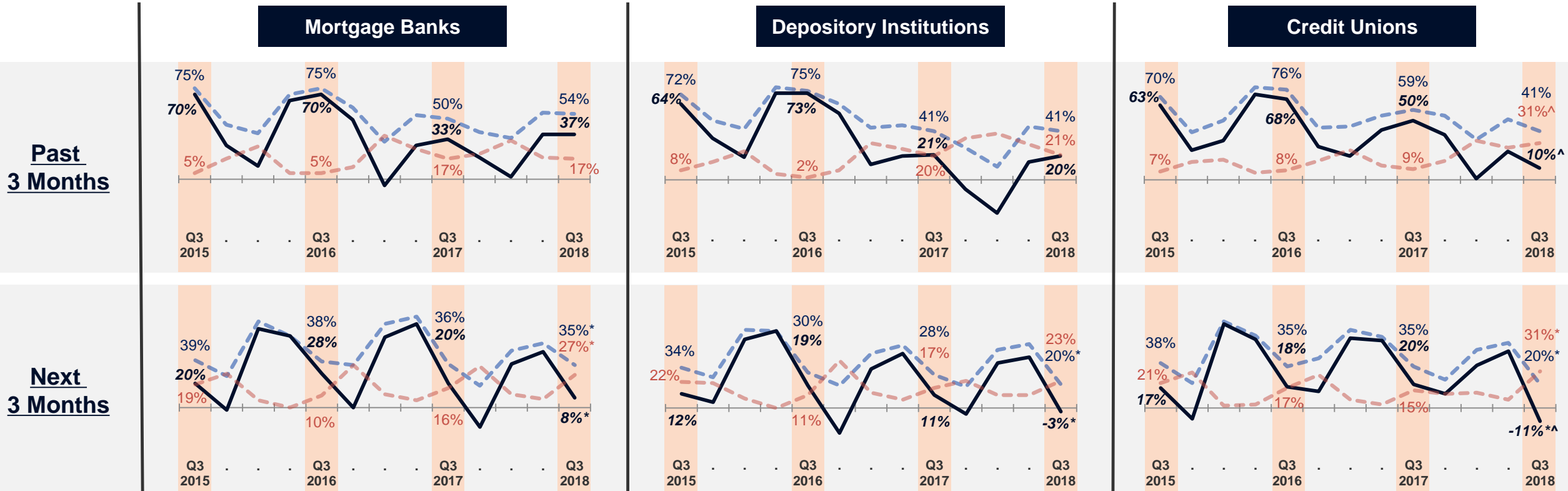
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

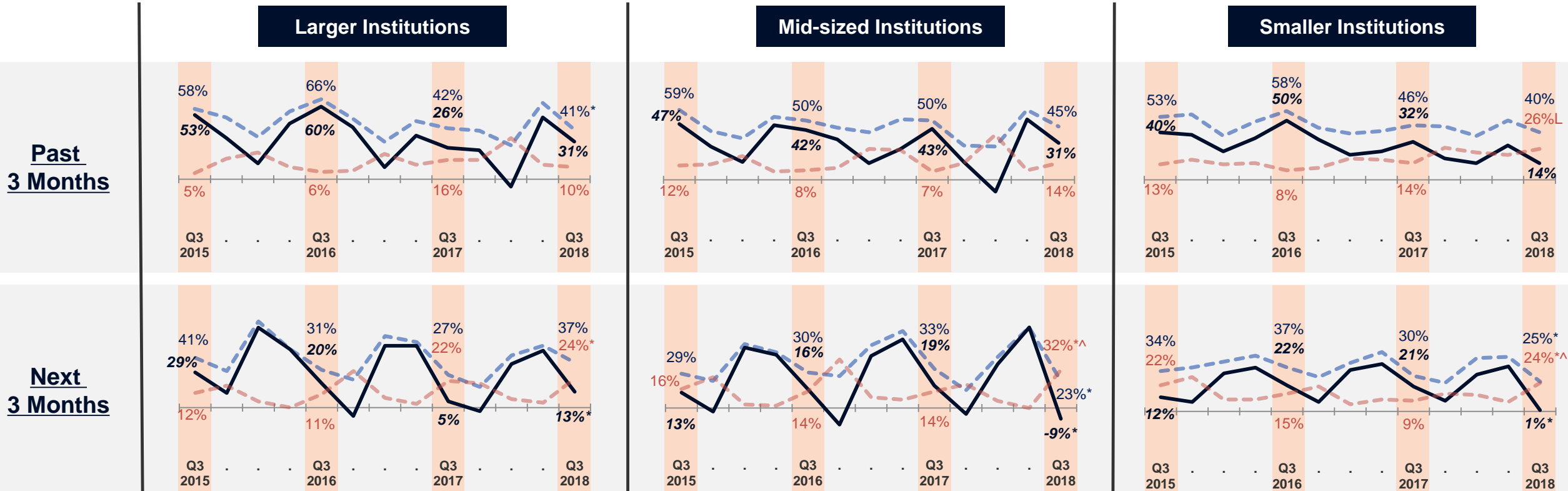
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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 Q2 2018 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2017 (same quarter of last year)

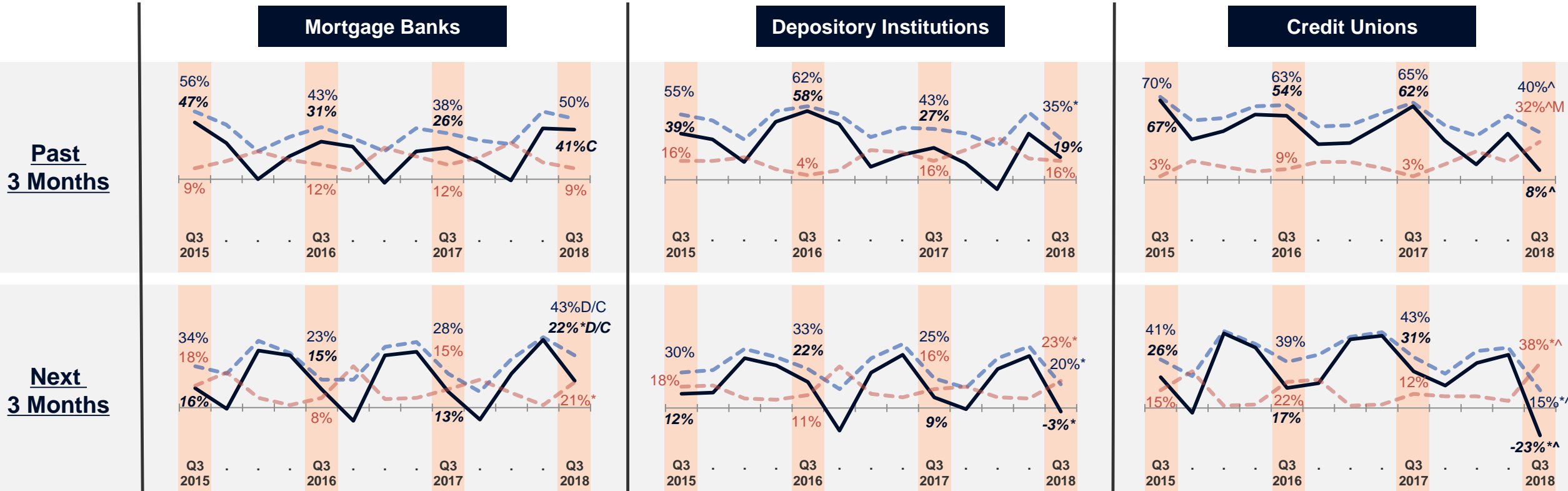
L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

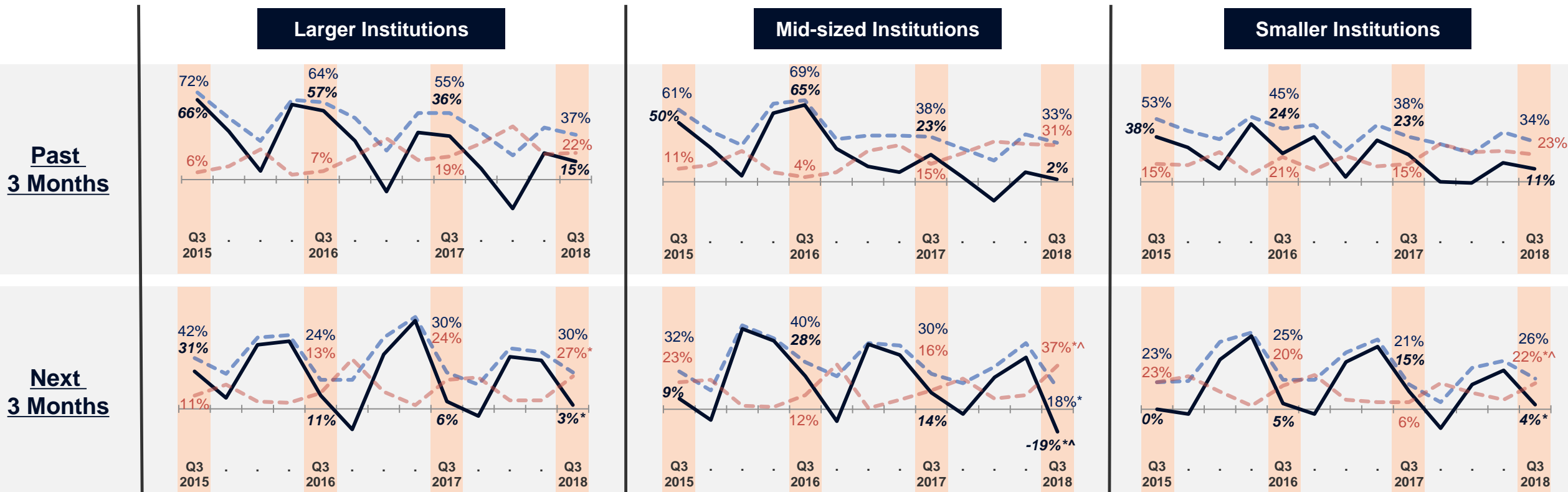
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

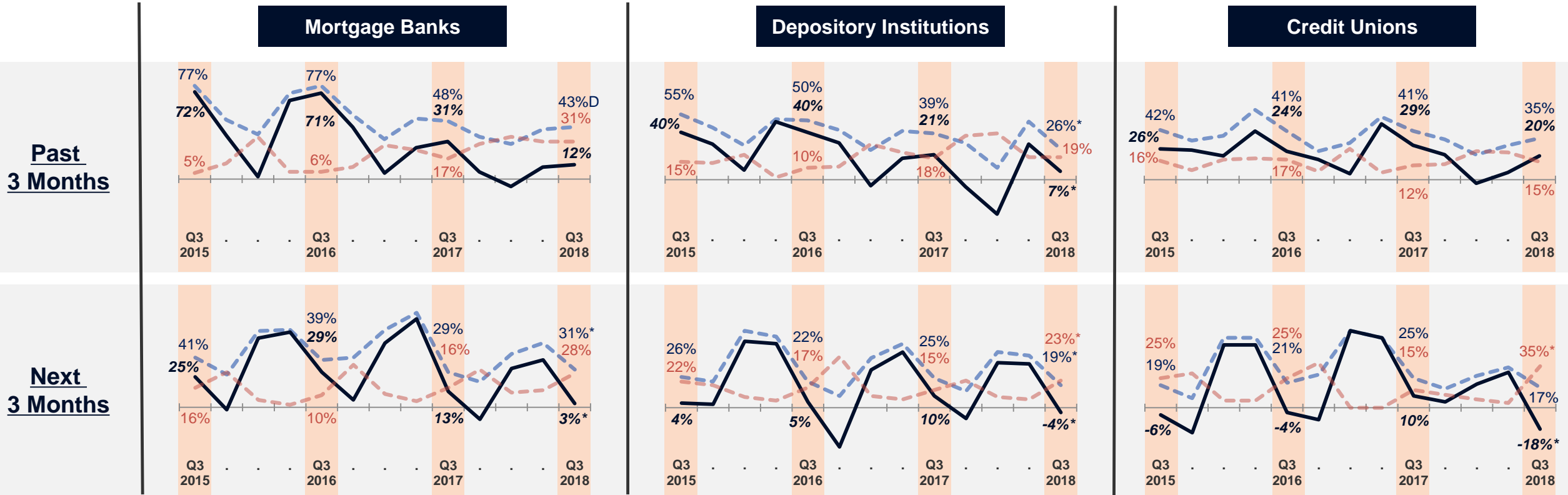
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# Purchase Mortgage Demand: Government (by institution type)



--- 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

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The % saying "stay the same" is not shown



# Purchase Mortgage Demand: Drivers of Change (selected verbatim)

## Past 3 Months

N=125

- Rising interest rates
- Lack of Inventory
- Economic conditions/Seasonality
- Focus on purchase marketing over refinancing

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)

“1) lack of inventory 2) decrease in affordability.” – *Larger Institution*

“Failure of our company to adapt to the changing competitive landscape and lack of available entry level housing.” – *Mid-sized Institution*

“We have a lack of inventory that is the worst ever in this area; combined with that, we seem to get a lot of complicated borrowers that do not quite fit the box for saleable mortgages.” – *Smaller Institution*

“I think more consumers are getting into better credit situations as we get further away from 2008 and the economy improves in general. I also think people are concerned about mortgage rates and home prices rising which could shut them out of the housing market.” – *Larger Institution*

“The interest rate environment and volatility is obviously driving refinance business down. So naturally purchase business will be a larger share. There is healthy demand in the purchase markets but there are many headwinds. In my view most noticeably, inventory shortages and more specifically shortages in first time homebuyer bands. Additionally, we are seeing certain geographies reach unaffordability levels. In my opinion the demand in purchases is more of a decline in refinance business. While robust demand exist there are barriers.” – *Mid-sized Institution*

“Seasonal factors cause increases during the summer.” – *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=	48	12	8	27	
Economic conditions (e.g., employment) overall are favorable	68%	84%	41%	70%	27%
Mortgage rates are favorable	10%	8%	12%	11%	26%
There are many homes available on the market	9%	0%	12%	15%	24%
Home prices are low	0%	0%	0%	0%	10%
It is easy to qualify for a mortgage	0%	0%	0%	0%	3%

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=	47	10	17	20	
There are not many homes available on the market	52%	70%	44%	47%	5%
Mortgage rates are not favorable	25%	10%	35%	22%	7%
Home prices are high	13%	20%	9%	15%	49%
Economic conditions (e.g., employment) overall are not favorable	1%	0%	0%	5%	19%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	11%

\*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=	48	17	10	21	
Economic conditions (e.g., employment) overall are favorable	53%	59%	53%	43%	27%
It is easy to qualify for a mortgage	20%	24%	21%	14%	3%
Mortgage rates are favorable	12%	6%	21%	14%	26%
There are many homes available on the market	5%	0%	0%	19%	24%
Home prices are low	0%	0%	0%	0%	10%

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=	44	10	13	20	
There are not many homes available on the market	41%	48%	38%	39%	5%
Home prices are high	26%	43%	19%	17%	49%
Mortgage rates are not favorable	18%	10%	23%	20%	7%
Economic conditions (e.g., employment) overall are not favorable	3%	0%	0%	10%	19%
It is difficult to qualify for a mortgage	2%	0%	4%	0%	11%

\*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=	41	13	8	20	
Economic conditions (e.g., employment) overall are favorable	56%	62%	40%	61%	27%
Mortgage rates are favorable	18%	23%	13%	15%	26%
It is easy to qualify for a mortgage	11%	15%	0%	15%	3%
There are many homes available on the market	7%	0%	13%	10%	24%
Home prices are low	0%	0%	0%	0%	10%

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=	43	12	15	17	
There are not many homes available on the market	38%	57%	27%	32%	5%
Home prices are high	23%	26%	27%	12%	49%
Mortgage rates are not favorable	22%	0%	33%	32%	7%
It is difficult to qualify for a mortgage	4%	0%	7%	6%	11%
Economic conditions (e.g., employment) overall are not favorable	3%	0%	0%	12%	19%

\*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

The share of lenders citing a shortage of homes on the market remains the top reason driving down expected future demand among GSE Eligible loans. High home prices is the top reason among Non-GSE Eligible and Government loans.

GSE Eligible	N=	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
		26	48	19	12	31	48	22	13	47
There are not many homes available on the market		55%	37%	34%	73%	82%	74%	64%	83%	69%
Home prices are high		33%	33%	39%	48%	47%	41%	47%	74%	66%
Mortgage rates are not favorable		19%	67%	74%	25%	20%	23%	67%	26%	44%^
Economic conditions (e.g., employment) overall are not favorable		41%	26%	12%	7%	12%	15%	13%	5%	8%
It is difficult to qualify for a mortgage		28%	19%	24%	30%	16%	12%	4%	0%	1%^

Non-GSE Eligible	N=	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
		24	38	13	11	25	32	17	7	44
Home prices are high		19%	35%	38%	44%	53%	37%	27%	54%	65%
There are not many homes available on the market		37%	30%	18%	41%	84%	65%	61%	79%	61%^
Mortgage rates are not favorable		21%	66%	77%	43%	19%	21%	64%	21%	47%^
Economic conditions (e.g., employment) overall are not favorable		59%	30%	10%	26%	15%	11%	18%	10%	9%
It is difficult to qualify for a mortgage		39%	17%	52%	28%	12%	23%	16%	25%	8%

Government	N=	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
		23	42	12	8	25	38	16	12	43
Home prices are high		33%	29%	24%	53%	47%	40%	36%	45%	65%
There are not many homes available on the market		37%	35%	37%	65%	81%	72%	66%	73%	54%^
Mortgage rates are not favorable		16%	56%	75%	22%	18%	22%	56%	31%	44%^
It is difficult to qualify for a mortgage		25%	20%	33%	37%	13%	8%	13%	0%	10%
Economic conditions (e.g., employment) overall are not favorable		54%	40%	22%	12%	27%	15%	19%	4%	9%^

\*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**)

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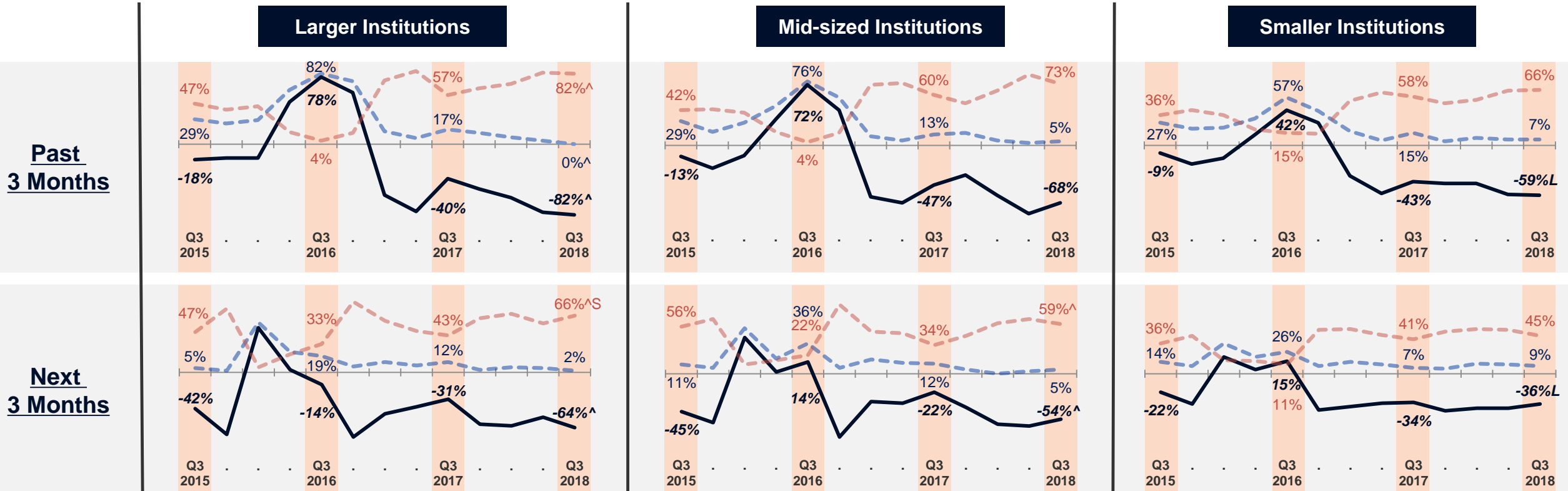


Appendix

# **Consumer Demand (Refinance Mortgages)**



# 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

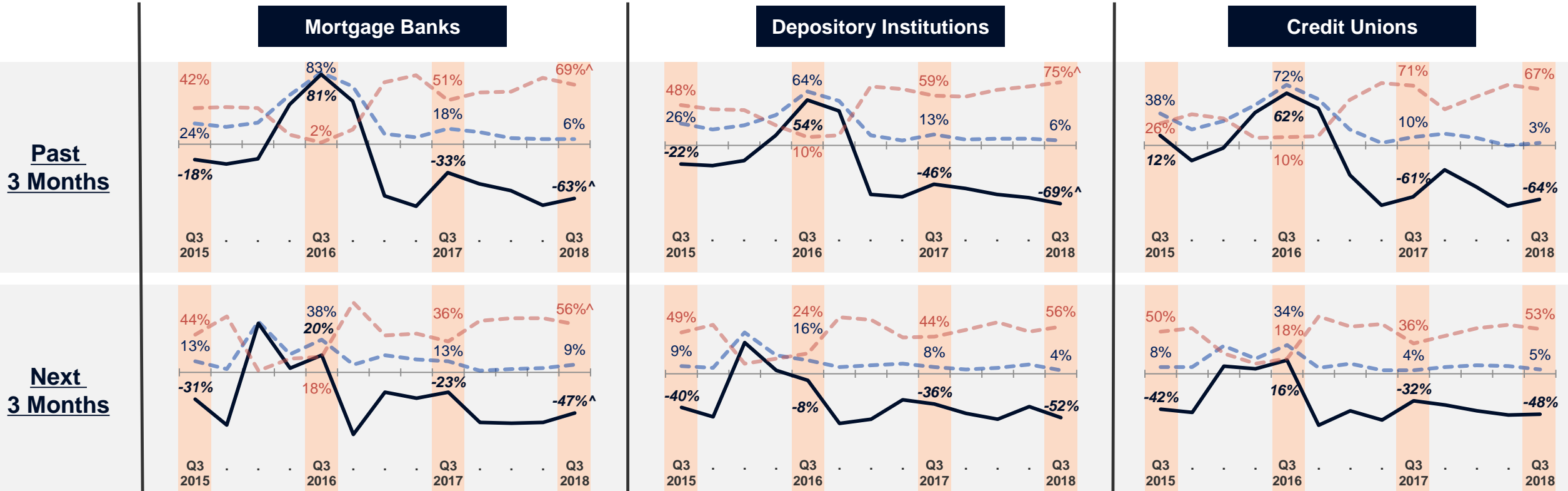
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

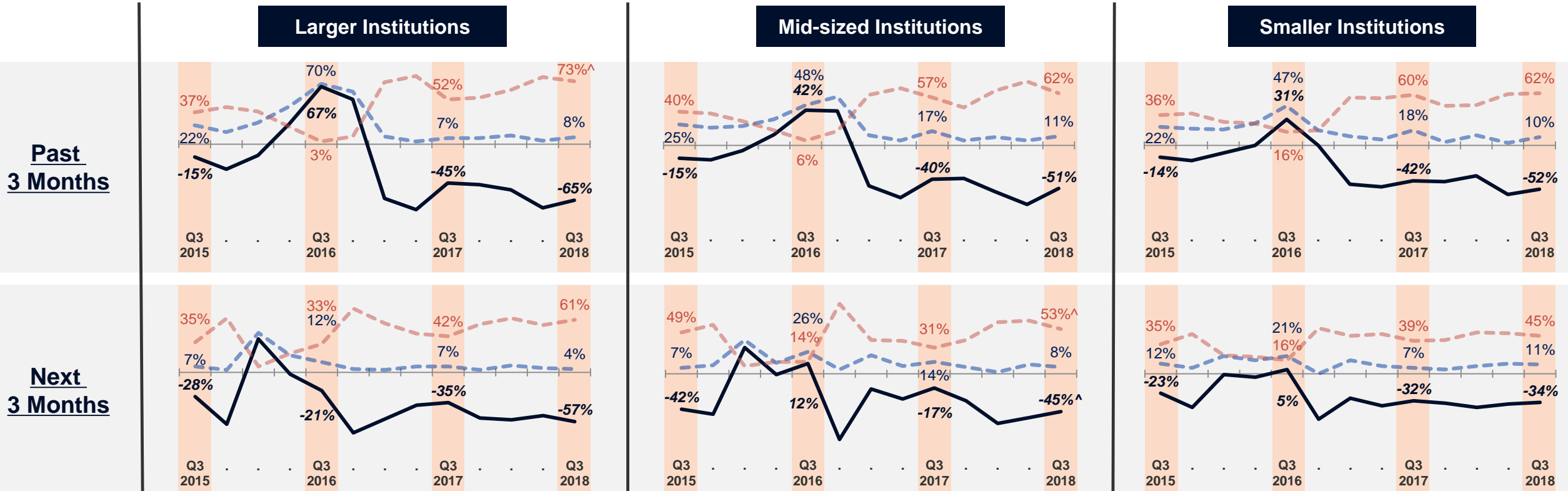
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

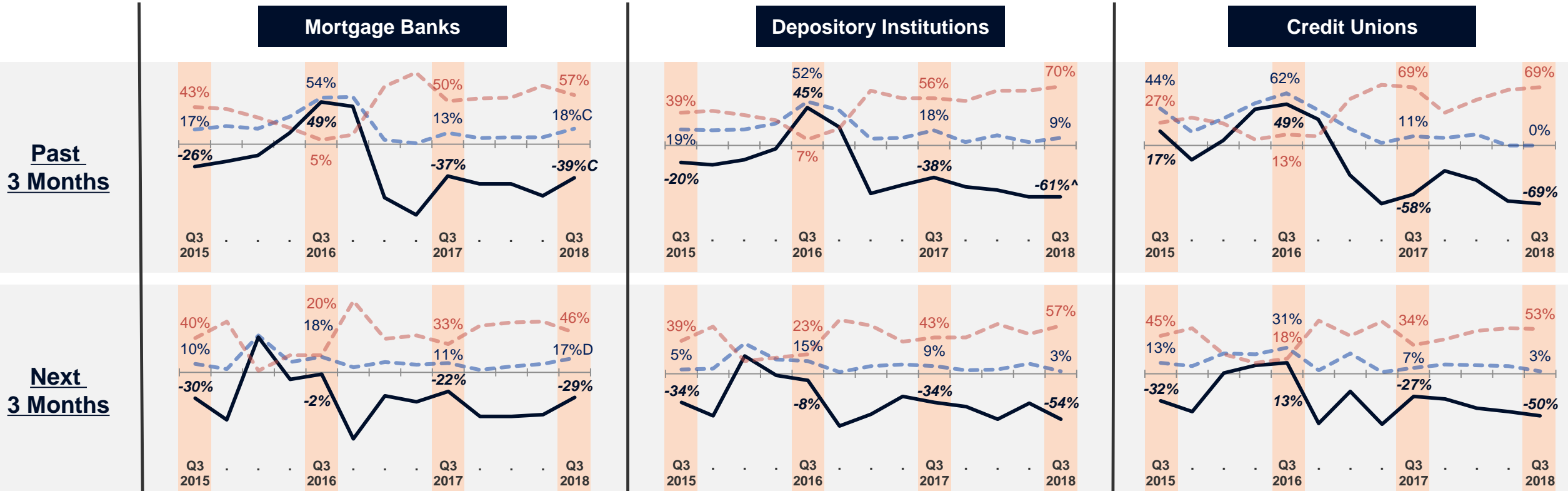
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

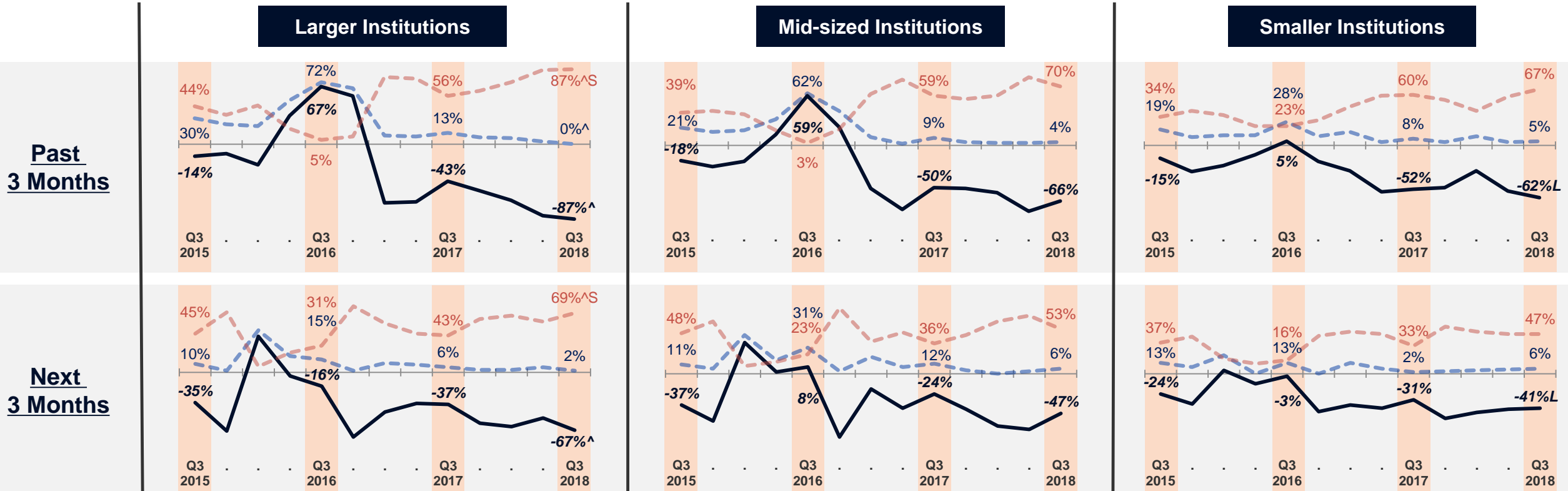
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

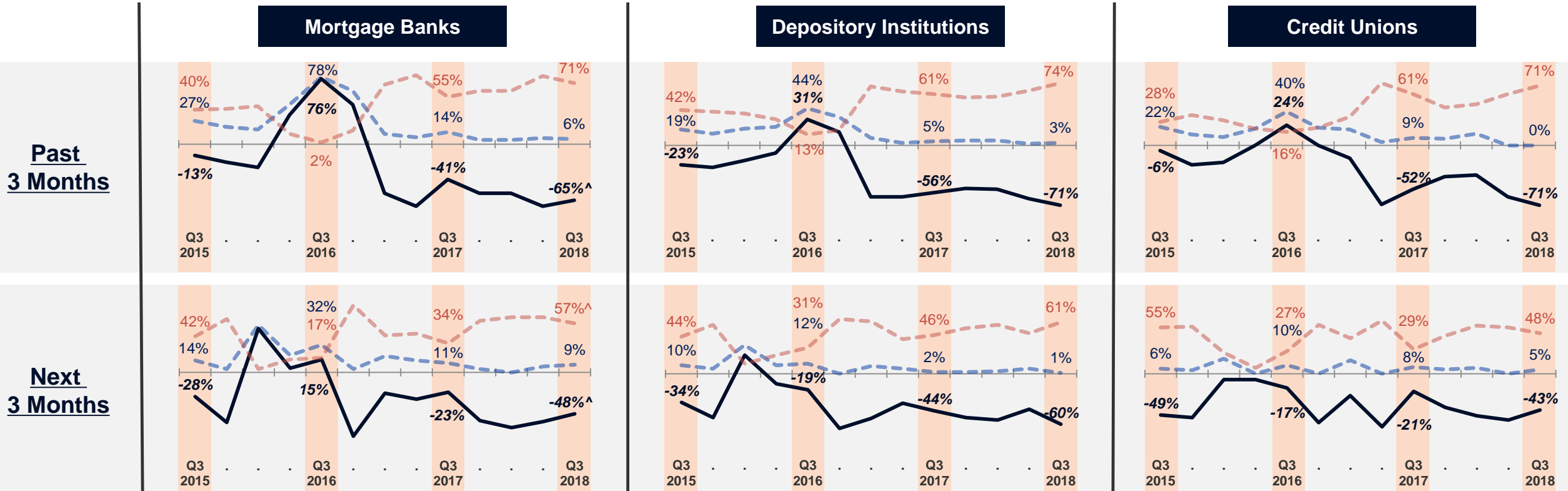
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# Refinance Mortgage Demand: Government (by institution type)



--- 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

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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



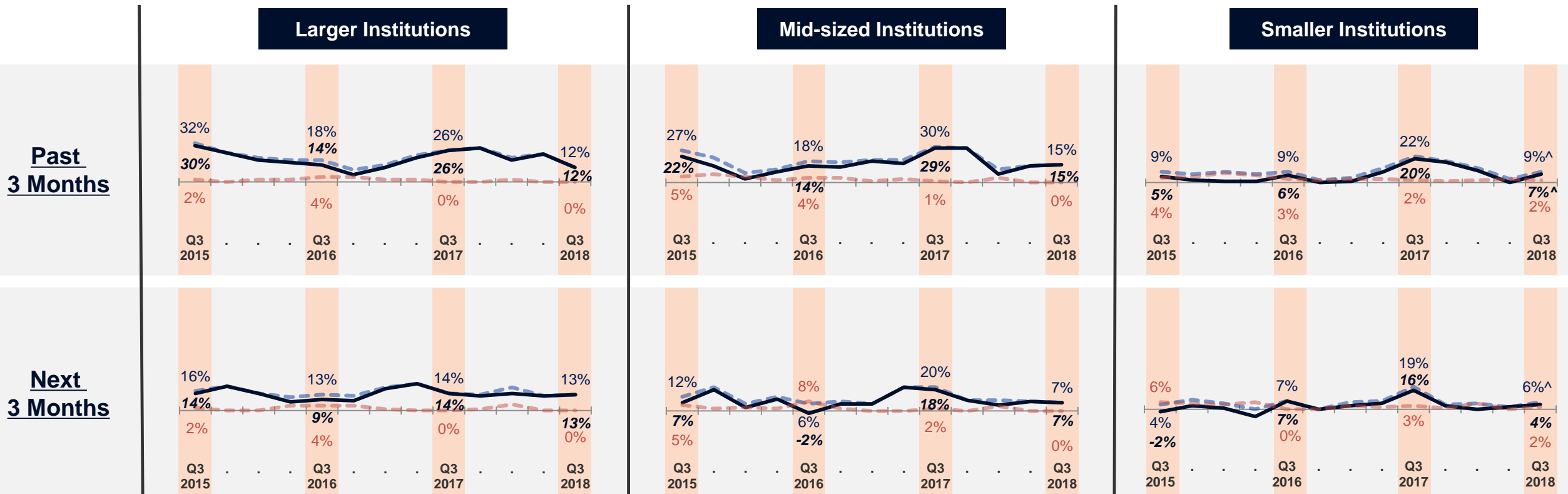
Appendix

# Credit Standards





# 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

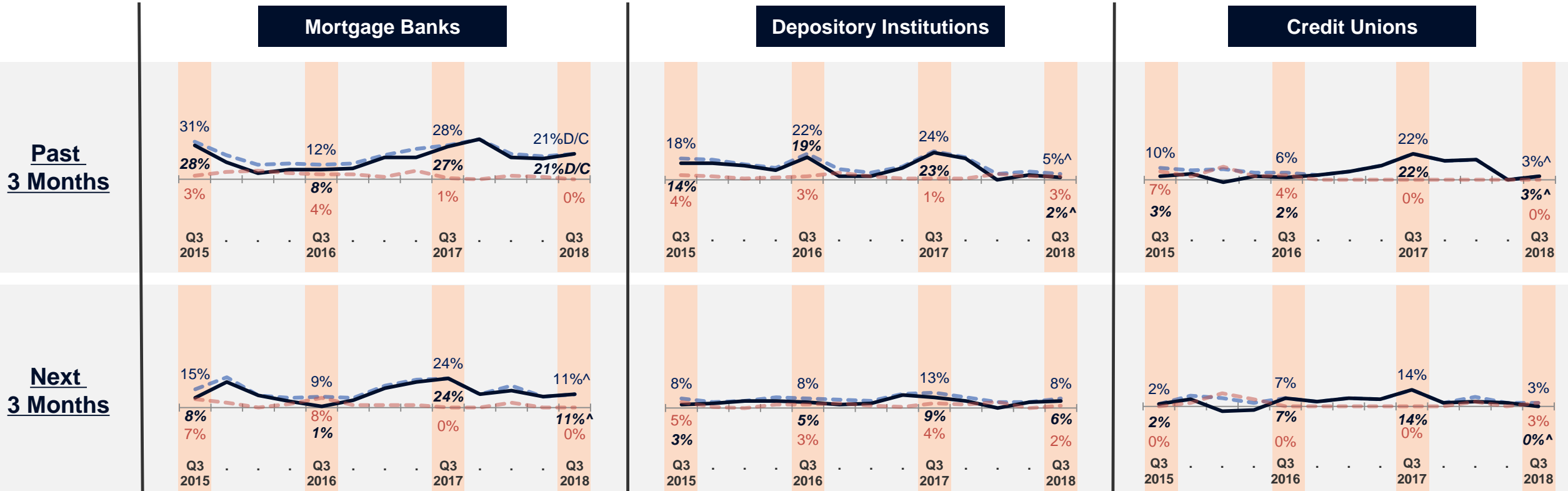
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

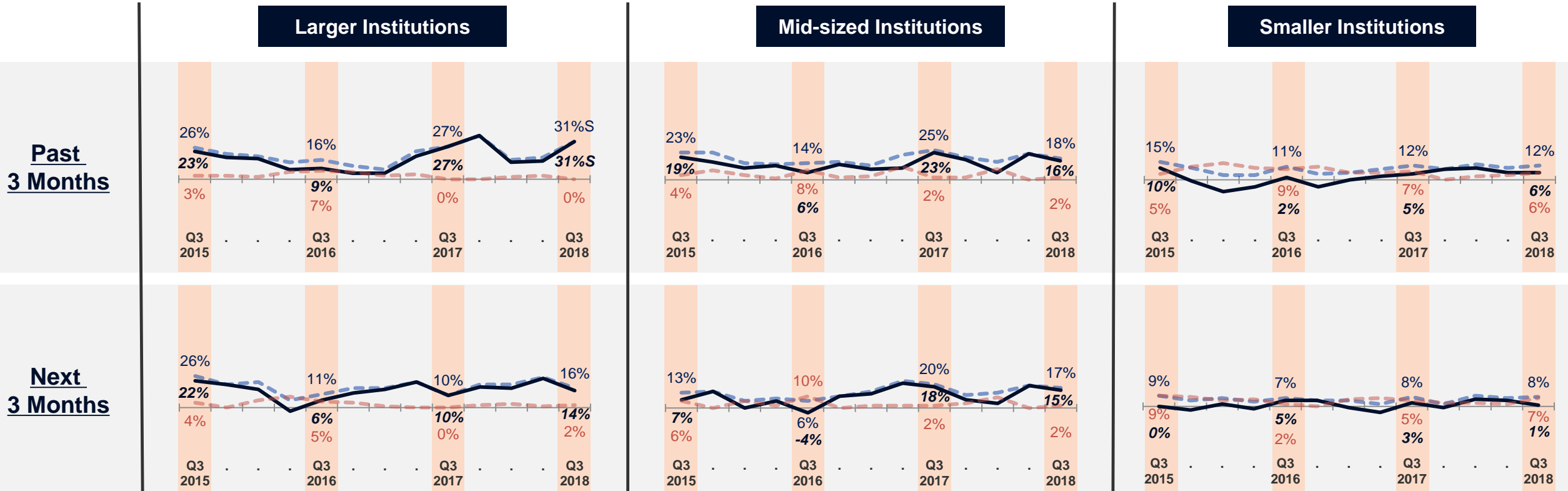
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

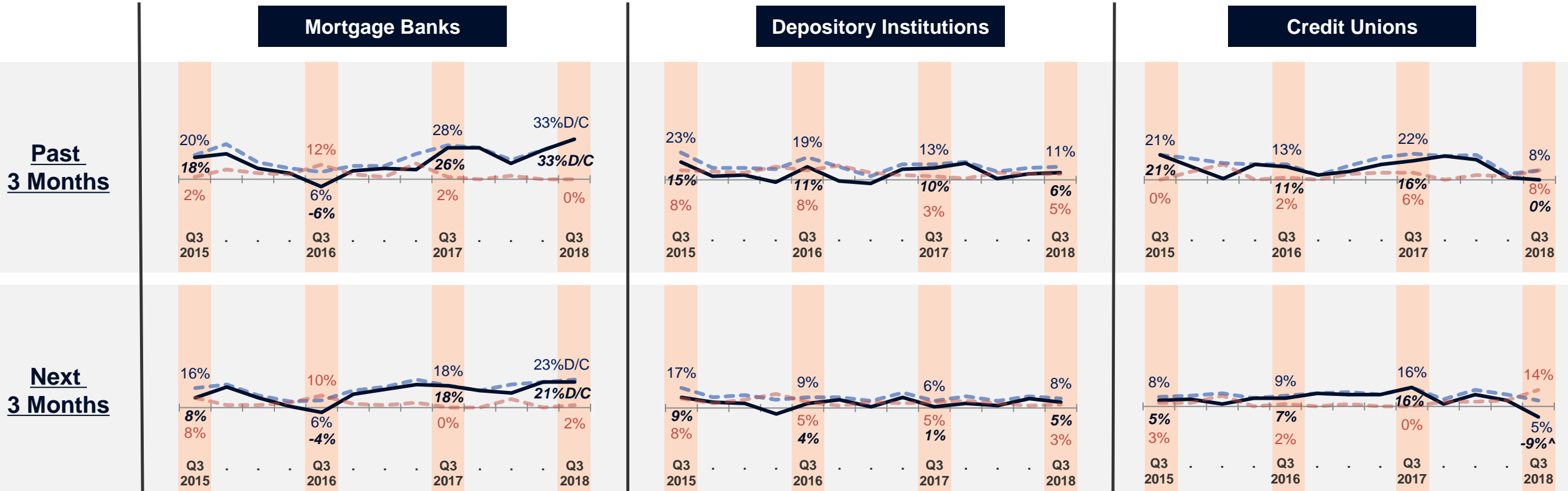
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The % saying "stay the same" is not shown



# 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

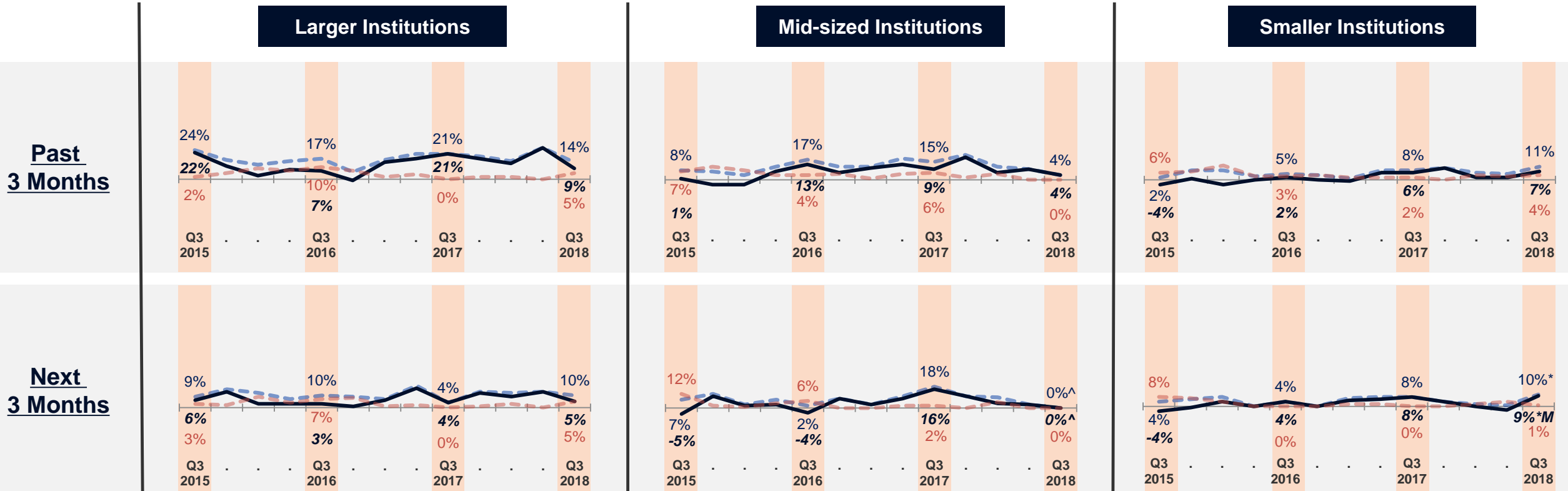
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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 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

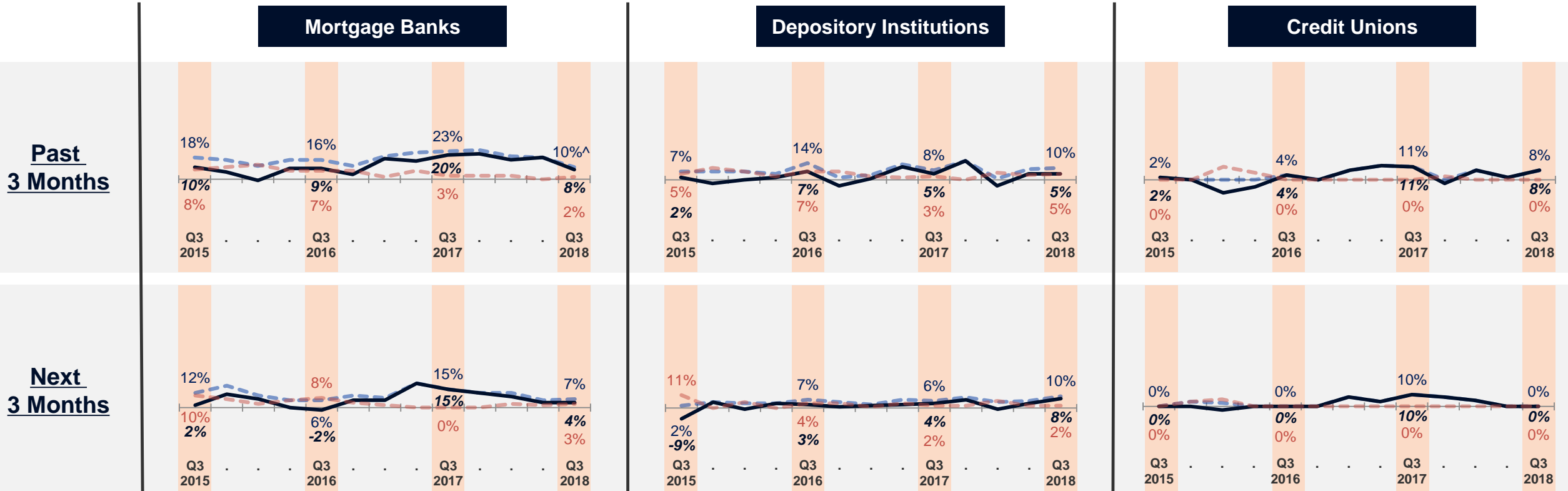
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# Credit Standards: Government (by institution type)



--- 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

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# Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

## Past 3 Months

N=44

- Reduction of overlays/Changes to guidelines
- Portfolio/Strategic changes
- Economic conditions/Competition

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)

"The general trend in the industry to remove overlays on agency and FHA guidelines." – *Larger Institution*

"We needed to widen the credit box in hopes of widening the number of loans we would be able to close." – *Mid-sized Institution*

"Continued macro economic stability convinced us to be a little less conservative." – *Smaller Institution*

"Good times never last. This is preparation for when things get bad." – *Smaller Institution*

"Changes associated with the programs we offer." – *Larger Institution*

"Better operational set up and product reduction." – *Smaller Institution*

## Next 3 Months

N=27

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

"We are adding additional products in all three categories." – *Larger Institution*

"We really follow the change the agencies publish and follow suite. We are monitoring servicing and credit performance and take a pragmatic approach to removing overlays when sensible." – *Mid-sized Institution*

"At this point, with previous changes we have made, we need to see what the impact is within the performance of the mortgages we are closing today." – *Mid-sized Institution*

"Performance, specifically on government loans." – *Larger Institution*

"I think we have been too accepting of credit problems and we are going to start pulling back now that some loans we made exceptions on are starting to show up in delinquency reports." – *Smaller Institution*

"Expectation of an economic downturn in 2020." – *Smaller Institution*



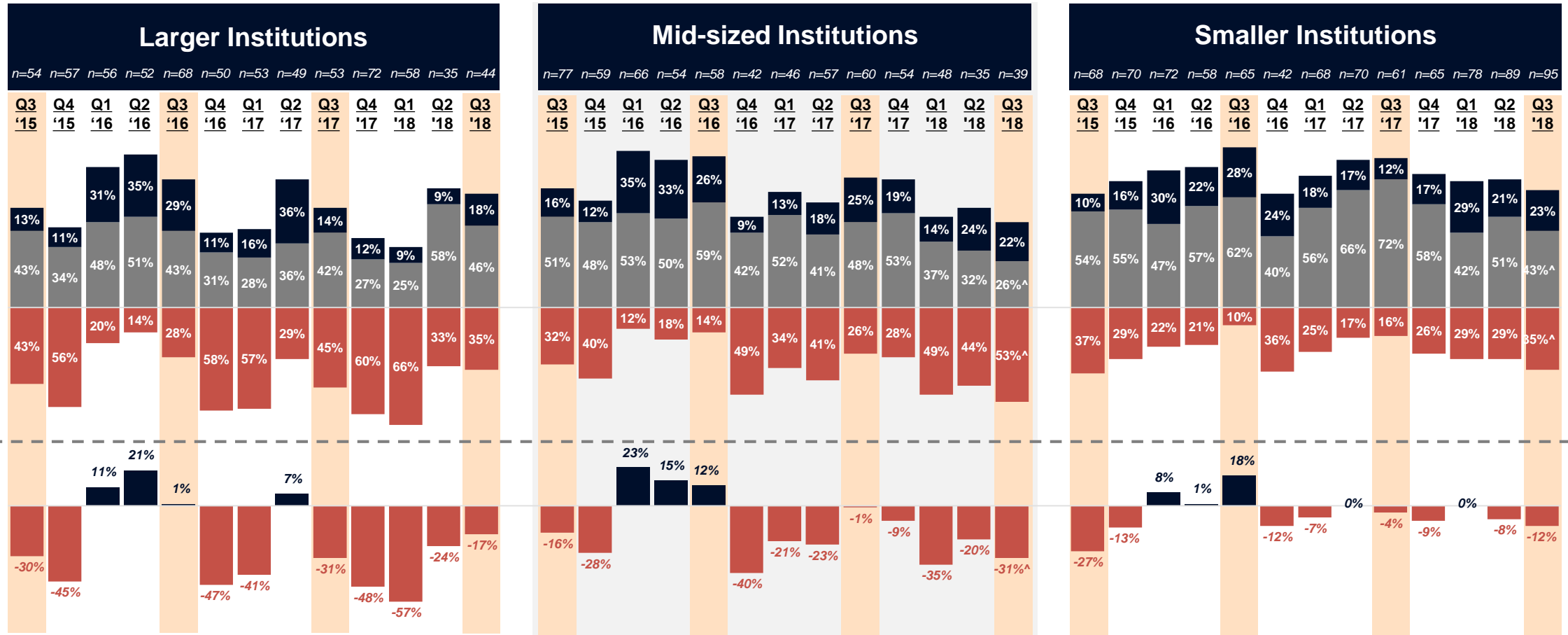
Appendix

# Profit Margin Outlook





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



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

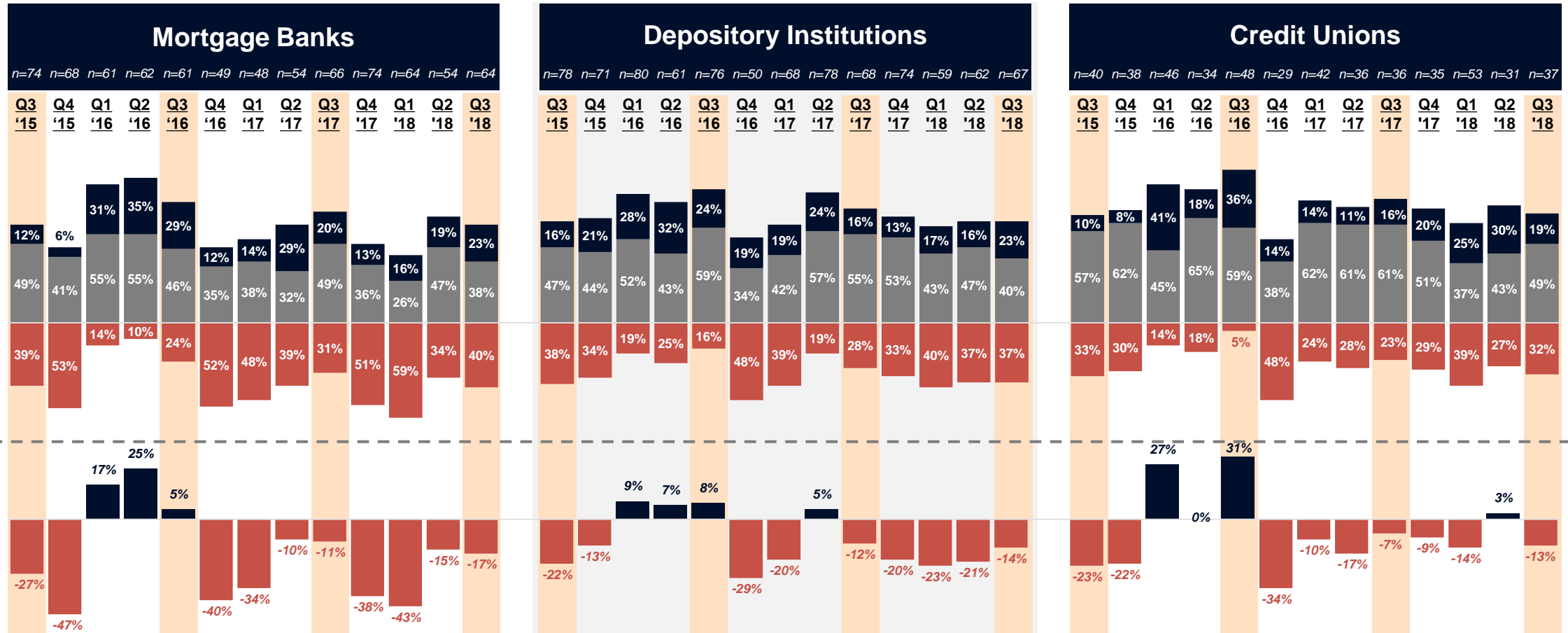
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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



**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))]

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## 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								
	2016		2017				2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
N=	54	20	26	40	30	29	34	30	38
Operational efficiency (i.e., technology)	54%	42%	55%	59%	51%	62%	43%	58%	64%
Staffing (personnel costs) reduction	14%	33%	9%	8%	17%	16%	15%	13%	44%*^
Consumer demand	49%	18%	44%	40%	42%	22%	34%	56%	22%*
GSE pricing and policies	17%	20%	19%	13%	11%	36%	29%	11%	12%
Market trend changes (i.e. shift from refinance to purchase)	27%	40%	33%	33%	28%	34%	41%	31%	9%*^
Government regulatory compliance	2%	6%	0%	2%	7%	0%	6%	0%	7%
Less competition from other lenders	10%	11%	9%	10%	6%	2%	2%	0%	7%
Non-GSE (other investors) pricing and policies	4%	11%	7%	3%	17%	13%	8%	15%	6%
Government monetary or fiscal policy	5%	6%	7%	6%	9%	3%	6%	4%	6%
Marketing expense reduction	11%	11%	5%	3%	3%	2%	4%	0%	4%
Servicing cost reduction	4%	0%	0%	12%	4%	3%	4%	4%	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.

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## 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								
	2016		2017				2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
N=	33	64	63	49	49	75	85	52	69
Competition from other lenders	46%	39%	66%	71%	74%	75%	78%	78%	71%
Consumer demand	21%	26%	10%	18%	35%	30%	22%	19%	37%*
Market trend changes (i.e. shift from refinance to purchase)	23%	43%	51%	26%	15%	19%	35%	31%	23%
Staffing (personnel costs)	31%	19%	7%	21%	17%	29%	12%	19%	15%
Government regulatory compliance	39%	18%	21%	20%	19%	13%	6%	9%	14%
Non-GSE (other investors) pricing and policies	4%	7%	8%	10%	0%	3%	8%	8%	10%
Operational efficiency (i.e. technology)	9%	6%	7%	10%	13%	8%	7%	12%	9%
GSE pricing and policies	6%	20%	13%	9%	7%	5%	10%	8%	9%
Government monetary or fiscal policy	5%	16%	10%	9%	7%	7%	12%	9%	8%
Servicing costs	9%	2%	2%	0%	2%	4%	3%	2%	2%
Marketing expenses	6%	0%	4%	4%	4%	2%	4%	0%	1%

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.

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Appendix

# Survey Question Text



# 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)