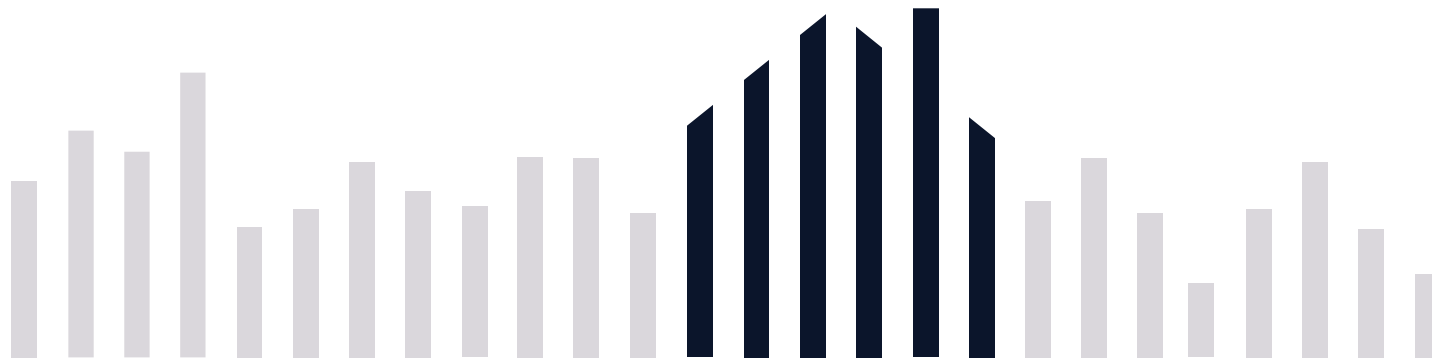# Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

Q1 2019 Full Report – published March 13, 2019

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Disclaimer

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Key Findings – Q1 2019:
While lenders continue seeing stress in the industry, their outlook on mortgage demand and profit margin has improved from the 2018 lows.

Profit Margin Outlook

- Lenders' net profit margin outlook, while still negative, has improved significantly from the survey low in the prior quarter (Q4 2018) and one year ago. Those expecting a lower profit margin outlook continued to point to "competition from other lenders" and "consumer demand" as the primary reasons.

Purchase Mortgage Demand

- For purchase mortgages, the net share of lenders reporting demand growth over the prior three months remained negative and fell further to reach a new survey low across all loan types. However, demand growth expectations for the next three months improved, showing a more optimistic outlook compared with one year ago.

Refinance Mortgage Demand

- For refinance mortgages, while more lenders continued to report weaker refinance demand than those seeing rising demand, the net share of lenders reporting demand growth over the prior three months increased significantly to the highest level in two years across all loan types. Similarly, the net share expecting demand growth remains negative but also improved to the highest level in two years.

Research Objectives

- The *Mortgage Lender Sentiment Survey®*, 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

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

- 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.

Q1 2019 Respondent Sample and Groups

For Q1 2019, a total of 202 senior executives completed the survey during February 6 - 17, representing 184 lending institutions.*

Lender Size Groups**

HIGHER loan origination volume

Larger Institutions
Top 15% of lenders

— 100%

Mid-sized Institutions
Top 16% - 35% of lenders

— 85%

— 65%

Smaller Institutions
Bottom 65% of lenders

LOWER loan origination volume
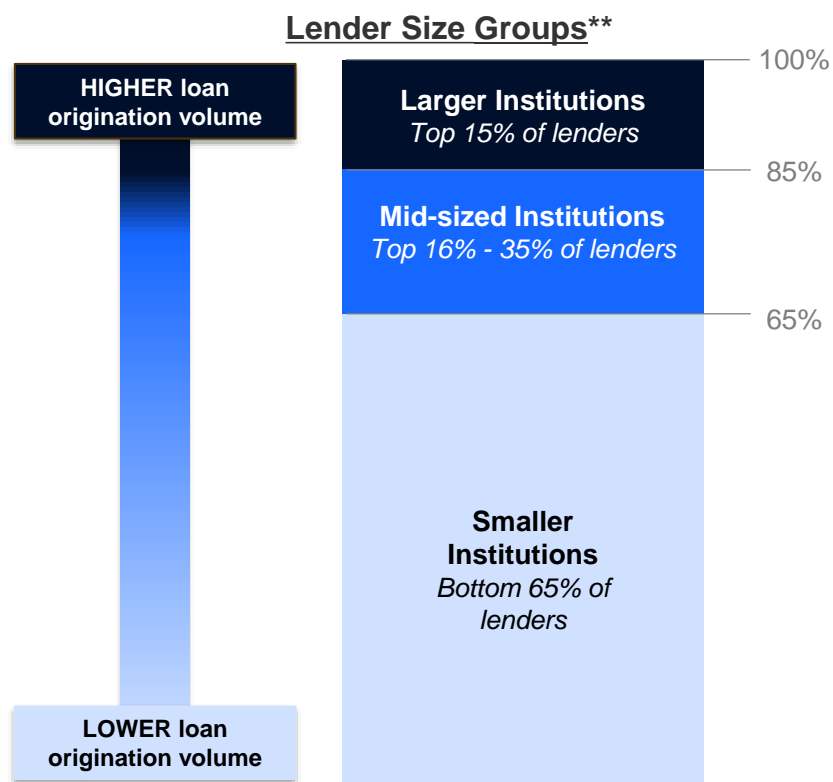
Sample Q1 2019			Sample Size
Total Lending Institutions The "Total" data throughout this report is an average of the means of the three lender-size groups listed below.			184
Lender Size Groups	**Larger Institutions** Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2017 loan origination volume (above $1.18 billion)		49
	Mid-sized Institutions 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)		43
	Smaller Institutions 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)		92
Institution Type*	**Mortgage Banks** (non-depository)		53
	Depository Institutions		79
	Credit Unions		33

* 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**
GSE Eligible Loans	GSE Eligible Loans 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 Loans 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 Loans 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 remains negative and fell further to reach a new survey low. However, demand growth expectations for the next three months improved, showing a more optimistic outlook compared with one year ago.

- For refinance mortgages, while more lenders continued to report weaker refinance demand than those seeing rising demand, the net share of lenders reporting demand growth over the prior three months increased significantly to the highest level in two years across all loan types. Similarly, the net share expecting demand growth remains negative but also improved to the highest level in two years.

Purchase Mortgage Demand

The net share of lenders reporting demand growth over the prior three months remains negative and fell further to reach a new survey low across all loan types. However, demand growth expectations for the next three months improved, showing a more optimistic outlook compared with one year ago.

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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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

While more lenders continued to report weaker refinance demand than those seeing rising demand, the net share of lenders reporting demand growth over the prior three months increased significantly to the highest level in two years across all loan types. Similarly, the net share expecting demand growth remains negative but also improved to the highest level in two years.
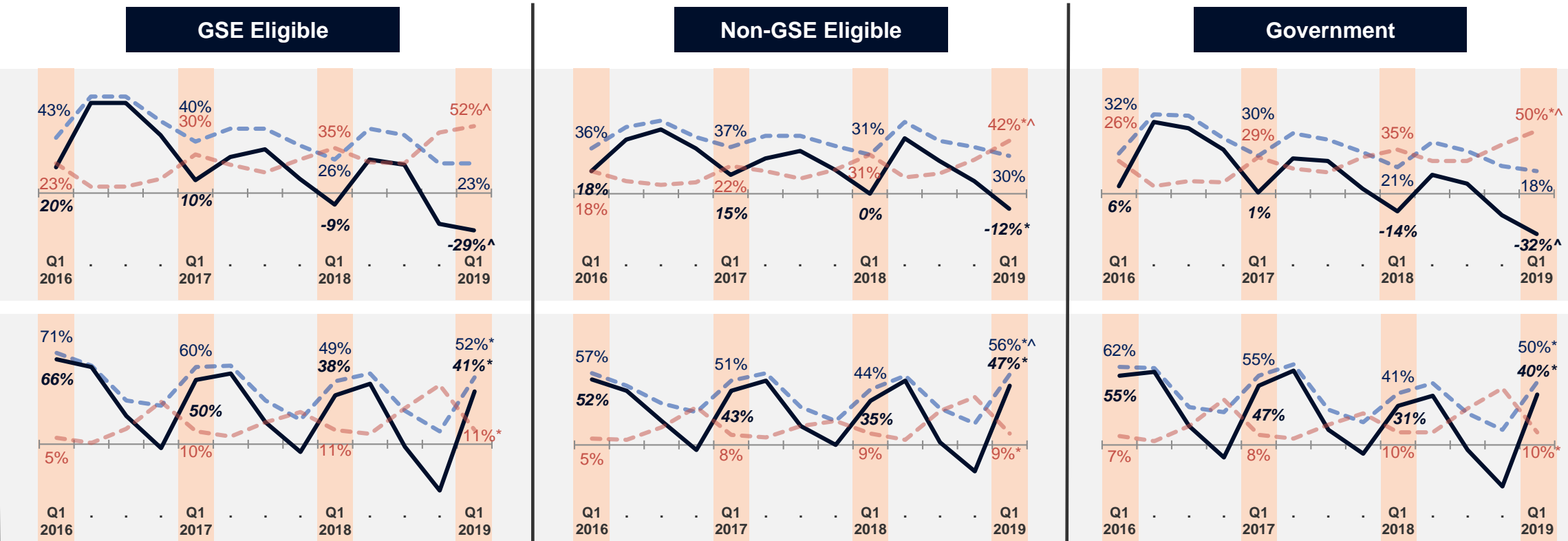
Legend:
- Up (blue dashed)
- Down (red dashed)
- Net Up + (black solid)

GSE Eligible — Past 3 Months
- 39%, 66%, 62%, 50%*^
- 26%, 14%, 8%, 18%*^
- -13%, -52%, -54%, -32%*^
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Non-GSE Eligible — Past 3 Months
- 32%, 63%, 59%, 46%*^
- 23%, 11%, 11%, 14%*
- -9%, -52%, -48%, -32%*
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Government — Past 3 Months
- 39%, 64%, 60%, 42%*^
- 18%, 11%, 6%, 9%*
- -21%, -53%, -54%, -33%*
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

GSE Eligible — Next 3 Months
- 50%, 54%, 60%, 29%*^
- 39%, 14%, 6%, 25%*^
- 11%, -40%, -54%, -4%*^
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Non-GSE Eligible — Next 3 Months
- 36%, 47%, 57%, 29%*^
- 24%, 14%, 6%, 23%*^
- 12%, -33%, -51%, -6%*^
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Government — Next 3 Months
- 40%, 49%, 61%, 24%*^
- 29%, 15%, 2%, 19%*^
- 11%, -34%, -59%, -5%*^
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

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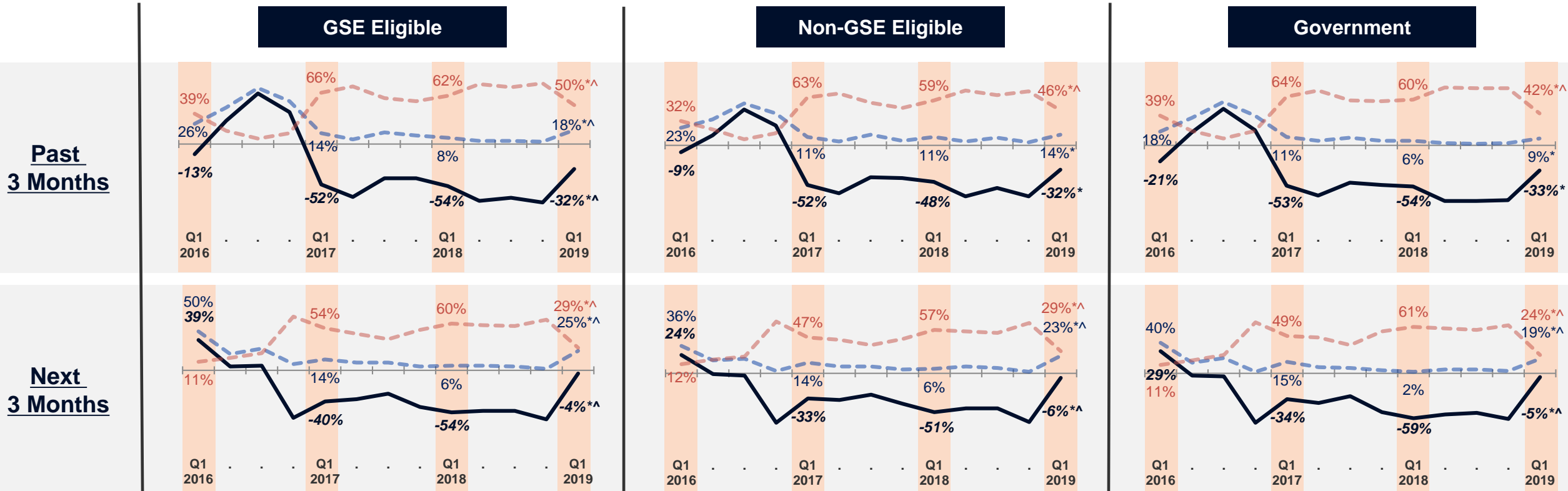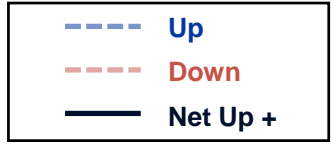*The % saying "stay the same" is not shown*

* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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, lenders on net continued to report easing lending standards at a modest pace across all loan types.

- For GSE eligible loans, the share reporting easing lending standards for the prior three months was only slightly above the share reporting tightening, with the net share reporting easing lending standards reaching the lowest level in four years.

Credit Standards

Lenders on net continued to report easing lending standards at a modest pace across all loan types. For GSE eligible loans, the share reporting easing lending standards for the prior three months was only slightly above the share reporting tightening, with the net share reporting easing lending standards reaching the lowest level in four years.

Legend:
- - - - Ease
- - - - Tighten
——— Net Ease +
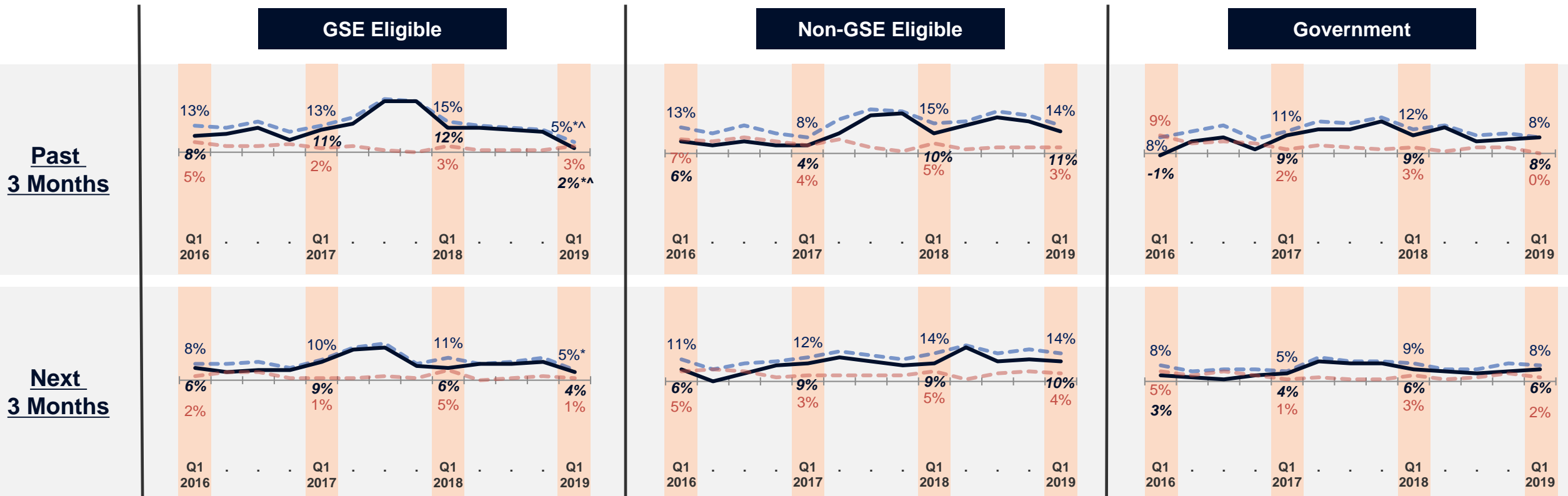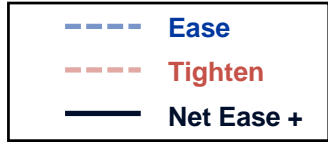
Net Ease + = % of lenders saying ease minus % of lenders saying tighten
The % saying "remain unchanged" is not shown

* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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' net profit margin outlook stayed negative for the tenth consecutive quarter but has improved significantly from the survey low in the prior quarter (Q4 2018) and one year ago.

- For the ninth consecutive quarter, "competition from other lenders" continued to be cited as the top reason for lenders' decreased profit margin outlook. This quarter, "consumer demand" also continues to be the second most important reason.

Lenders' Profit Margin Outlook – Next 3 Months

More lenders expected declining rather than increasing profit margins for the tenth consecutive quarter. However, the net profit margin outlook has improved significantly from the survey low in the prior quarter and one year ago.

Profit Margin Outlook

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
	n=194	n=164	n=190	n=134	n=166	n=176	n=174	n=190	n=184	n=159	n=178	n=202	n=176
Increase	33%	30%	28%	15%	16%	23%	17%	16%	17%	18%	21%	11%	20%*
About the same	49%	53%	55%	39%	46%	48%	54%	46%	35%	47%	38%	45%	51%^
Decrease	19%	18%	17%	46%	38%	29%	29%	38%	48%	35%	41%	45%	28%*^

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

Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
14%	12%	11%	-31%	-22%	-6%	-12%	-22%	-31%	-17%	-20%	-34%	-8%*^

Key Reasons for Expected Increase – Q1 2019

Operational efficiency (i.e. technology)	**47%**
Staffing (personnel costs) reduction	**42%**
Consumer demand	41%
Non-GSE (other investors) pricing and policies	19%
Market trend changes (i.e. shift from refinance to purchase)	11%

Showing data for selected answer choices only. n=36

Key Reasons for Expected Decrease – Q1 2019

Competition from other lenders	**77%**
Consumer demand	**29%**
Staffing (personnel costs)	18%
GSE pricing and policies	17%
Market trend changes (i.e. shift from refinance to purchase)	16%

Showing data for selected answer choices only. n=52

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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

Decreased Profit Margin Outlook – Top Drivers

For the ninth consecutive quarter, "competition from other lenders" continued to be cited as the top reason for lenders' decreased profit margin outlook. This quarter, "consumer demand" also continues to be the second most important reason.

Competition from Other Lenders

Q1 2017	.	.	.	Q1 2018	.	.	.	Q1 2019
66%	71%	74%	75%	78%	78%	71%	74%	77%

Consumer Demand

Q1 2017	.	.	.	Q1 2018	.	.	.	Q1 2019
10%	18%	35%	30%	22%	19%	37%	38%	29%

Staffing

Q1 2017	.	.	.	Q1 2018	.	.	.	Q1 2019
7%	21%	17%	29%	12%	19%	15%	19%	18%

GSE Pricing and Policies

Q1 2017	.	.	.	Q1 2018	.	.	.	Q1 2019
13%	9%	7%	5%	10%	8%	9%	12%	17%
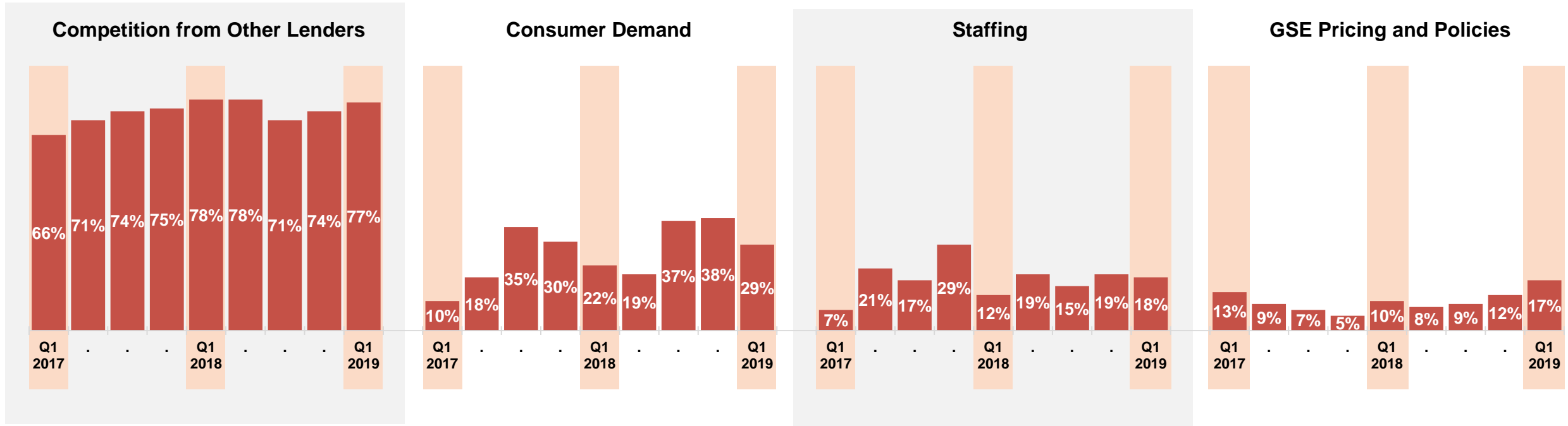
Q: What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)
Total: Q1 2017: N=63 ; Q2 2017: N=49 ; Q3 2017: N=49 ; Q4 2017: N=75 ; Q1 2018: N=85 ; Q2 2018: N=52 ; Q3 2018: N=69 ; Q4 2018: N=87 ; Q1 2019: N=52

Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)*

Increased Profit Margin Outlook – Top Drivers

For the tenth consecutive quarter, "operational efficiency" continued to be cited as the top reason for lenders' increased profit margin outlook. "Staffing reduction" and "consumer demand" continue to be next most important reasons.

Operational Efficiency

Q1 2017				Q1 2018				Q1 2019
55%	59%	51%	62%	43%	58%	64%	65%	47%

Staffing Reduction

Q1 2017				Q1 2018				Q1 2019
9%	8%	17%	16%	15%	13%	44%	32%	42%^

Consumer Demand

Q1 2017				Q1 2018				Q1 2019
44%	40%	42%	22%	34%	56%	22%	21%	41%

Non-GSE Pricing and Policies

Q1 2017				Q1 2018				Q1 2019
7%	3%	17%	13%	8%	15%	6%	21%	19%

Market Trend Changes

Q1 2017				Q1 2018				Q1 2019
33%	33%	28%	34%	41%	31%	9%	0%	11%^

GSE Pricing Policies

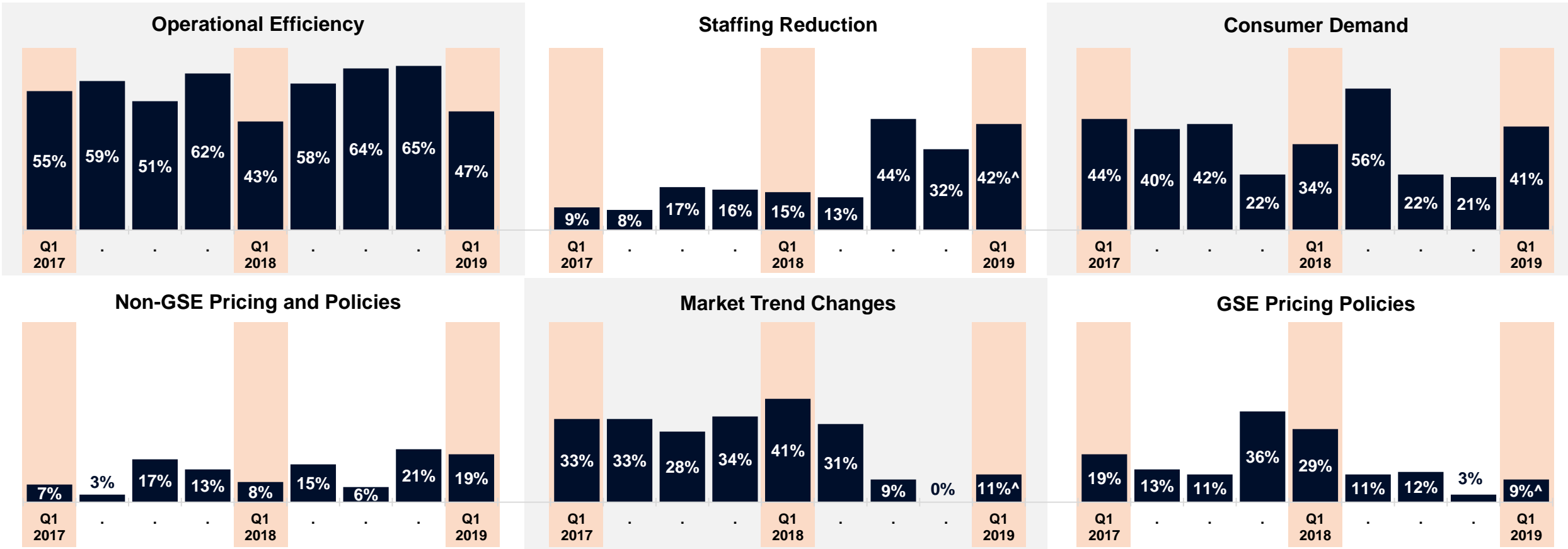| Q1 2017				Q1 2018				Q1 2019
19%	13%	11%	36%	29%	11%	12%	3%	9%^

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: Q1 2017: N=26 ; 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

Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ *Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)*

Appendix

Appendix

Survey Methodology Details

Mortgage Lender Sentiment Survey®

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.
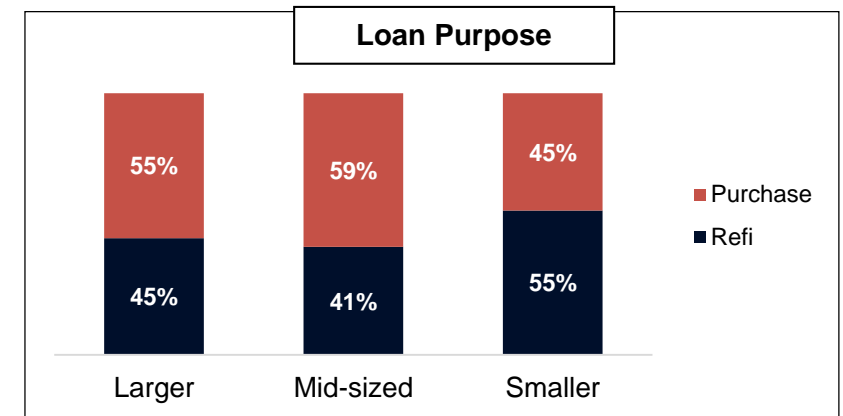
Data Weighting

- 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 who are 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.

Institution Type

	Larger	Mid-sized	Smaller
Other	7%	6%	8%
Mortgage Banks	51%	40%	10%
Credit Union	4%	20%	35%
Depository Institution	37%	34%	47%

Loan Type

	Larger	Mid-sized	Smaller
Government	23%	23%	14%
Jumbo	20%	17%	18%
Conforming	57%	60%	69%

Loan Purpose

	Larger	Mid-sized	Smaller
Purchase	55%	59%	45%
Refi	45%	41%	55%
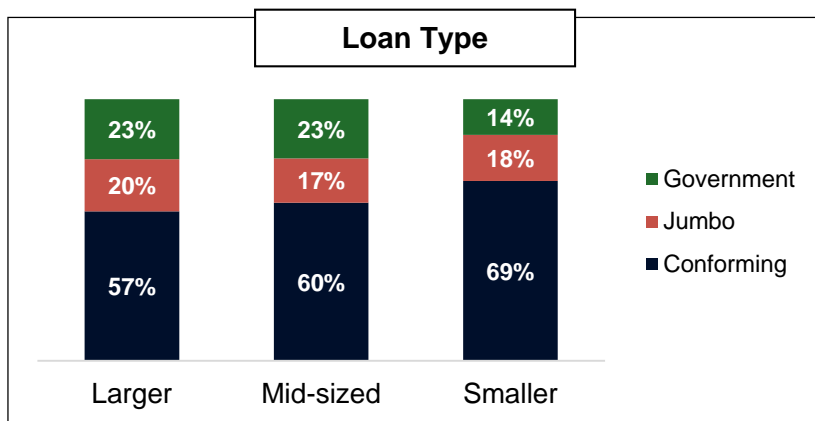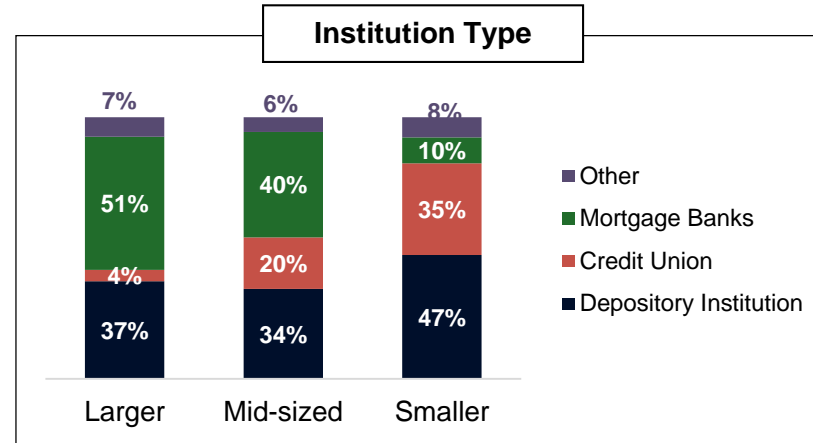
Note: Government loans include FHA loans, VA loans and other non-conventional loans from Marketrac.

Sample Sizes

		Q1 2017 Sample Size	Q1 2017 Margin of Error	Q2 2017 Sample Size	Q2 2017 Margin of Error	Q3 2017 Sample Size	Q3 2017 Margin of Error	Q4 2017 Sample Size	Q4 2017 Margin of Error	Q1 2018 Sample Size	Q1 2018 Margin of Error	Q2 2018 Sample Size	Q2 2018 Margin of Error	Q3 2018 Sample Size	Q3 2018 Margin of Error	Q4 2018 Sample Size	Q4 2018 Margin of Error	Q1 2019 Sample Size	Q1 2019 Margin of Error
Total Lending Institutions		**177**	**±7.18%**	**184**	**±7.22%**	**190**	**±6.64%**	**196**	**±6.42%**	**196**	**±6.43%**	**170**	**±7.04%**	**184**	±6.78%	**212**	**±6.52%**	**184**	**±7.03%**
Loan Origination Volume Groups	Larger Institutions	58	±12.76%	54	±13.34%	58	±11.16%	72	±9.47%	64	±10.32%	40	±13.79%	45	±12.83%	59	±12.36%	49	±13.62%
	Mid-sized Institutions	47	±14.20%	58	±12.87%	66	±10.69%	55	±11.78%	51	±12.36%	36	±15.07%	42	±13.73%	58	±12.47%	43	±14.59%
	Smaller Institutions	72	±11.43%	72	±11.55%	66	±11.65%	69	±11.25%	81	±10.30%	94	±9.60%	97	±9.51%	95	±9.74%	92	±9.92%
Institution Type	Mortgage Banks	53	±13.36%	58	±12.87%	73	±10.12%	74	±9.88%	69	±10.36%	56	±11.87%	66	±10.89%	76	±10.80%	53	±13.05%
	Depository Institutions	72	±11.43%	82	±10.82%	75	±10.71%	77	±10.37%	63	±11.63%	67	±11.29%	68	±11.31%	88	±10.15%	79	±10.72%
	Credit Unions	44	±14.68%	36	±16.33%	38	±15.18%	37	±15.27%	56	±12.04%	34	±16.05%	39	±14.96%	38	±15.48%	33	±16.69%

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

2019 Q1 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	**184**	**49**	**43**	**92**
Mortgage Banks (non-depository)	53	21	21	11
Depository Institutions	79	18	15	46
Credit Unions	33	1	6	26

2019 Q1 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	**184**	**166**	**156**	**184**	**168**	**157**
Larger Institutions	49	47	46	49	47	46
Mid-sized Institutions	43	39	39	43	40	39
Smaller Institutions	92	80	72	92	81	72

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	**178**	**158**	**144**	**178**	**162**	**143**
Larger Institutions	47	43	44	47	45	44
Mid-sized Institutions	42	37	38	42	39	38
Smaller Institutions	89	78	62	89	78	61

2019 Q1 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	**183**	**166**	**153**	**183**	**166**	**153**
Larger Institutions	49	47	46	49	47	46
Mid-sized Institutions	43	39	39	43	39	39
Smaller Institutions	91	80	68	91	80	68

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 purchase mortgages go up, go down, or stay the same? GSE Eligible (Q1 2019)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q4 "Total"
Go up	25%	18%	26%	23% [(25% + 18% + 26%)/3]
Stayed the same	27%	27%	18%	24%
Go down	48%	55%	55%	52%

GSE Eligible
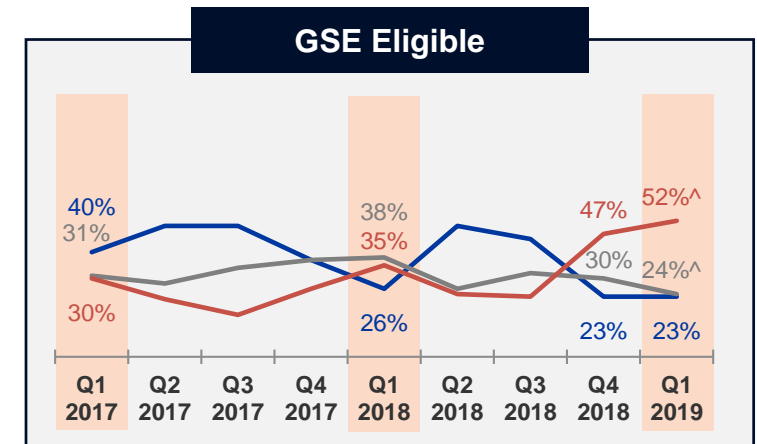
Appendix

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**
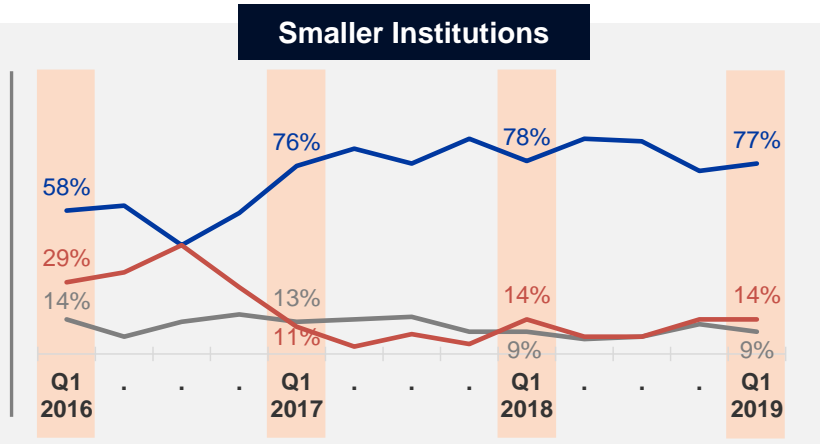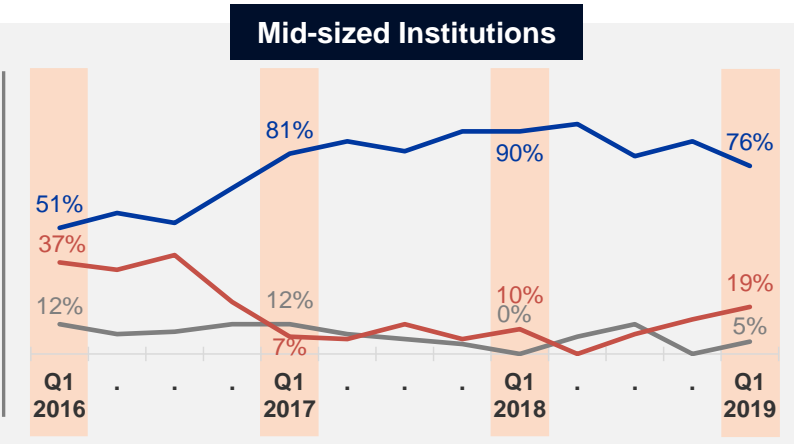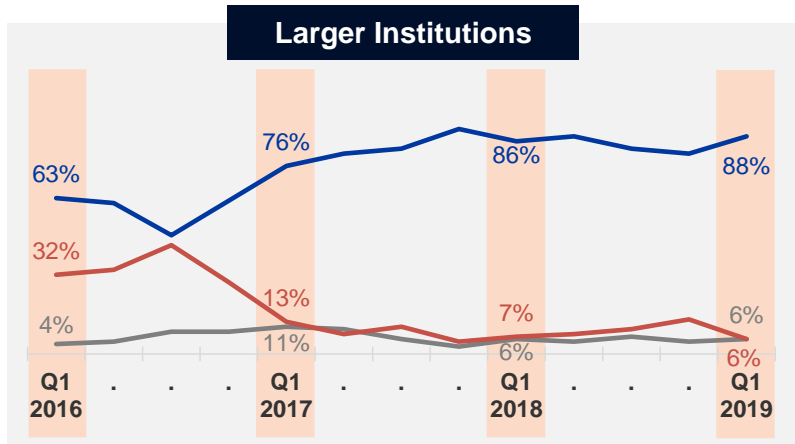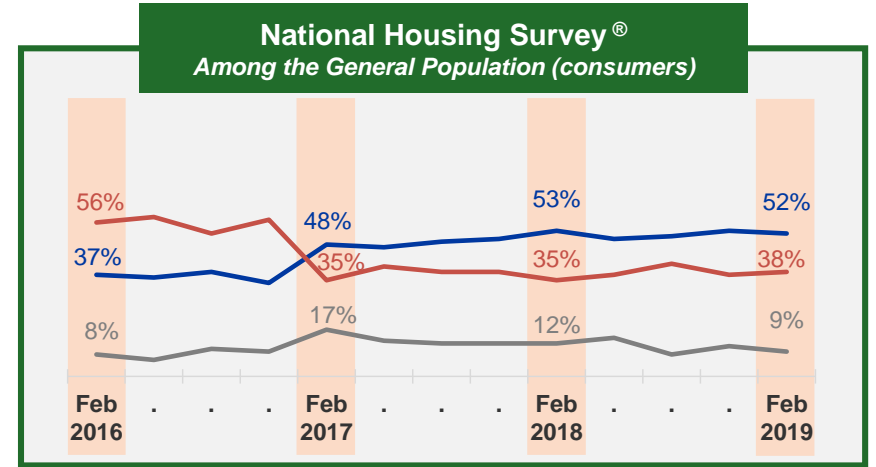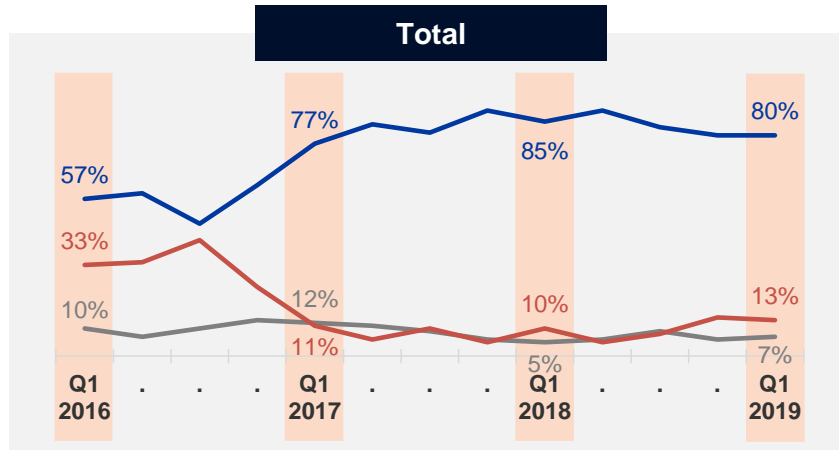
Total

57%
77%
85%
80%
33%
10%
12%
11%
10%
13%
7%

Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

56%
48%
53%
52%
37%
35%
35%
38%
8%
17%
12%
9%

Feb 2016 . . . Feb 2017 . . . Feb 2018 . . . Feb 2019

Larger Institutions

63%
76%
86%
88%
32%
13%
7%
6%
4%
11%
6%
6%

Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Mid-sized Institutions

81%
90%
76%
51%
37%
12%
10%
19%
12%
7%
0%
5%

Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Smaller Institutions

76%
78%
77%
58%
29%
13%
14%
14%
14%
11%
9%
9%

Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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?

Total

Q1 2016	Q1 2017	Q1 2018	Q1 2019
59%	76%	69%	49%^
37%	18%	22%	35%^
4%	6%	7%	15%*^
2.0%	2.8%	2.9%	0.6%

National Housing Survey®
Among the General Population (consumers)

Feb 2016	Feb 2017	Feb 2018	Feb 2019
44%	53%	52%	43%
40%	32%	35%	41%
11%	8%	7%	10%
1.7%	3.2%	3.3%	2.5%

Larger Institutions

Q1 2016	Q1 2017	Q1 2018	Q1 2019
64%	75%	67%	53%^
31%	16%	26%	34%^
4%	7%	5%	12%
2.1%	2.6%	2.9%	0.6%

Mid-sized Institutions

Q1 2016	Q1 2017	Q1 2018	Q1 2019
64%	85%	71%	44%^ / 37%^
35%	10%	18%	
1%	5%	12%	19%
2.3%	3.4%	3.0%	0.6%

Smaller Institutions

Q1 2016	Q1 2017	Q1 2018	Q1 2019
49%	67%	70%	49%^
45%	28%	23%	35%^
6%	5%	5%	15%
1.8%	2.4%	3.0%	0.7%

* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
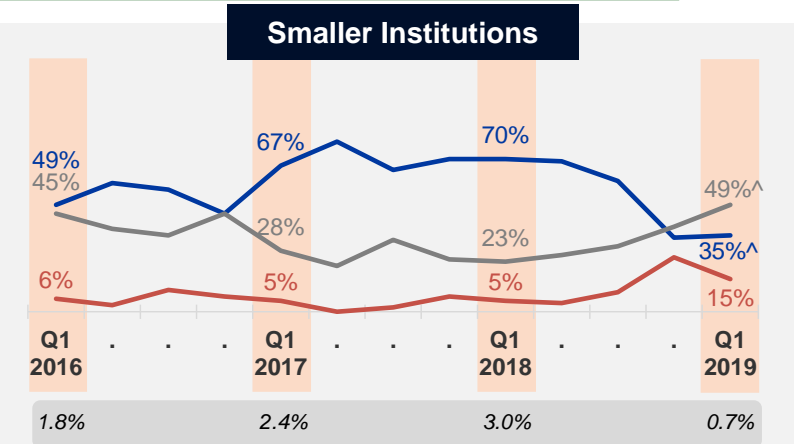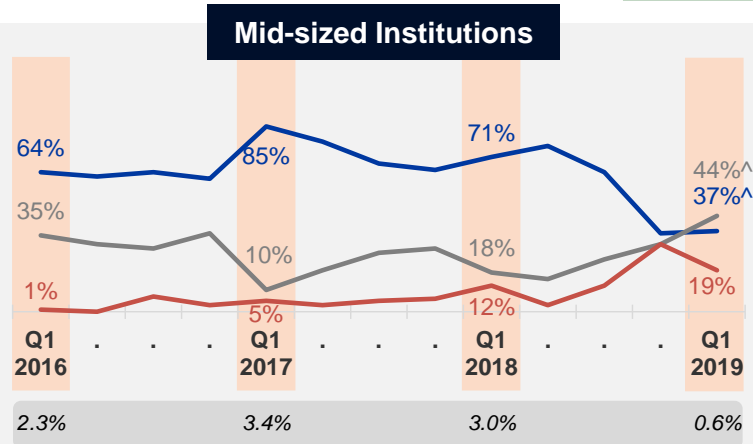^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

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)
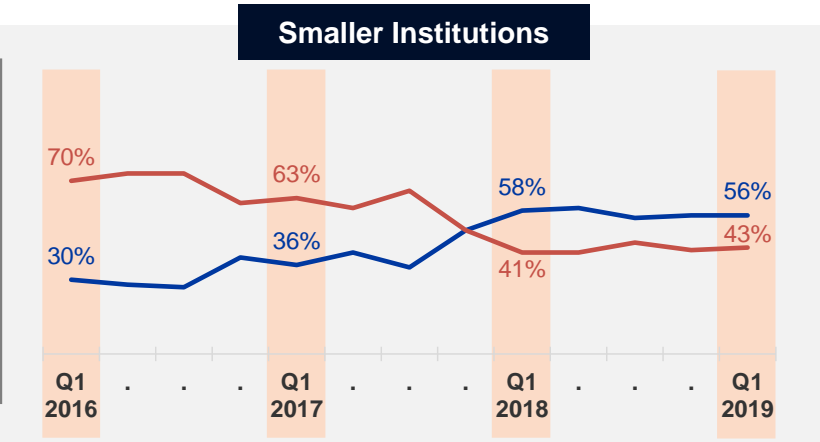
Total

68% 65% 52% 56%
31% 35% 46% 44%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

National Housing Survey ®
Among the General Population (consumers)

54% 56% 57% 58%
43% 40% 41% 40%

Feb 2016 · · · Feb 2017 · · · Feb 2018 · · · Feb 2019

Larger Institutions

69% 73% 50% 60%
30% 27% 48% 40%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

Mid-sized Institutions

66% 59% 51% 53%
35% 40% 49% 47%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

Smaller Institutions

70% 63% 58% 56%
30% 36% 41% 43%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)
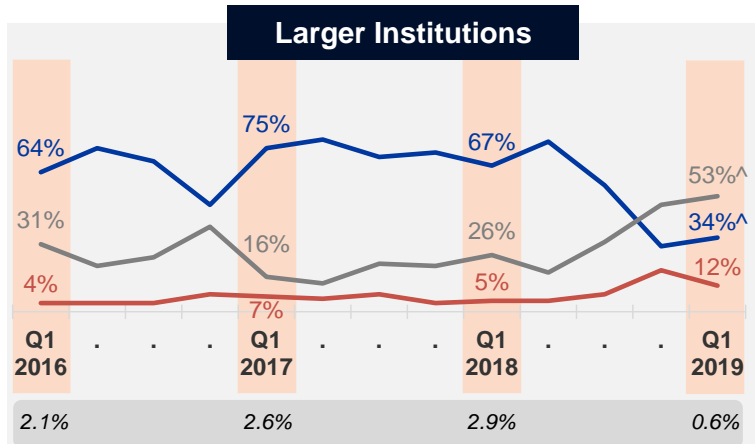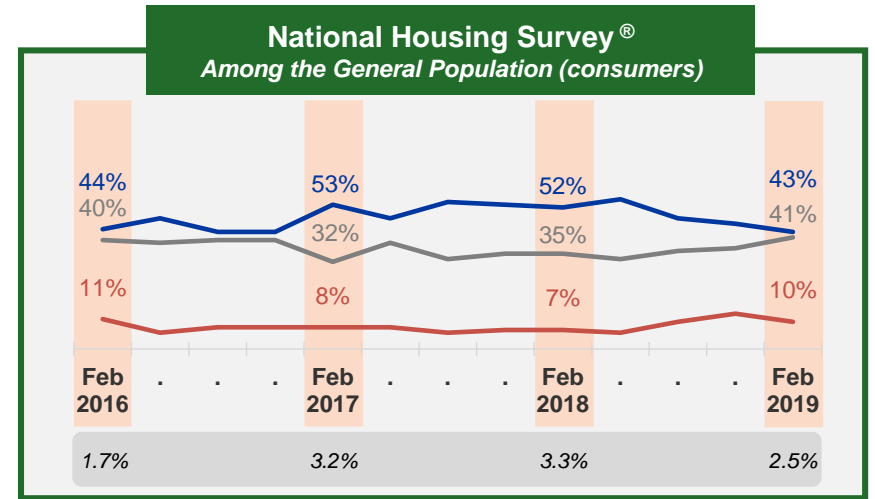
National Housing Survey: http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html

Appendix

Consumer Demand
(Purchase Mortgages)

Purchase Mortgage Demand: <u>GSE Eligible (by institution size)</u>

Larger Institutions

Past 3 Months
- 41%, 25%, 16% (Q1 2016)
- 32%, 31%, -1% (Q1 2017)
- 39%, 28%, -11% (Q1 2018)
- 48%, 25%, -23% (Q1 2019)

Next 3 Months
- 79%, 75%, 4% (Q1 2016)
- 66%, 52%, 14% (Q1 2017)
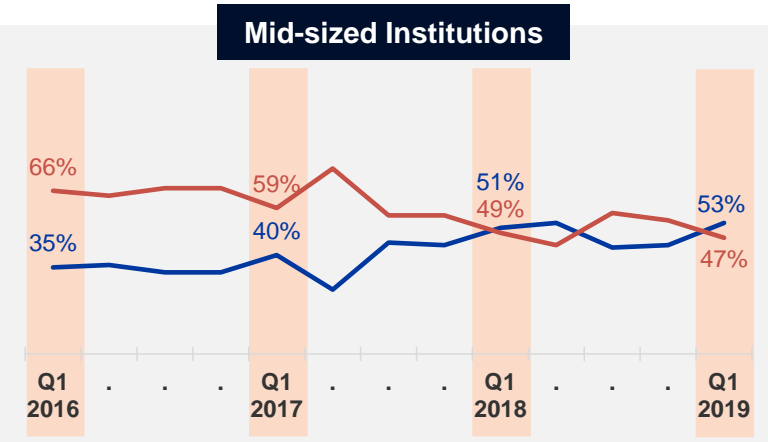- 52%, 44%, 8% (Q1 2018)
- 56%*S, 50%*S, 6%* (Q1 2019)

Mid-sized Institutions

Past 3 Months
- 43%, 26%, 17% (Q1 2016)
- 42%, 29%, 13% (Q1 2017)
- 39%, 26%, -13% (Q1 2018)
- 55%, 18%, -37% (Q1 2019)

Next 3 Months
- 72%, 69%, 3% (Q1 2016)
- 63%, 58%, 5% (Q1 2017)
- 46%, 38%, 8% (Q1 2018)
- 60%*S, 52%*S, 8%* (Q1 2019)

Smaller Institutions

Past 3 Months
- 45%, 24%, 21% (Q1 2016)
- 47%, 27%, 20% (Q1 2017)
- 28%, 26%, -2% (Q1 2018)
- 55%^, 26%, -29%^ (Q1 2019)

Next 3 Months
- 62%, 53%, 9% (Q1 2016)
- 50%, 38%, 12% (Q1 2017)
- 47%, 31%, 16% (Q1 2018)
- 38%*, 19%*, 19%* (Q1 2019)

Legend:
- - - - Up
- - - - Down
——— Net Up +

Q: 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? *"Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat*

Q: Over the <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>purchase</u> mortgages to go up, go down, or stay the same? *"Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat*
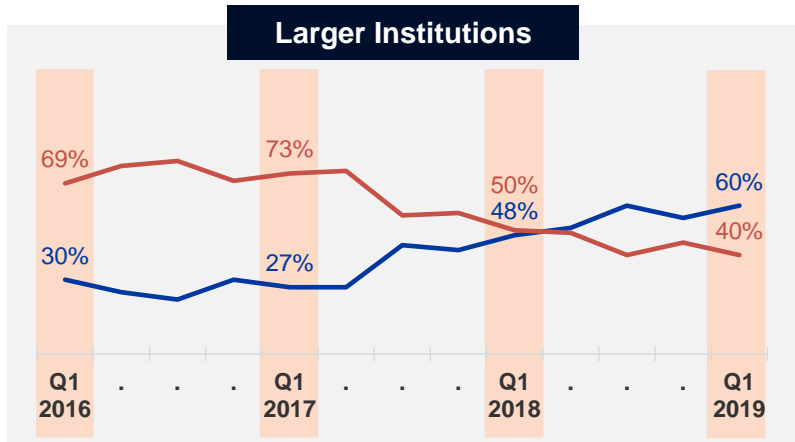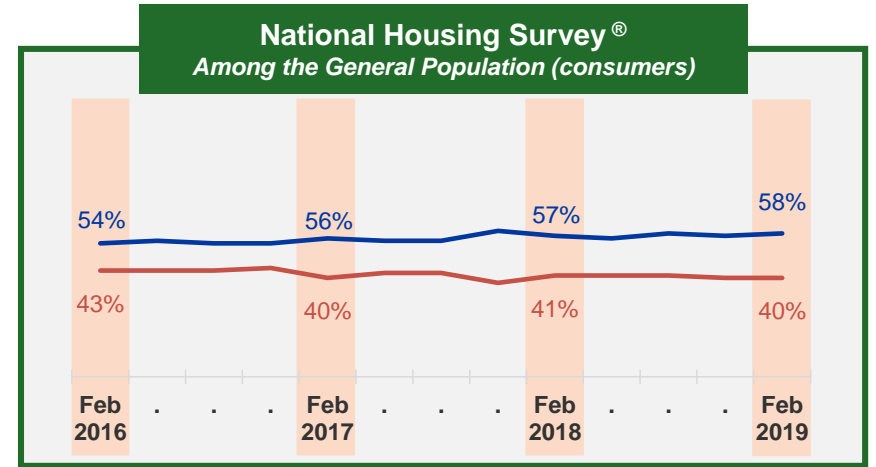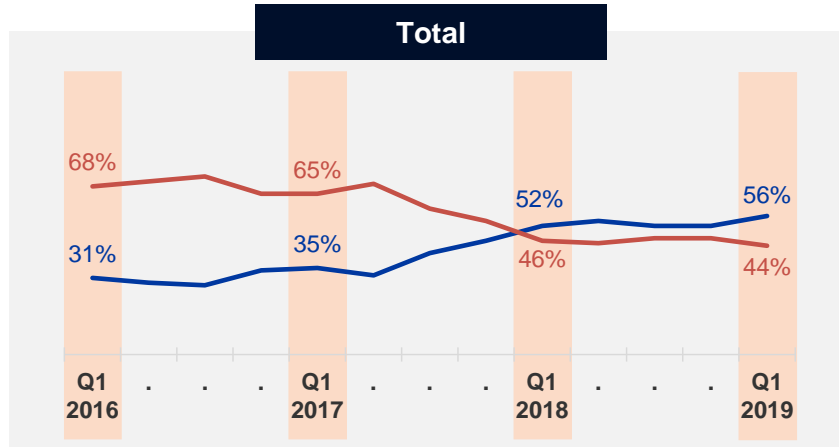
* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

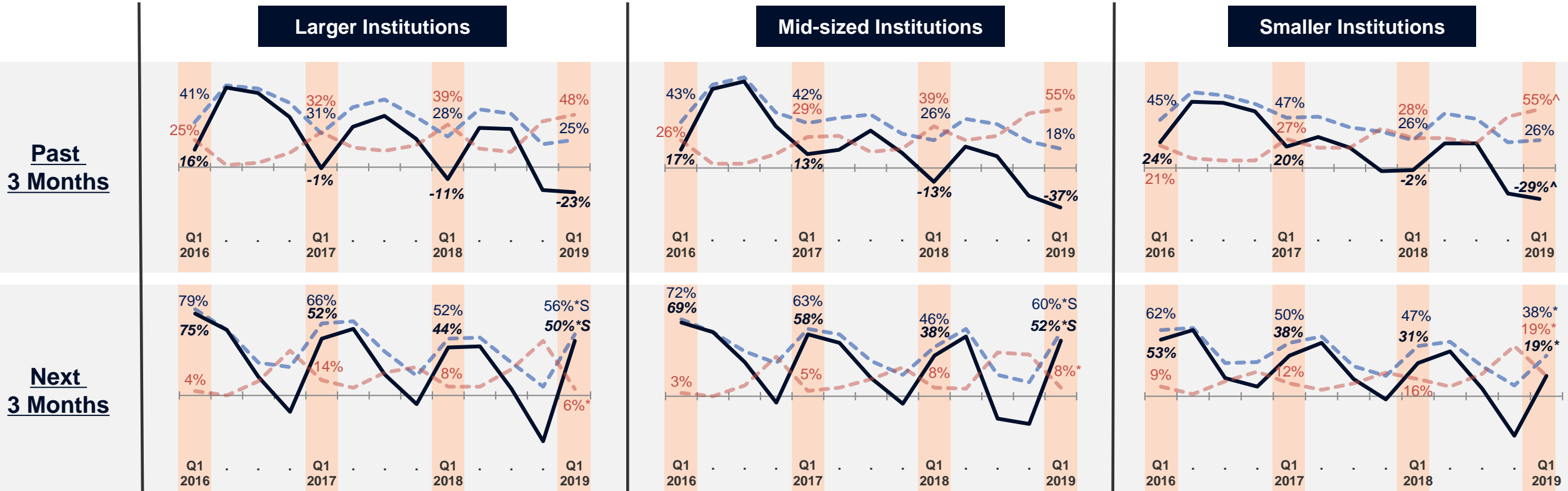*L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level*

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

Purchase Mortgage Demand: <u>GSE Eligible (by institution type)</u>

Purchase Mortgage Demand: <u>Non-GSE Eligible (by institution size)</u>

Larger Institutions

Mid-sized Institutions

Smaller Institutions

Past 3 Months

Larger Institutions:
- 35% / 22% / **13%** (Q1 2016)
- 31% / 21% / **10%** (Q1 2017)
- 34% / 28% / **-6%** (Q1 2018)
- 38% / 35% / **3%** (Q1 2019)

Mid-sized Institutions:
- 35% / 20% / **15%** (Q1 2016)
- 40% / 26% / **14%** (Q1 2017)
- 38% / 28% / **-10%** (Q1 2018)
- 46%* / 23% / **-23%*** (Q1 2019)

Smaller Institutions:
- 37% / 24% / 13% (Q1 2016)
- 39% / 21% / 18% (Q1 2017)
- 37% / 23% / **14%** (Q1 2018)
- 44%*^ / 27% / **-17%^** (Q1 2019)

Next 3 Months

Larger Institutions:
- 71% / **66%** / 5% (Q1 2016)
- 59% / **51%** / 8% (Q1 2017)
- 43% / **36%** / 7% (Q1 2018)
- 59%* / **54%*S** / 5%* (Q1 2019)

Mid-sized Institutions:
- 54% / **51%** / 3% (Q1 2016)
- 53% / **44%** / 9% (Q1 2017)
- 43% / **37%** / 6% (Q1 2018)
- 67%*^S / **58%*S** / 9%* (Q1 2019)

Smaller Institutions:
- 42% / **32%** / 10% (Q1 2016)
- 41% / **35%** / 6% (Q1 2017)
- 45% / **31%** / 14% (Q1 2018)
- 42%* / **29%*** / 13%* (Q1 2019)

- - - Up
- - - Down
—— Net Up +

Q: 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? *"Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat*
Q: Over the <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>purchase</u> 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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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

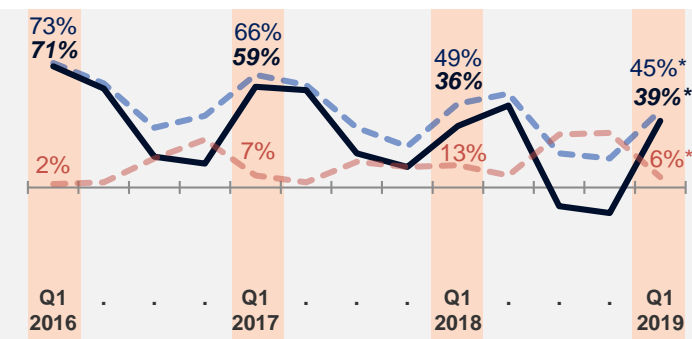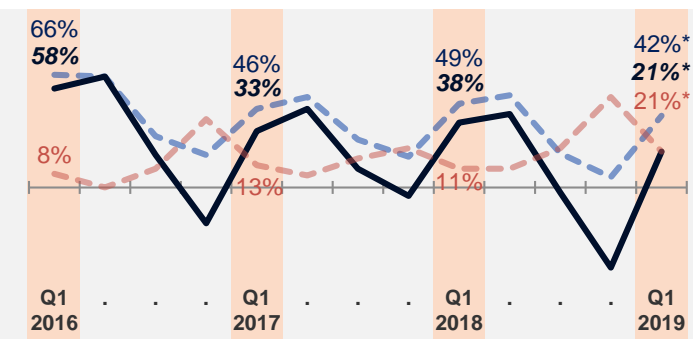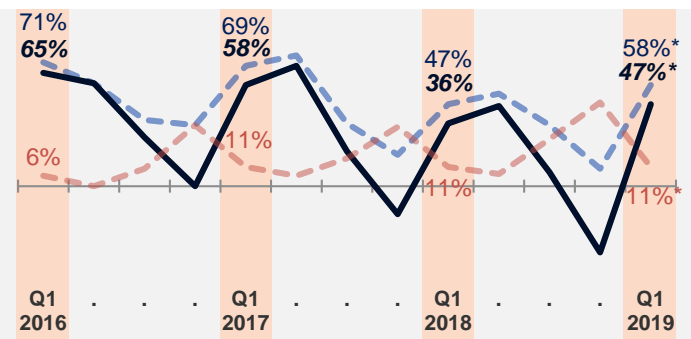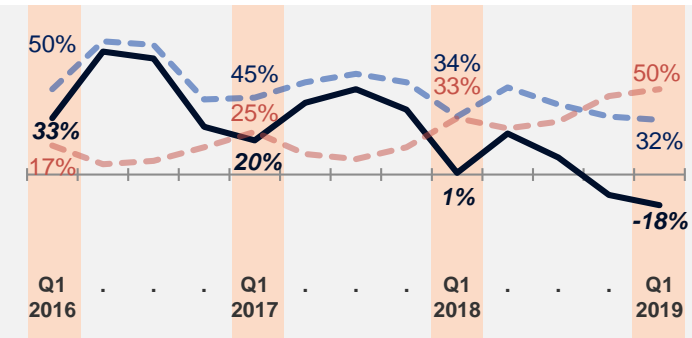# Purchase Mortgage Demand: <u>Non-GSE Eligible (by institution type)</u>

	Mortgage Banks	Depository Institutions	Credit Unions

Past 3 Months

Mortgage Banks: 23%, 23%, 0% (Q1 2016); 26%, 23%, -3% (Q1 2017); 30%, 29%, -1% (Q1 2018); 37%, 36%, 1% (Q1 2019)

Depository Institutions: 34%, 19%, 15% (Q1 2016); 36%, 25%, 11% (Q1 2017); 36%, 28%, -8% (Q1 2018); 46%*, 23%, -23%* (Q1 2019)

Credit Unions: 52%, 41%, 11% (Q1 2016); 46%, 31%, 15% (Q1 2017); 37%, 24%, 13% (Q1 2018); 49%*^, 33%, -16% (Q1 2019)

Next 3 Months

Mortgage Banks: 55%, 47%, 8% (Q1 2016); 50%, 43%, 7% (Q1 2017); 40%, 28%, 12% (Q1 2018); 65%*^D, 61%*^D, 4%* (Q1 2019)

Depository Institutions: 50%, 42%, 8% (Q1 2016); 42%, 30%, 12% (Q1 2017); 42%, 33%, 9% (Q1 2018); 46%*, 27%*, 19%*M (Q1 2019)

Credit Unions: 65%, 63%, 2% (Q1 2016); 60%, 58%, 2% (Q1 2017); 48%, 38%, 10% (Q1 2018); 45%, 43%*, 2%* (Q1 2019)

Legend:
- Up (dashed)
- Down (dashed)
- Net Up +

Purchase Mortgage Demand: <u>Government (by institution size)</u>

Larger Institutions

Mid-sized Institutions

Smaller Institutions

Past 3 Months

Next 3 Months

Legend:
- - - **Up**
- - - **Down**
—— **Net Up +**

Q: 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? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat

Q: Over the <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>purchase</u> 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 Q4 2018 (previous quarter)
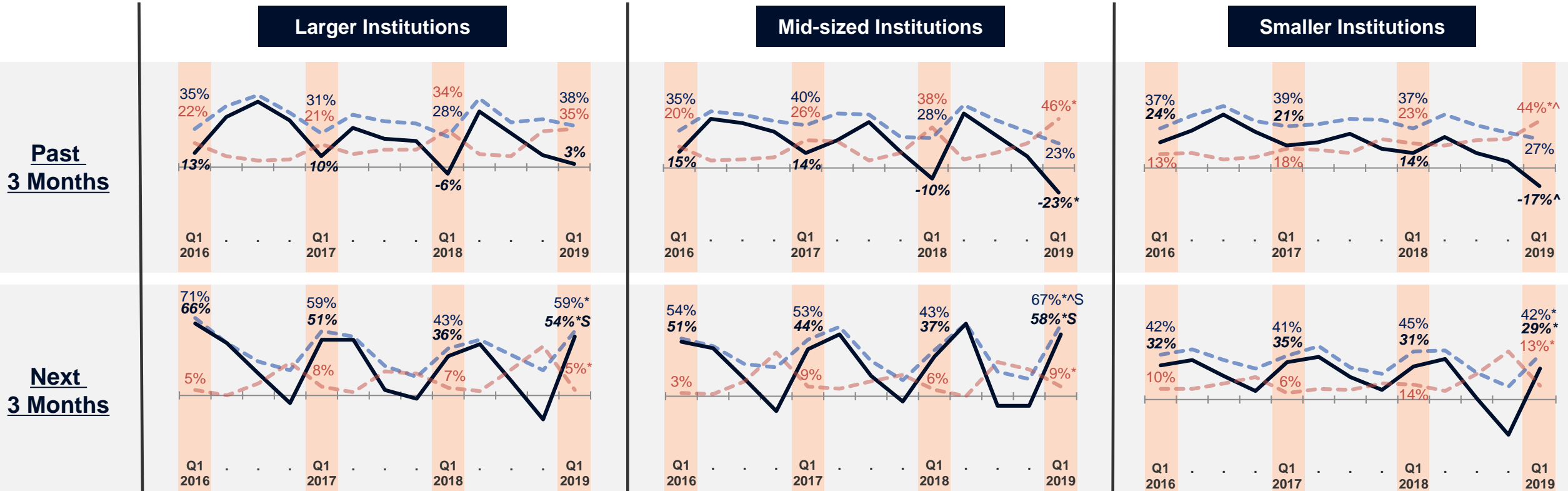^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

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: <u>Government (by institution type)</u>

Mortgage Banks

Depository Institutions

Credit Unions

Past 3 Months

Mortgage Banks: 37%, 35%, 2%, 33%, 28%, 5%, 35%, 29%, -6%, 50%, 25%, -25%
Q1 2016, Q1 2017, Q1 2018, Q1 2019

Depository Institutions: 29%, 21%, 8%, 30%, 25%, -5%, 39%, 10%, -29%, 51%, 14%, -37%
Q1 2016, Q1 2017, Q1 2018, Q1 2019

Credit Unions: 37%, 20%, 17%, 31%, 26%, 21%, 5%, 24%, -3%, 45%*, 10%*, -35%*
Q1 2016, Q1 2017, Q1 2018, Q1 2019

Next 3 Months

Mortgage Banks: 63%, 57%, 6%, 64%, 53%, 11%, 44%, 32%, 12%, 56%*, 45%*, 11%*
Q1 2016, Q1 2017, Q1 2018, Q1 2019

Depository Institutions: 65%, 56%, 9%, 42%, 32%, 10%, 47%, 38%, 9%, 39%*, 25%*, 14%*
Q1 2016, Q1 2017, Q1 2018, Q1 2019

Credit Unions: 59%, 53%, 6%, 65%, 65%, 0%, 27%, 20%, 7%, 39%, 35%*, 4%*
Q1 2016, Q1 2017, Q1 2018, Q1 2019

- - - - **Up**
- - - - **Down**
—— **Net Up +**

Q: 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? *"Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat*
Q: Over the <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>purchase</u> mortgages to go up, go down, or stay the same? *"Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat*
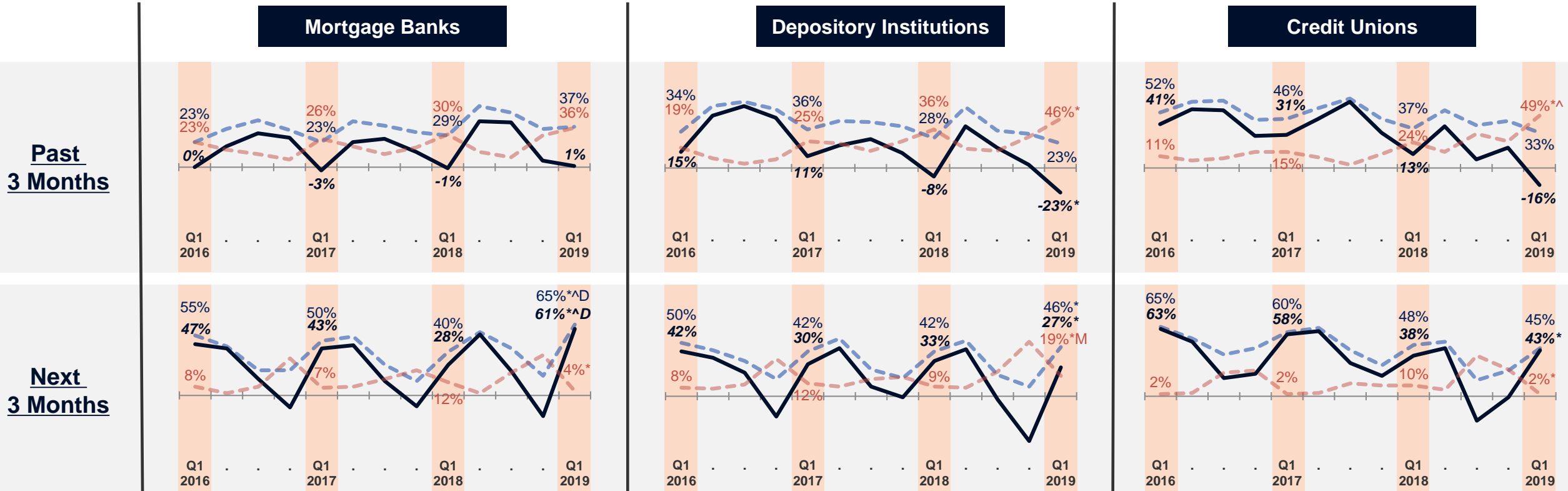
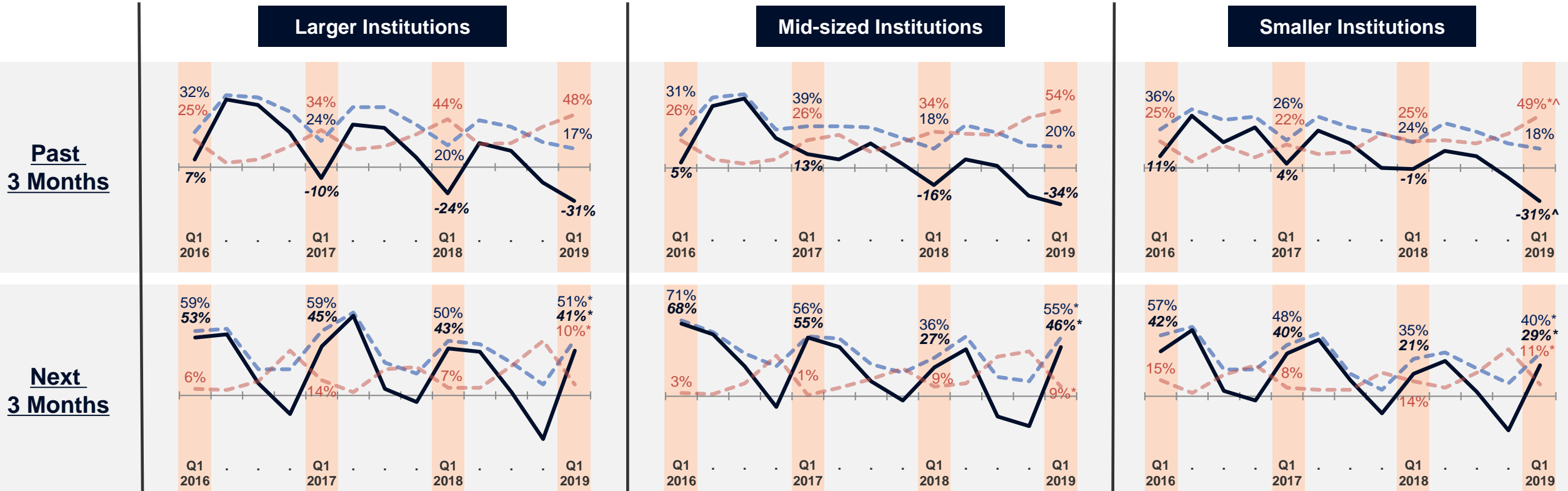** Denotes a statistically significant change compared with Q4 2018 (previous quarter)*
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

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=137

- **Rising interest rates**
- **Lack of Inventory/Seasonality**
- **Economic conditions/Strategic changes**

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)

"Interest rates were going up and prices were not coming down enough. Basically affordability was an issue." – *Larger Institution*

"Government shutdown, low inventory and cold weather." – *Mid-sized Institution*

"Lack of inventory and intense non bank competition." – *Mid-sized Institution*

"The time of year along with it is now a purchase market with rates going up." – *Smaller Institution*

"The non GSE loans. Our portfolio product purchased loans." – *Larger Institution*

"Favorable interest rates environment and softening of home prices." – *Mid-sized Institution*

"We are primarily an arm lender and our GSE business is secondary. The mortgage back securities have dropped in price which has provided more opportunity in the fixed space." – *Mid-sized Institution*

"Shrinking Refinance Pool and what is remaining is the purchase pool. Interest rate hike also drove more people to rush in to close loans to lock rate." – *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=	88	27	26	36	
Economic conditions (e.g., employment) overall are favorable	44%	48%	34%	52%	25%
Mortgage rates are favorable	41%	34%	44%	45%	29%
There are many homes available on the market	8%	9%	10%	3%	17%
Home prices are low	0%	0%	0%	0%	7%
It is easy to qualify for a mortgage	0%	0%	0%	0%	5%

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=	24	3	4	18	
Home prices are high	36%	17%	57%	33%	45%
There are not many homes available on the market	28%	50%	0%	33%	2%
Economic conditions (e.g., employment) overall are not favorable	17%	0%	29%	17%	22%
Mortgage rates are not favorable	12%	33%	0%	11%	10%
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=	88	28	26	34	
Economic conditions (e.g., employment) overall are favorable	34%	43%	20%	46%	25%
Mortgage rates are favorable	31%	22%	41%	30%	29%
It is easy to qualify for a mortgage	11%	17%	8%	9%	5%
There are many homes available on the market	8%	5%	9%	9%	17%
Home prices are low	1%	4%	0%	0%	7%

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=	17	2	4	11	
Home prices are high	44%	40%	57%	36%	45%
Economic conditions (e.g., employment) overall are not favorable	18%	0%	29%	18%	22%
There are not many homes available on the market	17%	0%	0%	36%	2%
Mortgage rates are not favorable	12%	60%	0%	0%	10%
It is difficult to qualify for a mortgage	4%	0%	0%	9%	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=	74	24	22	29	
Economic conditions (e.g., employment) overall are favorable	35%	46%	29%	28%	25%
Mortgage rates are favorable	35%	18%	36%	59%	29%
It is easy to qualify for a mortgage	11%	19%	7%	7%	5%
There are many homes available on the market	6%	4%	9%	3%	17%
Home prices are low	1%	0%	0%	3%	7%

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=	16	4	4	8	
Home prices are high	29%	22%	29%	38%	45%
Economic conditions (e.g., employment) overall are not favorable	17%	0%	29%	25%	22%
Mortgage rates are not favorable	16%	44%	0%	0%	10%
There are not many homes available on the market	16%	11%	0%	38%	2%
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.

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=	Q1 2017 19	Q2 2017 12	Q3 2017 31	Q4 2017 48	Q1 2018 22	Q2 2018 13	Q3 2018 47	Q4 2018 95	Q1 2019 24
Home prices are high	39%	48%	47%	41%	47%	74%	66%	62%	65%
There are not many homes available on the market	34%	73%	82%	74%	64%	83%	69%	45%	57%
Economic conditions (e.g., employment) overall are not favorable	12%	7%	12%	15%	13%	5%	8%	11%	30%*
Mortgage rates are not favorable	74%	25%	20%	23%	67%	26%	44%	64%	22%*^
It is difficult to qualify for a mortgage	24%	30%	16%	12%	4%	0%	1%	3%	6%

Non-GSE Eligible N=	Q1 2017 13	Q2 2017 11	Q3 2017 25	Q4 2017 32	Q1 2018 17	Q2 2018 7	Q3 2018 44	Q4 2018 76	Q1 2019 17
Home prices are high	38%	44%	53%	37%	27%	54%	65%	60%	70%^
There are not many homes available on the market	18%	41%	84%	65%	61%	79%	61%	41%	38%
Economic conditions (e.g., employment) overall are not favorable	10%	26%	15%	11%	18%	10%	9%	9%	36%*
Mortgage rates are not favorable	77%	43%	19%	21%	64%	21%	47%	70%	26%*^
It is difficult to qualify for a mortgage	52%	28%	12%	23%	16%	25%	8%	6%	17%

Government N=	Q1 2017 12	Q2 2017 8	Q3 2017 25	Q4 2017 38	Q1 2018 16	Q2 2018 12	Q3 2018 43	Q4 2018 81	Q1 2019 16
Home prices are high	24%	53%	47%	40%	36%	45%	65%	51%	51%
Mortgage rates are not favorable	75%	22%	18%	22%	56%	31%	44%	64%	37%*
There are not many homes available on the market	37%	65%	81%	72%	66%	73%	54%	46%	37%
It is difficult to qualify for a mortgage	33%	37%	13%	8%	13%	0%	10%	8%	20%
Economic conditions (e.g., employment) overall are not favorable	22%	12%	27%	15%	19%	4%	9%	15%	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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

Appendix

Consumer Demand
(Refinance Mortgages)

Refinance Mortgage Demand: <u>GSE Eligible (by institution size)</u>

Larger Institutions

Mid-sized Institutions

Smaller Institutions

Past 3 Months

Larger Institutions (Past 3 Months): 44%, 28%, 74%, 15%, 70%, 8%, 42%*^, 26%*^S, -16%, -59%, -62%, -16%*^S

Mid-sized Institutions (Past 3 Months): 39%, 27%, 72%, 11%, 65%, 6%, 40%*^, 21%, -12%, -61%, -59%, -19%*^S

Smaller Institutions (Past 3 Months): 36%, 21%, 53%, 17%, 54%, 9%, 66%L/M, 8%, -15%, -36%, -45%, -58%

Next 3 Months

Larger Institutions (Next 3 Months): 58%, 52%, 60%, 12%, 68%, 6%, 29%*^S, 25%*^, 6%, -48%, -62%, 4%*^S

Mid-sized Institutions (Next 3 Months): 54%, 43%, 50%, 17%, 60%, 0%, 39%*^S, 25%*^, 14%*^S, 11%, -33%, -60%

Smaller Institutions (Next 3 Months): 36%, 20%, 53%, 14%, 53%, 12%, 40%*, 16%, -39%, -41%, -33%*, 7%*

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

- - - **Up**
- - - **Down**
——— **Net Up +**

Q: Over the <u>past three months</u>, apart from normal seasonal variation, did your firm's consumer demand for single-family <u>refinance</u> 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 <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>refinance</u> 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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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: <u>GSE Eligible (by institution type)</u>

Mortgage Banks / **Depository Institutions** / **Credit Unions**

Past 3 Months

Mortgage Banks: 42% / 25% → 72% / 12% → 61% / 7% → 36%*^ / 19%* ; Net Up: -17%, -60%, -54%, -17%*^D (Q1 2016, Q1 2017, Q1 2018, Q1 2019)

Depository Institutions: 42% / 24% → 70% / 12% → 66% / 8% → 60%*M / 12% ; Net Up: -18%, -58%, -58%, -48%* (Q1 2016, Q1 2017, Q1 2018, Q1 2019)

Credit Unions: 32% / 29% → 54% / 19% → 58% / 9% → 67%M / 18%* ; Net Up: -3%, -35%, -49%, -49% (Q1 2016, Q1 2017, Q1 2018, Q1 2019)

Next 3 Months

Mortgage Banks: 59% / 57% / 2% → 43% / 20% → 63% / 4% → 35%*^D/C / 22%*^ / 13%*^D ; Net Up: -23%, -59% (Q1 2016, Q1 2017, Q1 2018, Q1 2019)

Depository Institutions: 49% / 37% / 12% → 64% / 10% → 61% / 7% → 41%*^M / 15%* / -26%*^ ; Net Up: -54%, -54% (Q1 2016, Q1 2017, Q1 2018, Q1 2019)

Credit Unions: 33% / 24% / 9% → 56% / 12% → 54% / 10% → 26%*^ / 12% / -14%*^ ; Net Up: -44%, -44% (Q1 2016, Q1 2017, Q1 2018, Q1 2019)

Legend:
- - - - **Up**
- - - - **Down**
——— **Net Up +**

Refinance Mortgage Demand: <u>Non-GSE Eligible (by institution size)</u>

Larger Institutions / Mid-sized Institutions / Smaller Institutions charts showing Past 3 Months and Next 3 Months trends from Q1 2016 to Q1 2019.

Legend:
- - - - Up (blue dashed)
- - - - Down (red dashed)
—— Net Up +

Q: Over the <u>past three months</u>, apart from normal seasonal variation, did your firm's consumer demand for single-family <u>refinance</u> 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 <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>refinance</u> 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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

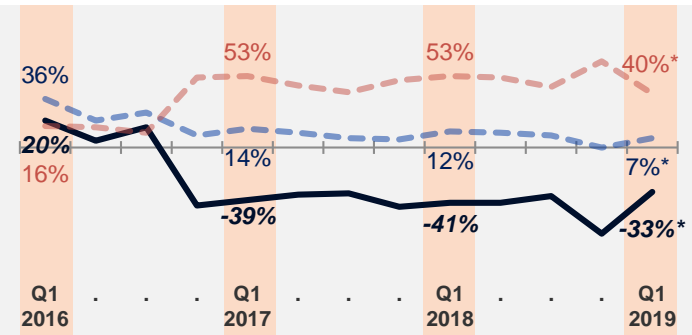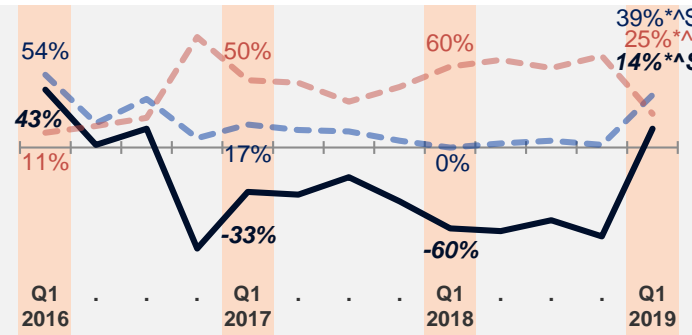*L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level*

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

Refinance Mortgage Demand: <u>Non-GSE Eligible (by institution type)</u>

Mortgage Banks

Depository Institutions

Credit Unions

Past 3 Months

Next 3 Months

Legend:
- **Up** (blue dashed)
- **Down** (red dashed)
- **Net Up +** (black solid)

Q: Over the <u>past three months</u>, apart from normal seasonal variation, did your firm's consumer demand for single-family <u>refinance</u> 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 <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>refinance</u> 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 Q4 2018 (previous quarter)
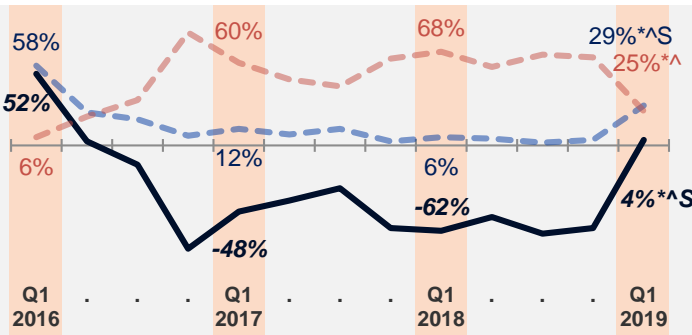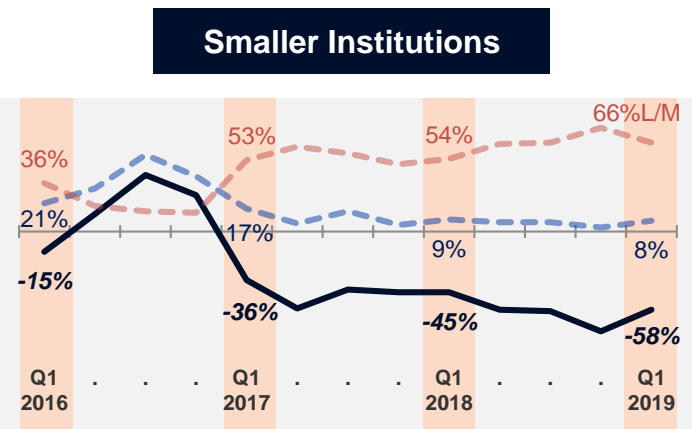*^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)*
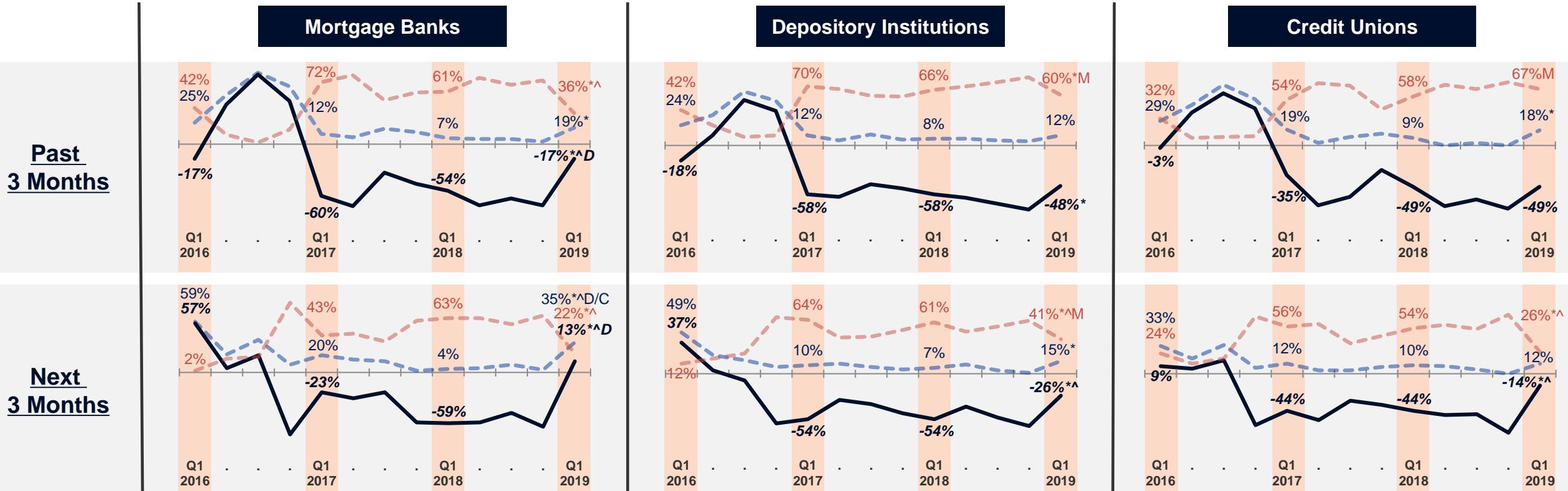
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

Refinance Mortgage Demand: <u>Government (by institution size)</u>

Larger Institutions | **Mid-sized Institutions** | **Smaller Institutions**

Past 3 Months

Larger Institutions: 45%, 21%, -24%, 78%, 10%, -68%, 72%, 7%, -65%, 38%*^, 16%S, -22%*^S; Q1 2016, Q1 2017, Q1 2018, Q1 2019

Mid-sized Institutions: 37%, 18%, -19%, 61%, 10%, -51%, 59%, 3%, -56%, 31%*^, 11%S, -20%*^S; Q1 2016, Q1 2017, Q1 2018, Q1 2019

Smaller Institutions: 36%, 12%, -24%, 46%, 16%, -30%, 41%, 11%, -30%, 60%L/M, 0%^, -60%^; Q1 2016, Q1 2017, Q1 2018, Q1 2019

Next 3 Months

Larger Institutions: 49%, 42%, 7%, 57%, 11%, -46%, 66%, 3%, -63%, 25%*^, 19%^S, -6%*^; Q1 2016, Q1 2017, Q1 2018, Q1 2019

Mid-sized Institutions: 46%, 37%, 9%, 38%, 20%, -18%, 62%, 0%, -62%, 32%*^S, 19%*^, 13%*^S; Q1 2016, Q1 2017, Q1 2018, Q1 2019

Smaller Institutions: 22%, 18%, 4%, 50%, 13%, -37%, 50%, 4%, -46%, 30%*^, 3%, -27%*; Q1 2016, Q1 2017, Q1 2018, Q1 2019

Legend:
- - - **Up**
- - - **Down**
——— **Net Up +**

Refinance Mortgage Demand: Government (by institution type)

Mortgage Banks | **Depository Institutions** | **Credit Unions**

Past 3 Months

Mortgage Banks: 44%, 69%, 62%, 40%*^ (Down); 17%, 12%, 5%, 13% (Up); -27%, -57%, -57%, -27%*^C (Net Up +)

Depository Institutions: 38%, 70%, 58%, 46%* (Down); 20%, 9%, 6%, 6% (Up); -18%, -61%, -52%, -40%* (Net Up +)

Credit Unions: 30%, 34%, 49%, 54% (Down); 10%, 19%, 14%, 0% (Up); -20%, -15%, -35%, -54% (Net Up +)

Timeline: Q1 2016, Q1 2017, Q1 2018, Q1 2019

Next 3 Months

Mortgage Banks: 4%, 43%, 64%, 19%*^ (Down); 55%/51%, 19%, 0%, 24%*^ (Up); -24%, -64%, 5%*^D (Net Up +)

Depository Institutions: 12%, 62%, 58%, 34%*^C (Down); 34%/22%, 9%, 3%, 12%* (Up); -53%, -55%, -22%*^ (Net Up +)

Credit Unions: 25%, 42%, 57%, 11%*^ (Down); 18%, 16%, 7%, 9% (Up); -7%, -26%, -50%, -2%*^ (Net Up +)

Timeline: Q1 2016, Q1 2017, Q1 2018, Q1 2019

Legend:
- - - - 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
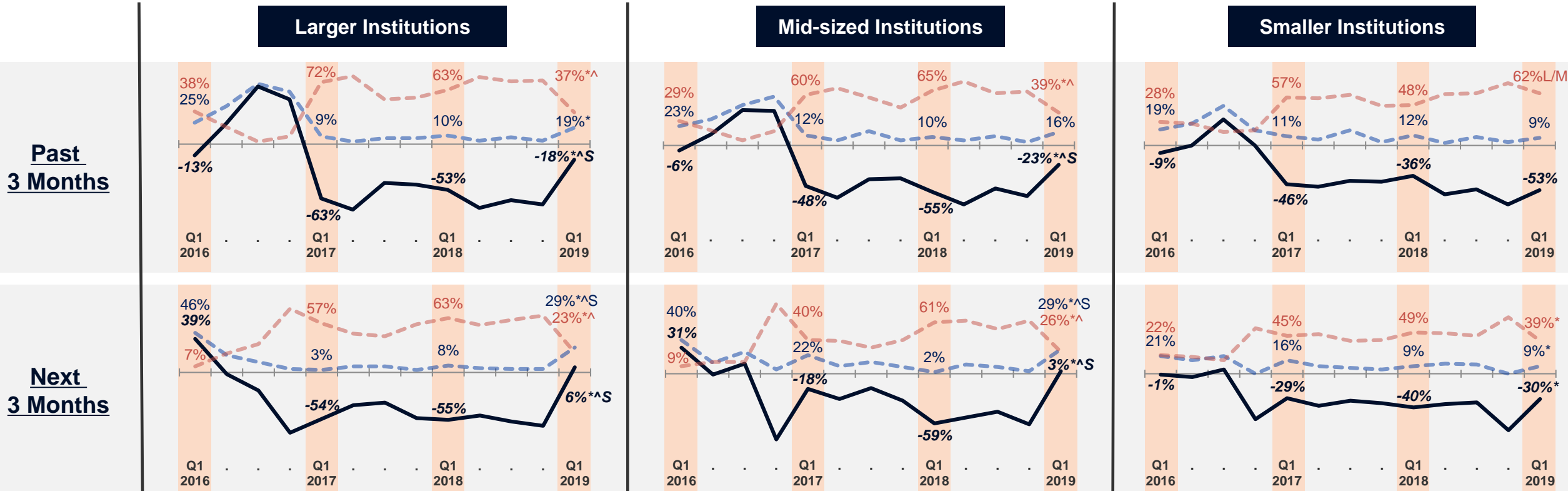
*Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

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

Credit Standards

Credit Standards: GSE Eligible (by institution size)

	Larger Institutions	Mid-sized Institutions	Smaller Institutions

Past 3 Months

Larger Institutions: 20%, 14%, 18%, 20%, 7%, 18%, 2%, 12%, 2%, 2%, 5%, 2% — Q1 2016, Q1 2017, Q1 2018, Q1 2019

Mid-sized Institutions: 8%, 19%, 18%, 11%, 6%, 5%, 3%, 1%, 7%, 4%, 2%, -4% — Q1 2016, Q1 2017, Q1 2018, Q1 2019

Smaller Institutions: 9%, 4%, 12%, 5%, 8%, 1%, 3%, 1%, 10%, 2%, 3%, 2% — Q1 2016, Q1 2017, Q1 2018, Q1 2019

Next 3 Months

Larger Institutions: 14%, 19%, 19%, 8%, 14%, 18%, 14%, 6%, 0%, 1%, 5%, 2% — Q1 2016, Q1 2017, Q1 2018, Q1 2019

Mid-sized Institutions: 6%, 6%, 9%, 3%, 3%, 6%, 5%, 2%, 3%, 0%, 4%, 1% — Q1 2016, Q1 2017, Q1 2018, Q1 2019

Smaller Institutions: 5%, 6%, 5%, 4%, 4%, 3%, 0%, 4%, 1%, 3%, 5%, 0% — Q1 2016, Q1 2017, Q1 2018, Q1 2019

- - - - 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
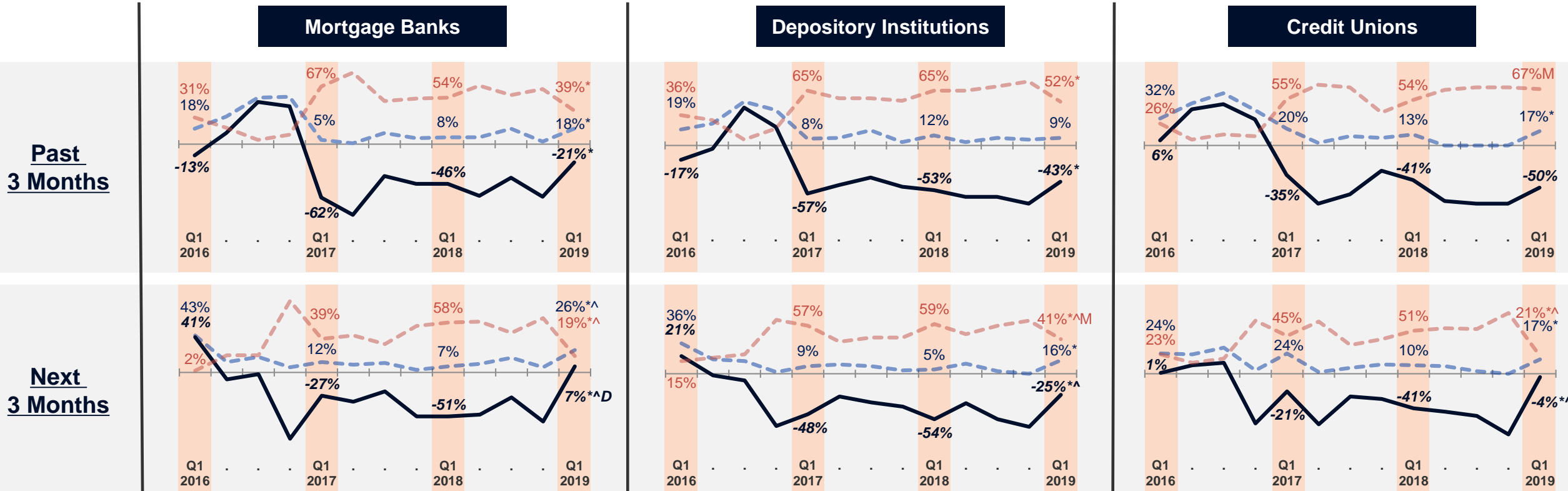
*Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

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: <u>GSE Eligible (by institution type)</u>

Mortgage Banks

Past 3 Months:
- 12% (Q1 2016), 20% (Q1 2017), 21%, 18%, 7% (Q1 2019)
- 18%, 18%
- 7%, 2%, 3%, 5% (tighten)
- 5%, 2%^

Next 3 Months:
- 10% (Q1 2016), 18% (Q1 2017), 18% (Q1 2018), 8% (Q1 2019)
- 16%, 14%
- 10%, 2%, 4%, 1%
- 0%, 7%D

Depository Institutions

Past 3 Months:
- 13% (Q1 2016), 6% (Q1 2017), 5% (Q1 2018), 5% (Q1 2019)
- 12%, 3%, 0%, 1%
- 1%, 3%, 5%, 4%

Next 3 Months:
- 6% (Q1 2016), 6% (Q1 2017), 5% (Q1 2018), 2% (Q1 2019)
- 6%, 4%, 0%, -1%
- 0%, 2%, 5%, 1%

Credit Unions

Past 3 Months:
- 11% (Q1 2016), 7% (Q1 2017), 17% (Q1 2018), 6% (Q1 2019)
- 9%, 7%, 17%, 6%
- -2%, 0%, 0%, 0%

Next 3 Months:
- 11% (Q1 2016), 7% (Q1 2017), 8% (Q1 2018), 14%D (Q1 2019)
- 7%, 7%, 4%, 14%D
- -4%, 0%, 4%, 0%

Legend:
- Ease (blue dashed)
- Tighten (red dashed)
- Net Ease + (black solid)

Q: Over the <u>past three months</u>, 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 <u>next three months</u>, 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
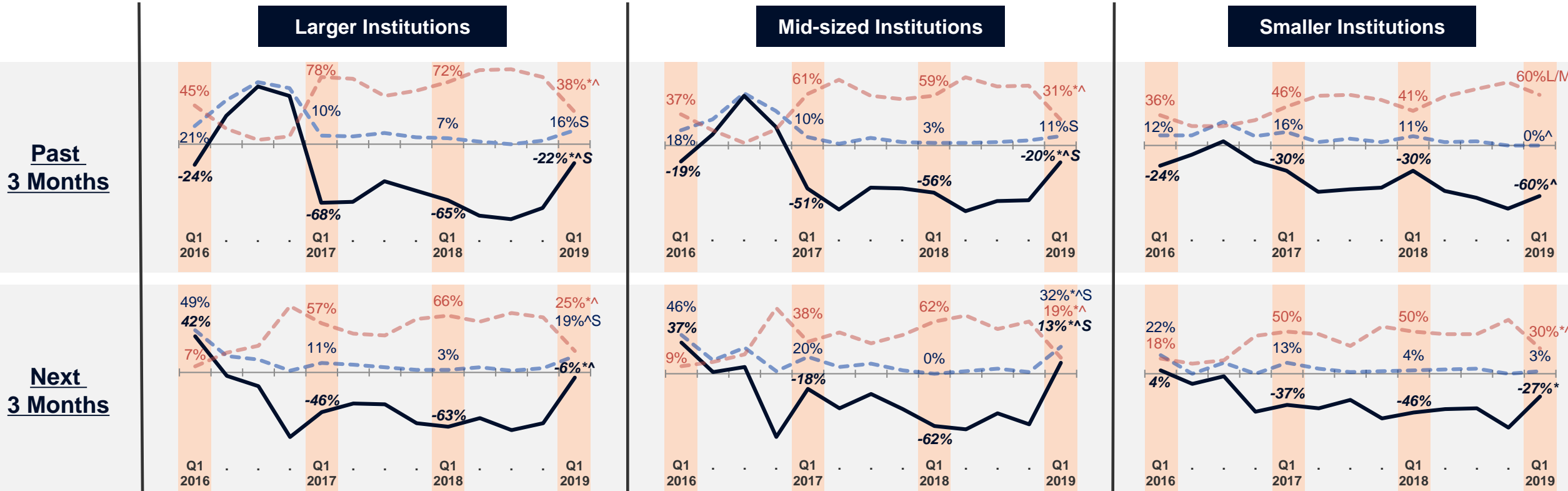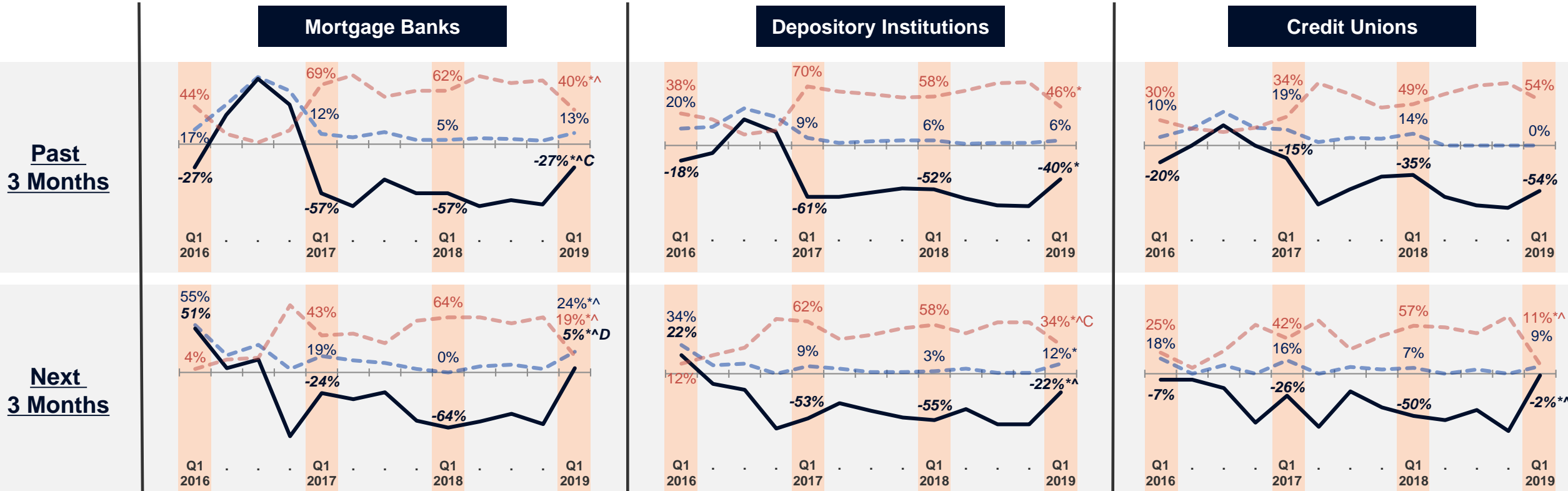
* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

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: <u>Non-GSE Eligible (by institution size)</u>

Larger Institutions | **Mid-sized Institutions** | **Smaller Institutions**

Past 3 Months

Larger Institutions:
- 19%, 17%, 2% (Q1 2016)
- 8%, 5%, 3% (Q1 2017)
- 16%, 14%, 2% (Q1 2018)
- 28%M/S, 26%M/S, 2% (Q1 2019)

Mid-sized Institutions:
- 14%, 10%, 4% (Q1 2016)
- 12%, 9%, 3% (Q1 2017)
- 15%, 9%, 6% (Q1 2018)
- 8%*, 4%*, 4% (Q1 2019)

Smaller Institutions:
- 14%, 4%, -10% (Q1 2016)
- 6%, 6%, 0% (Q1 2017)
- 13%, 10%, 3% (Q1 2018)
- 8%, 4%, 4% (Q1 2019)

Next 3 Months

Larger Institutions:
- 21%, 15%, 6% (Q1 2016)
- 16%, 15%, 1% (Q1 2017)
- 19%, 16%, 3% (Q1 2018)
- 18%, 14%, 4% (Q1 2019)

Mid-sized Institutions:
- 6%, 6%, 0% (Q1 2016)
- 14%, 12%, 2% (Q1 2017)
- 13%, 9%, 4% (Q1 2018)
- 12%, 6%, 6% (Q1 2019)

Smaller Institutions:
- 7%, 5%, 2% (Q1 2016)
- 6%, 5%, -1% (Q1 2017)
- 9%, 6%, 3% (Q1 2018)
- 10%, 6%, 4% (Q1 2019)

Legend:
- - - - Ease
- - - - Tighten
——— Net Ease +

Q: Over the <u>past three months</u>, 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 <u>next three months</u>, 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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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
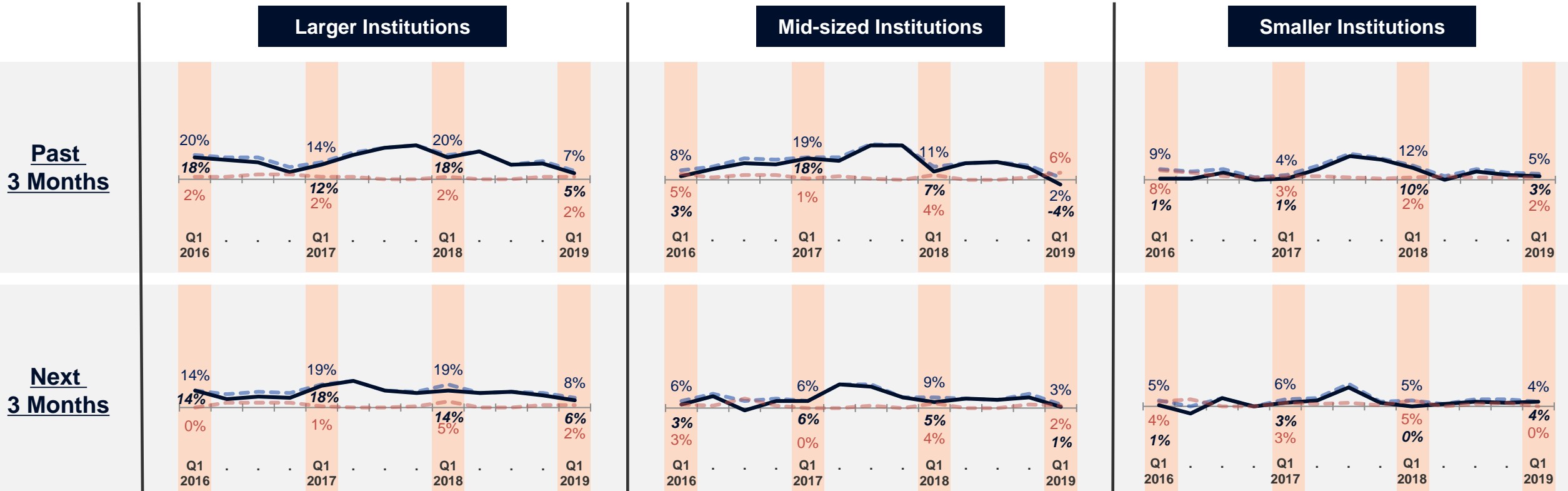*The % saying "stay the same" is not shown*

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

Mortgage Banks

Past 3 Months:
- 14%, 11%, 16%, 18%D
- 18%D
- 9%, 9%, 13%, 0%
- 5%, 2%, 3%
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Next 3 Months:
- 10%, 17%, 19%, 18%D
- 16%D
- 8%, 15%, 12%, 2%
- 2%, 2%, 7%
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Depository Institutions

Past 3 Months:
- 10%, 6%, 7%, 6%
- 6%, 3%, 6%, 3%*
- 4%, -3%, 1%, -3%*
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Next 3 Months:
- 11%, 6%, 6%, 8%
- 7%, 5%, 4%, 3%*
- 4%, 1%, 2%, -5%
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Credit Unions

Past 3 Months:
- 14%, 12%, 21%, 20%D
- 17%D
- 13%, 7%, 17%, 3%
- 1%, 5%, 4%
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Next 3 Months:
- 11%, 12%, 14%, 21%D
- 18%D
- 9%, 10%, 10%, 3%
- 2%, 2%, 4%
- Q1 2016, Q1 2017, Q1 2018, Q1 2019

Legend:
- - - - 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
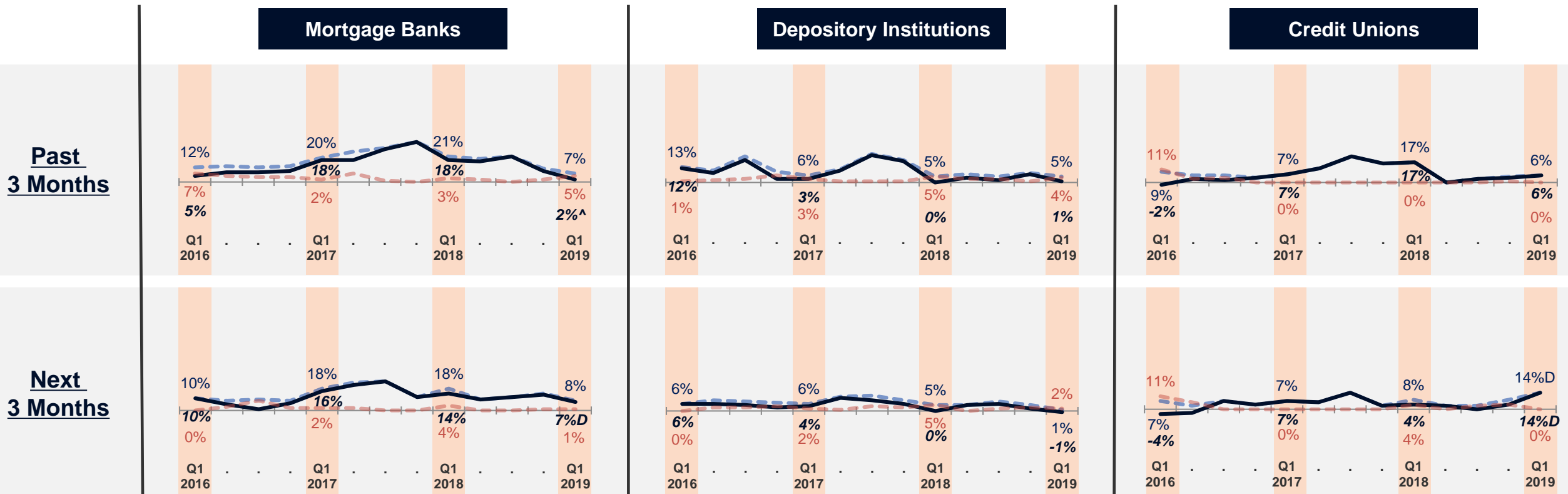
Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ *Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)*

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)

Larger Institutions

Past 3 Months:
- 12% 16% 15% 12%
- 9% 14% 13% 12%
- 3% 2% 2% 0%
- Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Next 3 Months:
- 12% 7% 12% 11%
- 9% 6% 9% 11%
- 3% 1% 3% 0%
- Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Mid-sized Institutions

Past 3 Months:
- 8% 11% 11% 7%
- 4% 10% 6% 7%
- -4% 1% 5% 0%
- Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Next 3 Months:
- 3% 3% 9% 8%
- 2% 3% 5% 5%
- 1% 0% 4% 3%
- Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Smaller Institutions

Past 3 Months:
- 12% 2% 6% 4%
- 8% 1% 4% 3%
- -4% -1% 2% 1%
- Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Next 3 Months:
- 8% 7% 2% 3%
- 4% 5% 2% 3%
- 4% 2% 0% 0%
- Q1 2016 . . . Q1 2017 . . . Q1 2018 . . . Q1 2019

Legend:
- 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
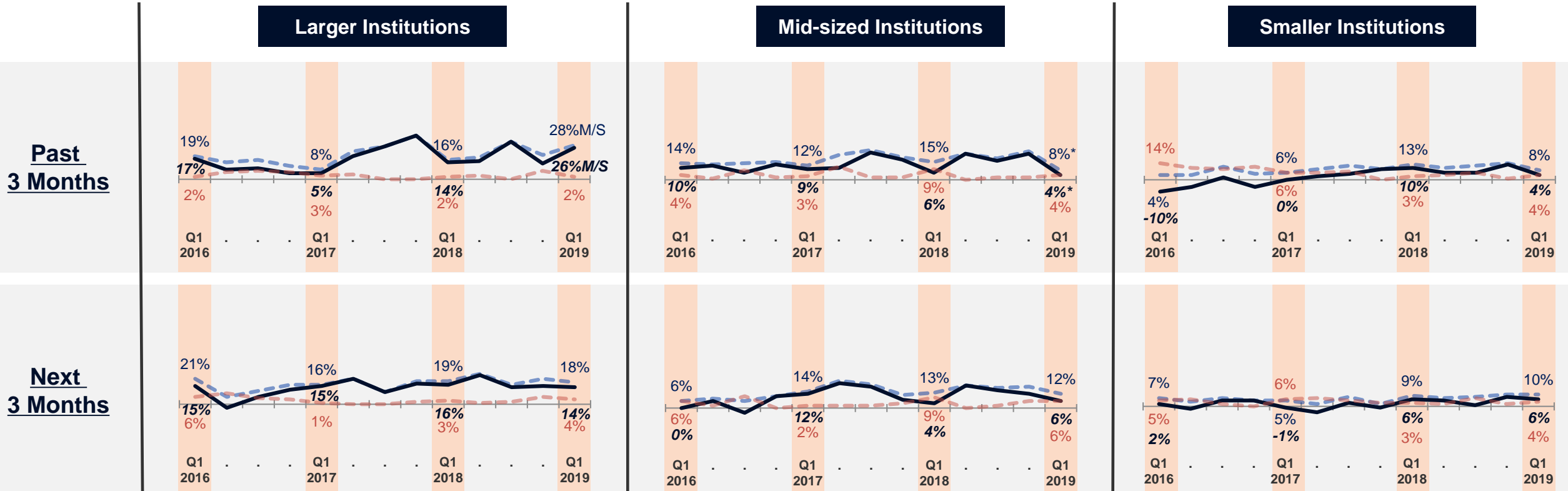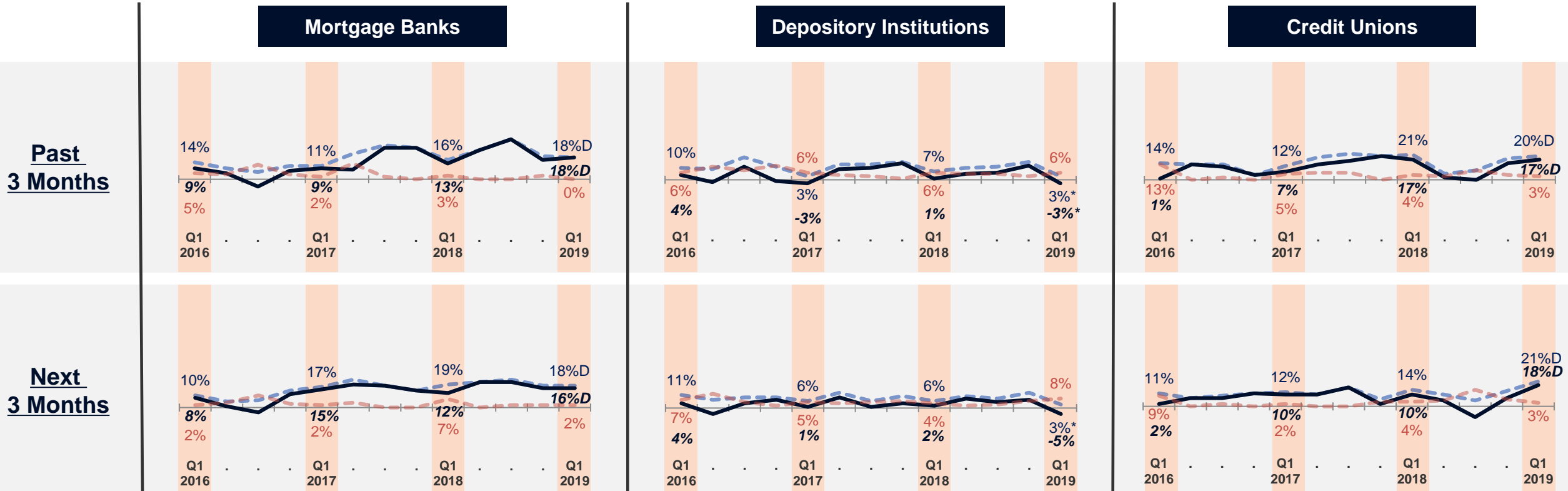
* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

Credit Standards: <u>Government (by institution type)</u>

Mortgage Banks

Past 3 Months
- 12%
- 19% / 17%
- 19% / 16%
- 14%D
- 11% / -1%
- 2%
- 3%
- 12% / 2%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

Next 3 Months
- 10%
- 8%
- 12%
- 11%
- 7% / 3%
- 6% / 2%
- 9% / 3%
- 7% / 4%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

Depository Institutions

Past 3 Months
- 7%
- 4%
- 6%
- 2%
- 7% / 0%
- 3% / 1%
- 1% / -5%
- 2%^ / 0%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

Next 3 Months
- 5%
- 3%
- 6%
- 3%
- 4% / -1%
- 2% / 1%
- 5% / -1%
- 3% / 0%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

Credit Unions

Past 3 Months
- 11%
- 8%
- 8%
- 9%
- 0% / -11%
- 8% / 0%
- 8% / 0%
- 9% / 0%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

Next 3 Months
- 6%
- 8%
- 5%
- 9%
- 3% / -3%
- 8% / 0%
- 5% / 0%
- 9% / 0%

Q1 2016 · · · Q1 2017 · · · Q1 2018 · · · Q1 2019

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

Q: Over the <u>past three months</u>, 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 <u>next three months</u>, 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
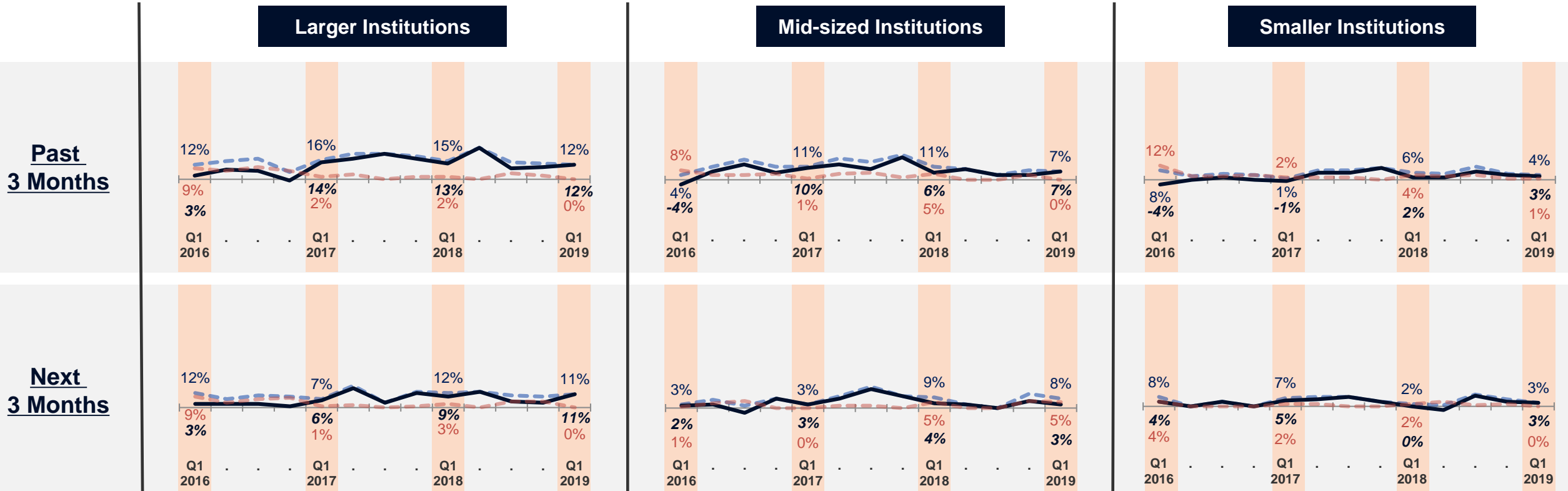
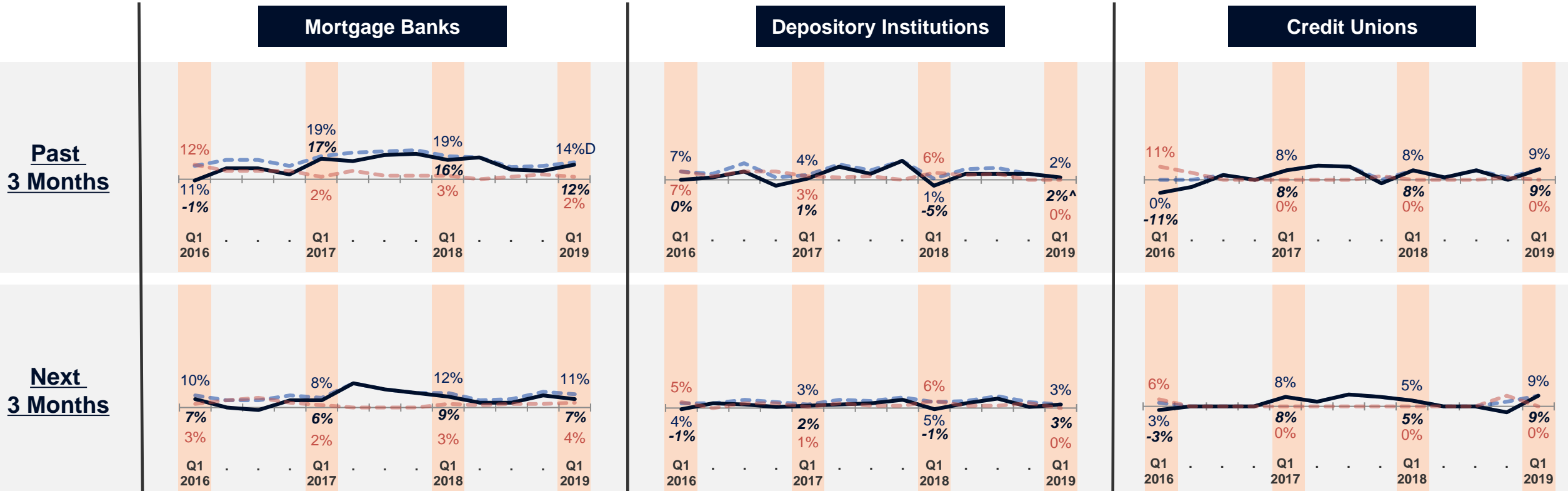** Denotes a statistically significant change compared with Q4 2018 (previous quarter)*
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

Credit Standards: Drivers of Change (selected verbatim)

<div style="border:1px solid #4472C4">Drivers of Loosening Change</div>
<div style="border:1px solid #C00000">Drivers of Tightening Change</div>

Past 3 Months
N=36
- **Reduction of overlays/Changes to guidelines**
- **Market conditions**
- **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)

"Consistency with other lenders and removing overlays." – *Larger Institution*

"Increase the number of investors who purchase non-QM loans." – *Mid-sized Institution*

"Competitive pressure." – *Larger Institution*

"DU changes." "AUS tightening." – *Mid-sized Institutions*

"MI rules tightened up a bit, so we followed their lead."
– *Smaller Institution*

"Government foreclosures (FHA, VA and USDA) can be costly as they don't reimburse you full amounts for foreclosure costs." – *Smaller Institution*

Next 3 Months
N=29
- **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)

"We will be expanding our non-QM offerings to more types of borrowers."
– *Larger Institution*

"We think in order to compete we may have to loosen a bit but still believe in good credit standards to protect ourselves against the associated risks."
– *Mid-sized Institution*

"We will continue to broaden our investor group to improve the chances of a member obtaining a mortgage." – *Smaller Institution*

"We believe a recession will be coming within the next 12 months and we need to tight up to keep credit quality acceptable and delinquencies down." – *Smaller Institution*

"Announcements of the GSEs tightening." – *Mid-sized Institution*

"The general sentiment among non-GSE investors is that loan performance is declining and they have started to tighten up on guidelines as a response." – *Mid-sized Institution*

Appendix

Profit Margin Outlook

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

Larger Institutions

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
n	n=56	n=52	n=68	n=50	n=53	n=49	n=53	n=72	n=58	n=35	n=44	n=56	n=48
Increase	31%	35%	29%	11%	16%	36%	14%	12%	9%	9%	18%	10%	20%
About the same	48%	51%	43%	31%	28%	36%	42%	27%	25%	58%	46%	38%	58%*^
Decrease	20%	14%	28%	58%	57%	29%	45%	60%	66%	33%	35%	52%	22%*^
Net increase %	11%	21%	1%	-47%	-41%	7%	-31%	-48%	-57%	-24%	-17%	-42%	-2%*^

Mid-sized Institutions

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
n	n=66	n=54	n=58	n=42	n=46	n=57	n=60	n=54	n=48	n=35	n=39	n=54	n=42
Increase	35%	33%	26%	9%	13%	18%	25%	19%	14%	24%	22%	13%	23%
About the same	53%	50%	59%	42%	52%	41%	48%	53%	37%	32%	26%	41%	49%
Decrease	12%	18%	14%	49%	34%	41%	26%	28%	49%	44%	53%	46%	27%^
Net increase %	23%	15%	12%	-40%	-21%	-23%	-1%	-9%	-35%	-20%	-31%	-33%	-4%*^

Smaller Institutions

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
n	n=72	n=58	n=65	n=42	n=68	n=70	n=61	n=65	n=78	n=89	n=95	n=92	n=87
Increase	30%	22%	28%	24%	18%	17%	12%	17%	29%	21%	23%	10%	19%
About the same	47%	57%	62%	40%	56%	66%	72%	58%	42%	51%	43%	54%	46%
Decrease	22%	21%	10%	36%	25%	17%	16%	26%	29%	29%	35%	36%	34%
Net increase %	8%	1%	18%	-12%	-7%	0%	-4%	-9%	0%	-8%	-12%	-26%	-15%

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 Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 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)

Mortgage Banks

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
n	n=61	n=62	n=61	n=49	n=48	n=54	n=66	n=74	n=64	n=54	n=64	n=70	n=51
Increase	31%	35%	29%	12%	14%	29%	20%	13%	16%	19%	23%	14%	19%
About the same	55%	55%	46%	35%	38%	32%	49%	36%	26%	47%	38%	36%	50%^
Decrease	14%	10%	24%	52%	48%	39%	31%	51%	59%	34%	40%	49%	31%*^
Net increase %	17%	25%	5%	-40%	-34%	-10%	-11%	-38%	-43%	-15%	-17%	-35%	-12%^

Depository Institutions

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
n	n=80	n=61	n=76	n=50	n=68	n=78	n=68	n=74	n=59	n=62	n=67	n=87	n=76
Increase	28%	32%	24%	19%	19%	24%	16%	13%	17%	16%	23%	8%	22%*
About the same	52%	43%	59%	34%	42%	57%	55%	53%	43%	47%	40%	48%	51%
Decrease	19%	25%	16%	48%	39%	19%	28%	33%	40%	37%	37%	44%	28%*
Net increase %	9%	7%	8%	-29%	-20%	5%	-12%	-20%	-23%	-21%	-14%	-36%	-6%*

Credit Unions

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19
n	n=46	n=34	n=48	n=29	n=42	n=36	n=36	n=35	n=53	n=31	n=37	n=36	n=31
Increase	41%	18%	36%	14%	14%	11%	16%	20%	25%	30%	19%	11%	16%
About the same	45%	65%	59%	38%	62%	61%	61%	51%	37%	43%	49%	57%	55%
Decrease	14%	18%	5%	48%	24%	28%	23%	29%	39%	27%	32%	32%	29%
Net increase %	27%	0%	31%	-34%	-10%	-17%	-7%	-9%	-14%	3%	-13%	-21%	-13%

Increase
About the same
Decrease

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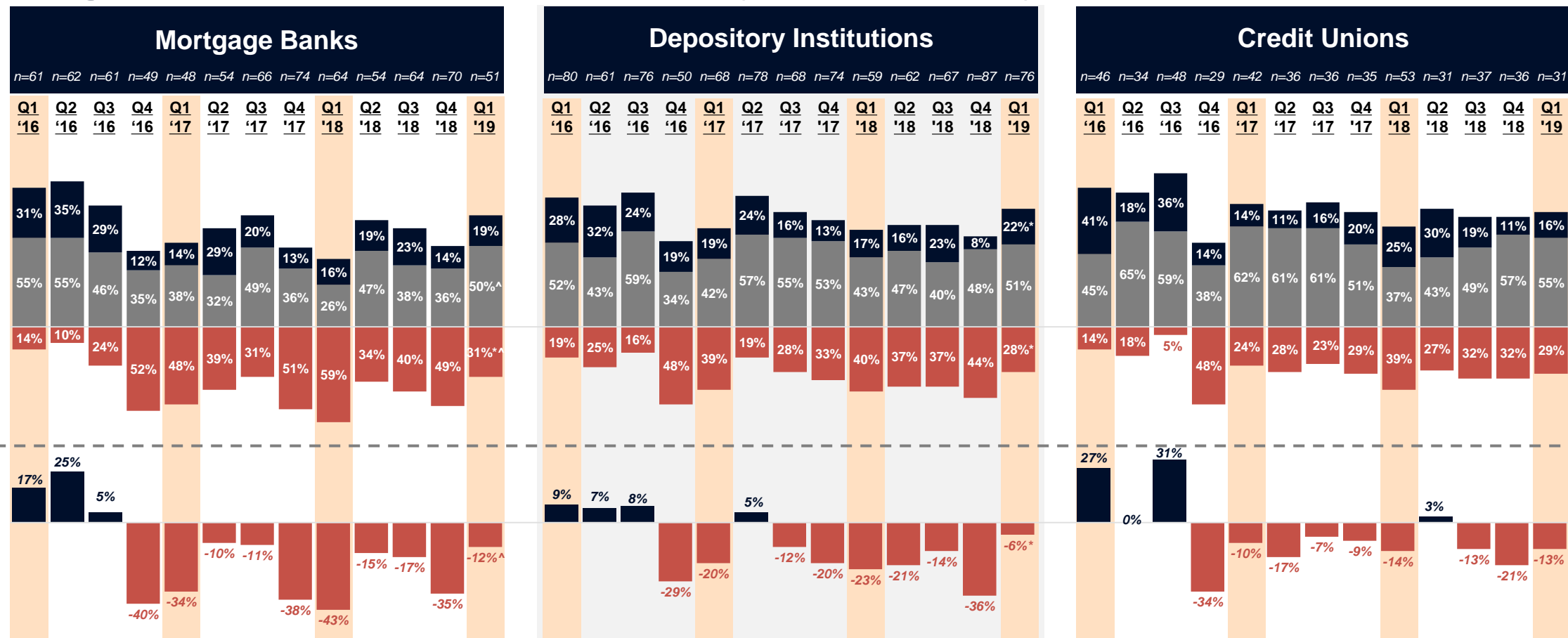
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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

* Denotes a statistically significant change compared with Q4 2018 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2018 (same quarter of last year)

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
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	*26*	*40*	*30*	*29*	*34*	*30*	*38*	*22*	*36*
Operational efficiency (i.e., technology)	55%	59%	51%	62%	43%	58%	64%	65%	47%
Staffing (personnel costs) reduction	9%	8%	17%	16%	15%	13%	44%	32%	42%^
Consumer demand	44%	40%	42%	22%	34%	56%	22%	21%	41%
Non-GSE (other investors) pricing and policies	7%	3%	17%	13%	8%	15%	6%	21%	19%
Market trend changes (i.e. shift from refinance to purchase)	33%	33%	28%	34%	41%	31%	9%	0%	11%^
GSE pricing and policies	19%	13%	11%	36%	29%	11%	12%	3%	9%^
Less competition from other lenders	9%	10%	6%	2%	2%	0%	7%	19%	8%
Government monetary or fiscal policy	7%	6%	9%	3%	6%	4%	6%	9%	3%
Servicing cost reduction	0%	12%	4%	3%	4%	4%	2%	0%	3%
Marketing expense reduction	5%	3%	3%	2%	4%	0%	4%	0%	1%
Government regulatory compliance	0%	2%	7%	0%	6%	0%	7%	0%	0%

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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^ Denotes a statistically significant change compared with Q1 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
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	*63*	*49*	*49*	*75*	*85*	*52*	*69*	*87*	*52*
Competition from other lenders	66%	71%	74%	75%	78%	78%	71%	74%	77%
Consumer demand	10%	18%	35%	30%	22%	19%	37%	38%	29%
Staffing (personnel costs)	7%	21%	17%	29%	12%	19%	15%	19%	18%
GSE pricing and policies	13%	9%	7%	5%	10%	8%	9%	12%	17%
Market trend changes (i.e. shift from refinance to purchase)	51%	26%	15%	19%	35%	31%	23%	16%	16%^
Non-GSE (other investors) pricing and policies	8%	10%	0%	3%	8%	8%	10%	6%	10%
Government monetary or fiscal policy	10%	9%	7%	7%	12%	9%	8%	10%	9%
Government regulatory compliance	21%	20%	19%	13%	6%	9%	14%	5%	7%
Operational efficiency (i.e. technology)	7%	10%	13%	8%	7%	12%	9%	7%	5%
Marketing expenses	4%	4%	4%	2%	4%	0%	1%	4%	3%
Servicing costs	2%	0%	2%	4%	3%	2%	2%	1%	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.

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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)