

Mortgage Lender Sentiment Survey[®]

Providing Insights Into Current Lending Activities and Market Expectations

Q3 2020 Full Report – published September 10, 2020



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Key Findings – Q3 2020

Q3 2020 shows signs of improved optimism for the mortgage industry; lenders' expectations of consumer demand for purchase mortgages increased significantly, while demand for refinance mortgages remained stable. Lenders continue to report credit tightening, but their profit margin outlook is, on net, still positive.

Mortgage Demand

- For purchase mortgages, the net share of lenders reporting demand growth for the prior three months rose significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government), after being negative or close to negative last quarter, and is now on par with the readings seen for the same quarter last year. Net demand growth expectations for the next three months reached year-over-year survey highs across all loan types.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months remained strong, reaching a survey high for Government loans and the second-highest reading since 2014 for GSE-eligible and non-GSE-eligible loans. Demand growth expectations on net for the next three months also remained high across all loan types – rising or remaining similar to last quarter.

Credit Standards

- Lenders on net continue to report tightening of credit standards for the prior three months, with the majority expecting their credit standards to stay about the same for the next three months.

Profit Margin Outlook

- Lenders' net profit margin outlook remained a strong positive for the third consecutive quarter.
- “Consumer demand” remains the top reason cited by lenders for their increased profit margin outlook.



Objectives of Mortgage Lender Sentiment Survey®

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

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

Quarterly Regular Questions

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

Featured Specific Topic Analyses

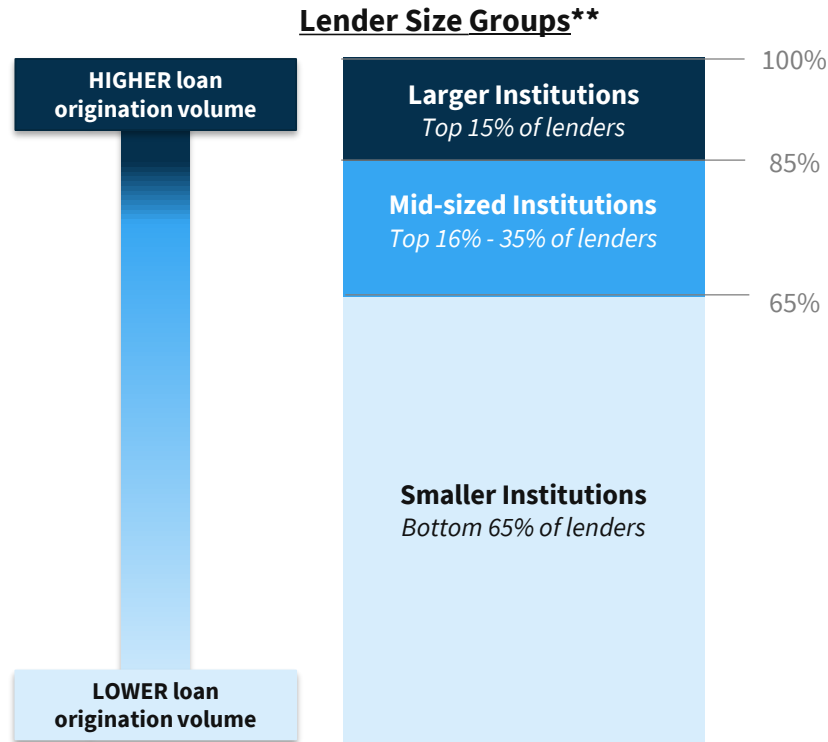
- **COVID-19 Challenges and Lender Business Priorities**
- **Impact of Technology on Lender Workforce Management**
- **Digital Transformation Efforts**
- **Business Priorities and Industry Competition**
- **APIs and Mortgage Lending**
- **Artificial Intelligence for Mortgage Lending**

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



Q3 2020 Respondent Sample and Groups

The current analysis is based on third quarter 2020 data collection. For Q3 2020, a total of 207 senior executives completed the survey between August 4-16, representing 186 lending institutions.*



Sample Q3 2020		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.		186
Lender Size Groups	Larger Institutions Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2019 loan origination volume (above \$1.25 billion)	51
	Mid-sized Institutions Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2019 loan origination volume (between \$379 million and \$1.25 billion)	51
	Smaller Institutions Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2019 loan origination volume (less than \$379 million)	84
Institution Type***	Mortgage Banks (non-depository)	66
	Depository Institutions	73
	Credit Unions	41

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

** The 2019 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 2019 loan origination volume and then assigned into the size groups, with the top 15% of lenders being the "larger" group, the next 20% of lenders being the "mid-sized" group and the rest being the "small" group.

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



Loan Type Definition

Questions about consumer mortgage demand and credit standards are asked across three loan types: GSE-eligible, non-GSE-eligible, and government loans.

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



U.S. Economy and Consumer Demand

- Lenders have become more optimistic in Q3 2020, as an increasing number believe that the U.S. economy is on the right track, reversing the outlook from last quarter.
- For purchase mortgages, the net share of lenders reporting demand growth for the prior three months rose significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government), after being negative or close to negative last quarter, and is now on par with the readings seen for the same quarter last year. Net demand growth expectations for the next three months reached the highest readings for any third quarter since survey inception across all loan types.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months remained strong, reaching a survey high for Government loans and the second-highest reading since 2014 for GSE-eligible and non-GSE-eligible loans. Demand growth expectations on net for the next three months also remained high across all loan types – rising or remaining similar to last quarter.

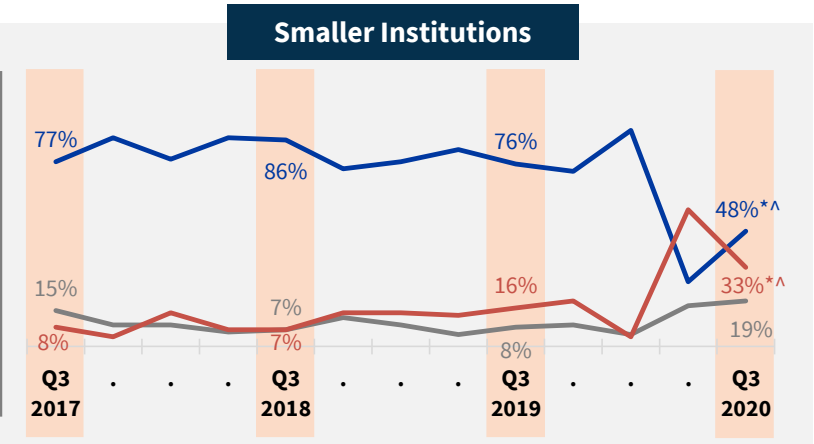
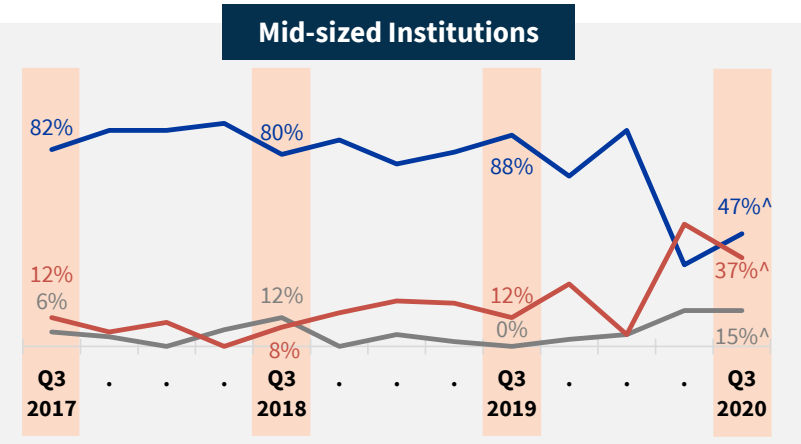
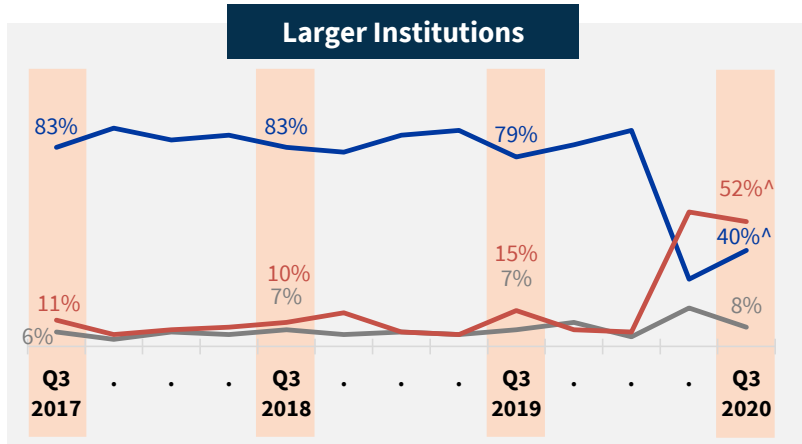
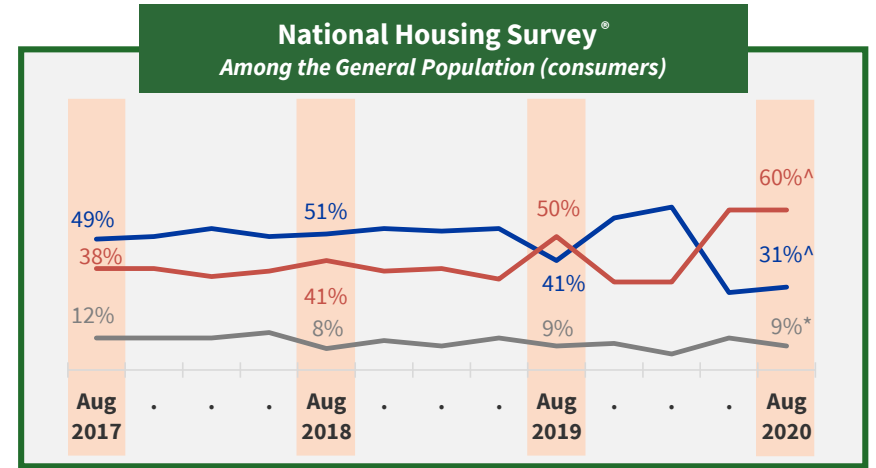
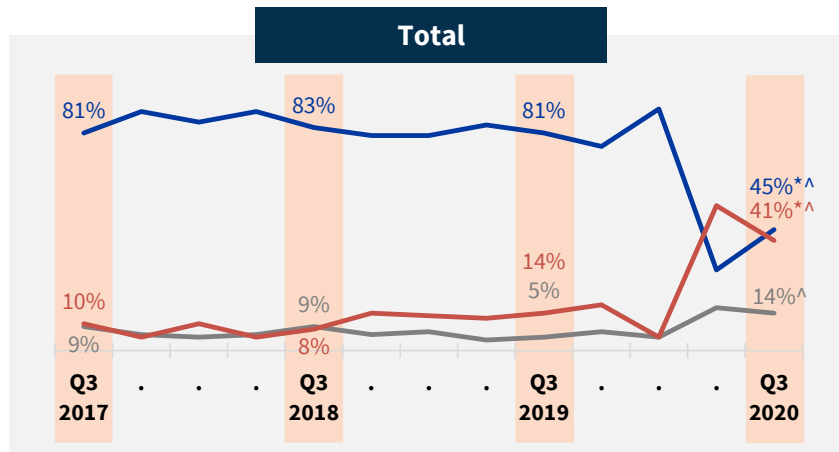


U.S. Economy Overall

Lenders have become more optimistic in Q3 2020, as an increasing number believe that the U.S. economy is on the right track, reversing the outlook from last quarter.

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

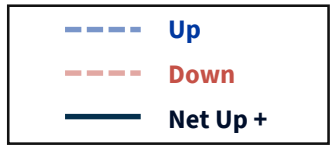


* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
[^] Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

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



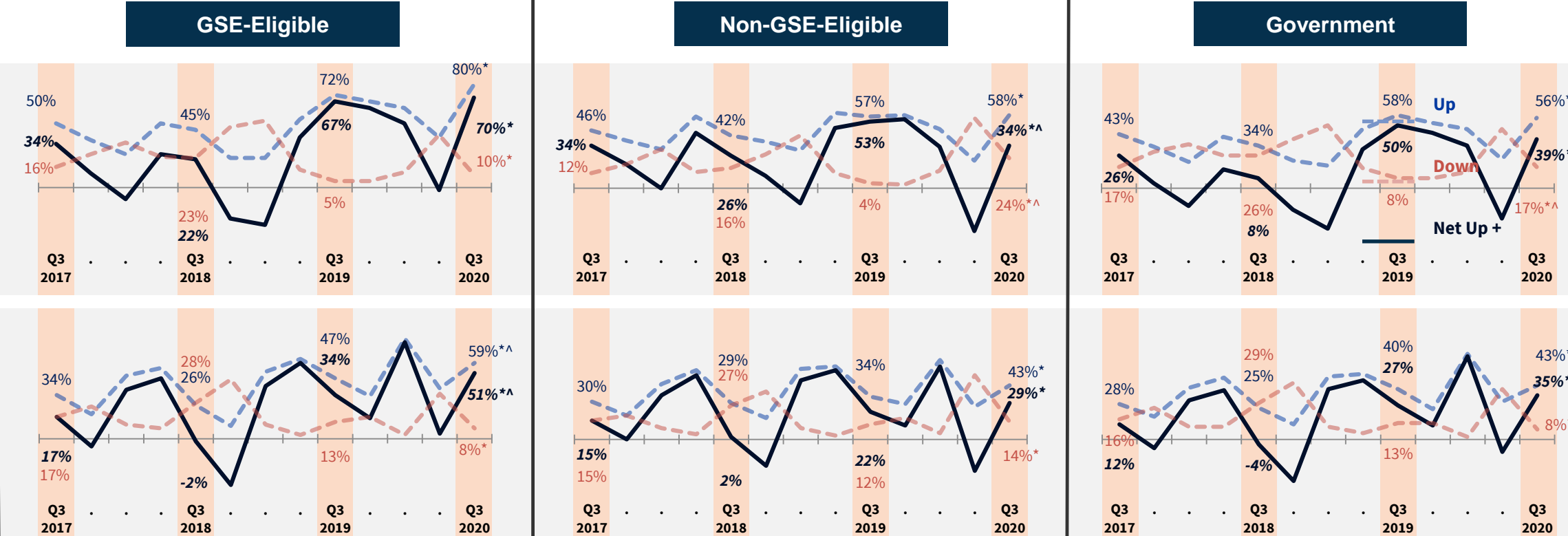
Purchase Mortgage Demand



The net share of lenders reporting demand growth for the prior three months rose significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government), after being negative or close to negative last quarter, and is now on par with the readings seen for the same quarter last year. Net demand growth expectations for the next three months reached the highest readings for any third quarter since survey inception across all loan types.

Past 3 Months

Next 3 Months



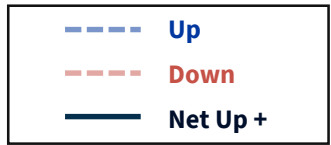
Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
^ Denotes a statistically significant change compared with Q3 2019 (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



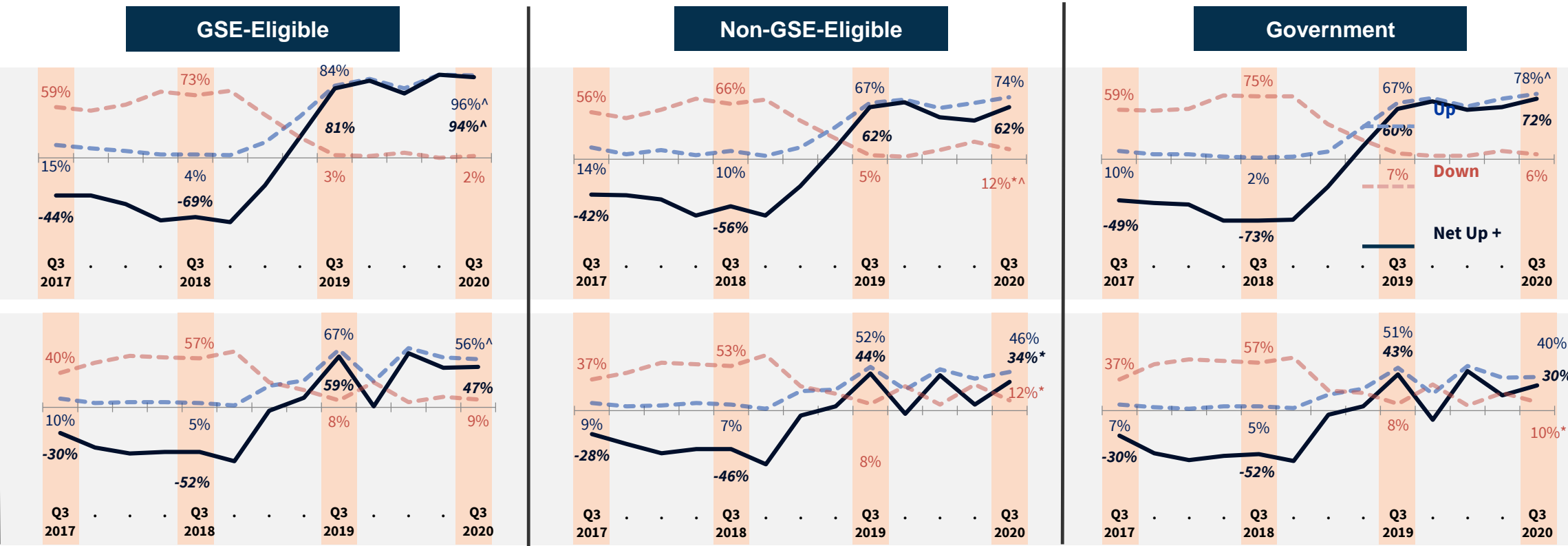
Refinance Mortgage Demand



The net share of lenders reporting demand growth over the prior three months remained strong, reaching a survey high for Government loans and the second-highest reading since 2014 for GSE-eligible and non-GSE-eligible loans. Demand growth expectations on net for the next three months also remained high across all loan types – rising or remaining similar to last quarter.

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 2020 (previous quarter)
^ Denotes a statistically significant change compared with Q3 2019 (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

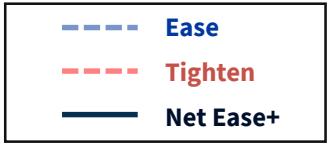


Credit Standards

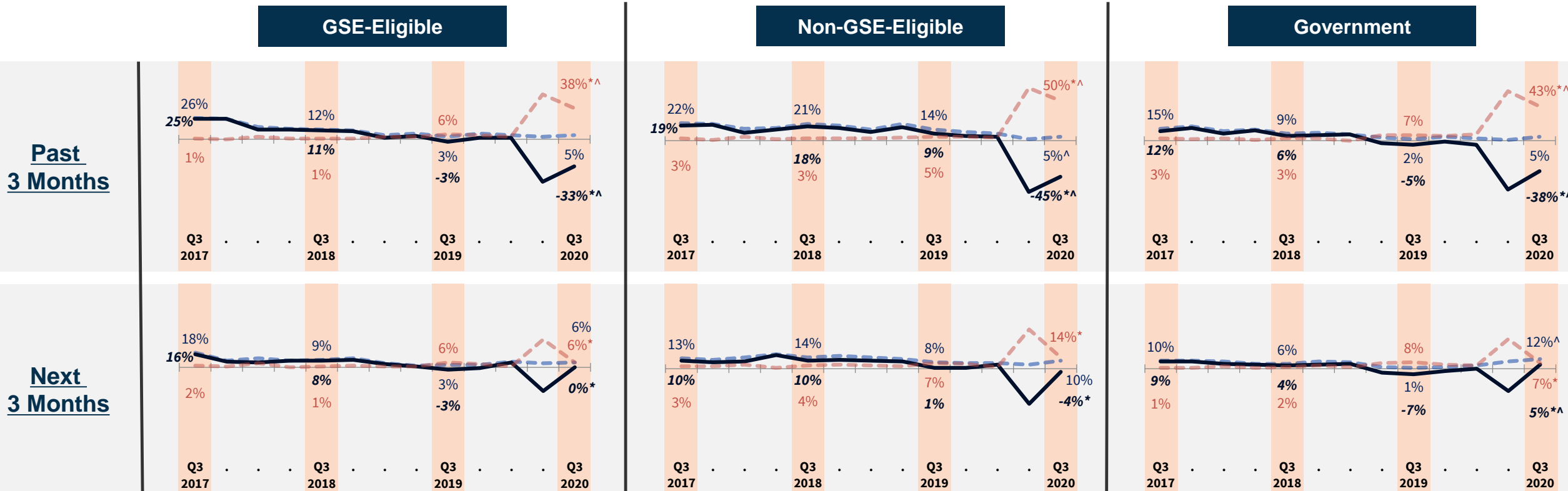
- Lenders on net continue to report tightening of credit standards for the prior three months, with the majority expecting their credit standards to stay about the same for the next three months.



Credit Standards



Lenders on net continue to report tightening of credit standards for the prior three months, with the majority expecting their credit standards to stay about the same for the next three months.



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

* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
^ Denotes a statistically significant change compared with Q3 2019 (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 remained a strong positive for the third consecutive quarter.
- “Consumer demand” remained the top reason cited by lenders for their increased profitability outlook, increasing significantly from last quarter.
- “Competition from other lenders” continued to be cited by lenders who expect lower profit margins as the top reason. The share of lenders citing “staffing” as a reason significantly increased from last quarter, nearly tripling, and is now the second top reason.



Lenders' Profit Margin Outlook – Next 3 Months

Lenders' net profit margin outlook remained a strong positive for the third consecutive quarter. "Consumer demand" remains the top reason cited by lenders for their increased profit margin outlook. "Competition from other lenders" and "staffing" continue to be the most popular reasons cited for their decreased profit margin outlook.

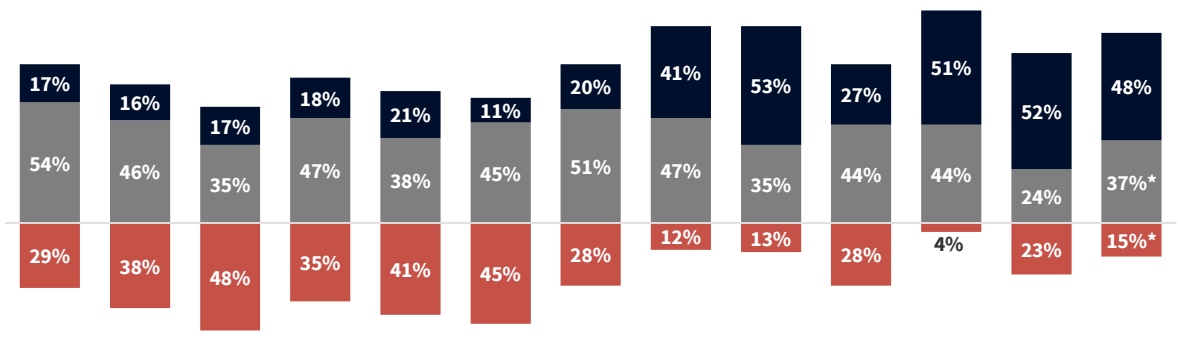
Profit Margin Outlook

Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20
n=174	n=190	n=184	n=159	n=178	n=202	n=176	n=200	n=168	n=160	n=175	n=216	n=172

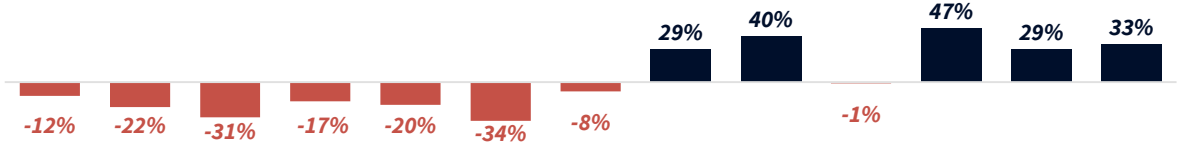
Increase

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))]

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.

Key Reasons for Expected Increase – Q3 2020

Consumer demand	69%
GSE pricing and policies	35%
Operational efficiency (i.e. technology)	29%
Government monetary or fiscal policy	14%
Market trend changes (i.e. shift from refinance to purchase)	13%

Showing data for selected answer choices only. n=82

Key Reasons for Expected Decrease – Q3 2020

Competition from other lenders	62%
Staffing (personnel costs)	32%
GSE pricing and policies	31%
Consumer demand	26%
Market trend changes (i.e. shift from refinance to purchase)	19%

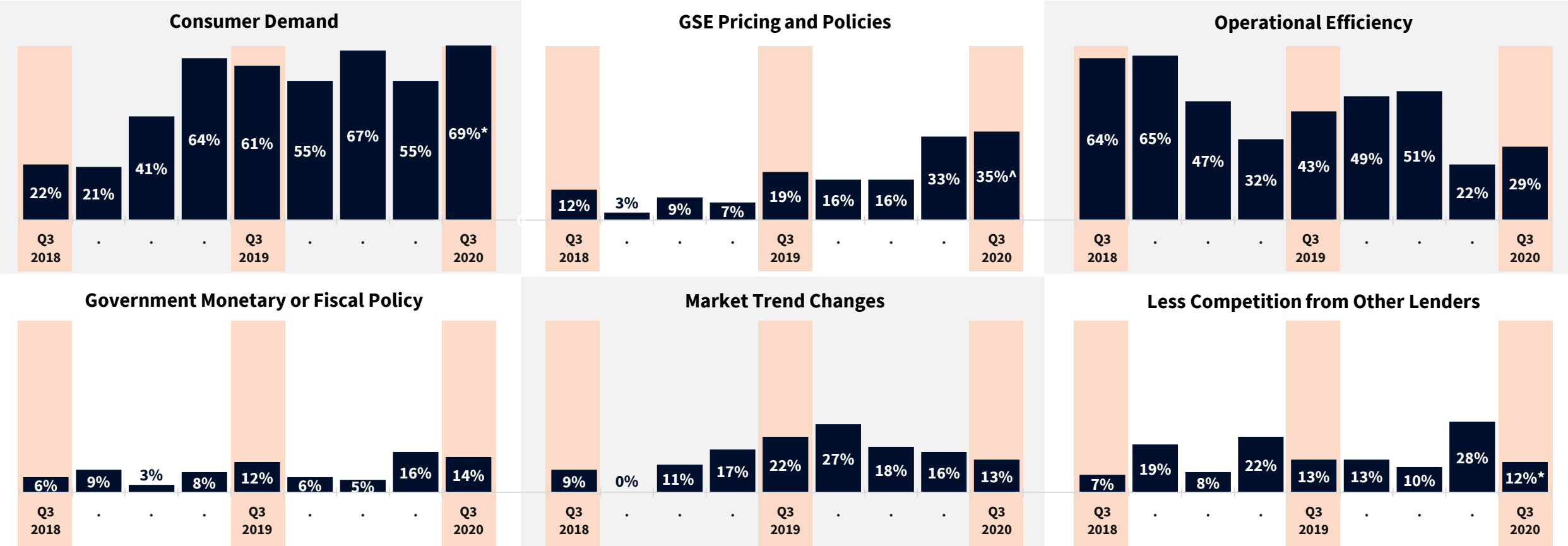
Showing data for selected answer choices only. n=26

* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)



Increased Profit Margin Outlook – Top Drivers

“Consumer demand” remained the top reason cited by lenders for their increased profitability outlook, increasing significantly from last quarter. “GSE Pricing and Policies” continues to be the second top reason after jumping up in Q2 2020.



Q: 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)

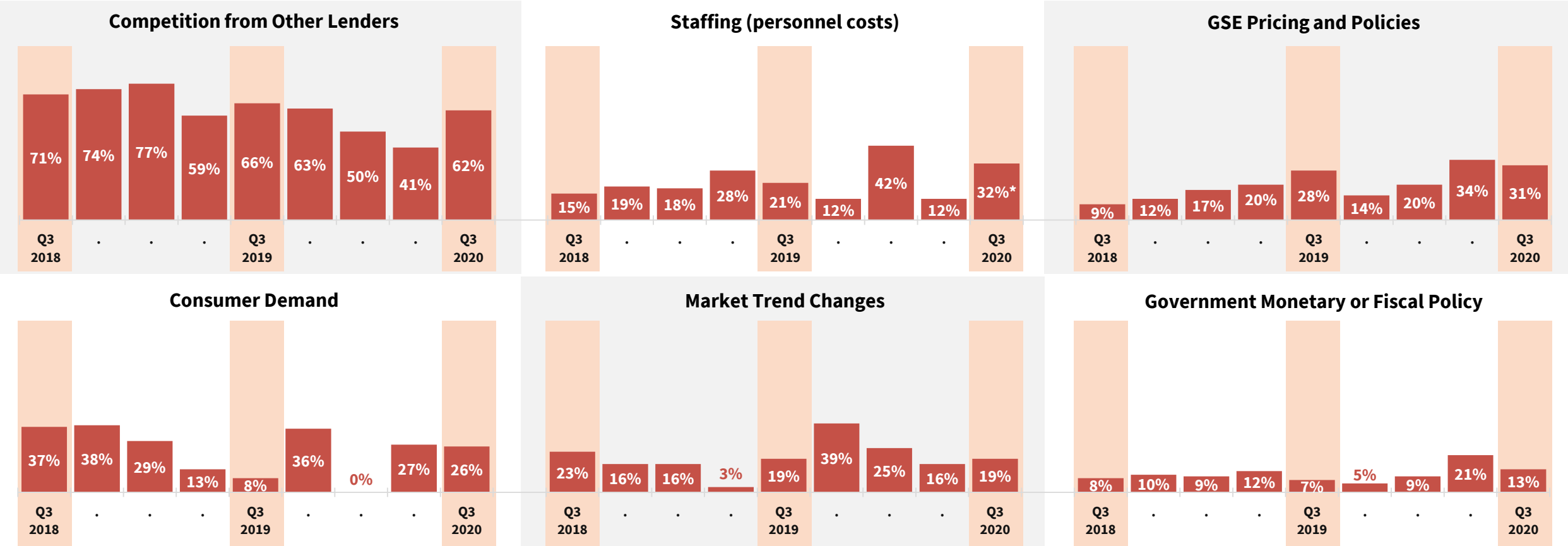
Total: Q3 2018: N=38 ; Q4 2018: N=22 ; Q1 2019: N=36; Q2 2019: N=81; Q3 2019: N=86; Q4 2019: N=42; Q1 2020: N=86; Q2 2020: N=112; Q3 2020: N=82

* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)



Decreased Profit Margin Outlook – Top Drivers

“Competition from other lenders” continued to be cited by lenders who expect lower profit margins as the top reason. The share of lenders citing “staffing” as a reason significantly increased from last quarter, nearly tripling, and is now the second top reason.



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 2018: N=69 ; Q4 2018: N=87 ; Q1 2019: N=52 ; Q2 2019: N=24; Q3 2019=23; Q4 2019: N=47; Q1 2020: N=8; Q2 2020: N=51; Q3 2020: N=26

* Denotes a statistically significant change compared with Q2 2020 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)





Appendix





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Mortgage Lender Sentiment Survey[®]

Survey Methodology

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

Sample Design

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

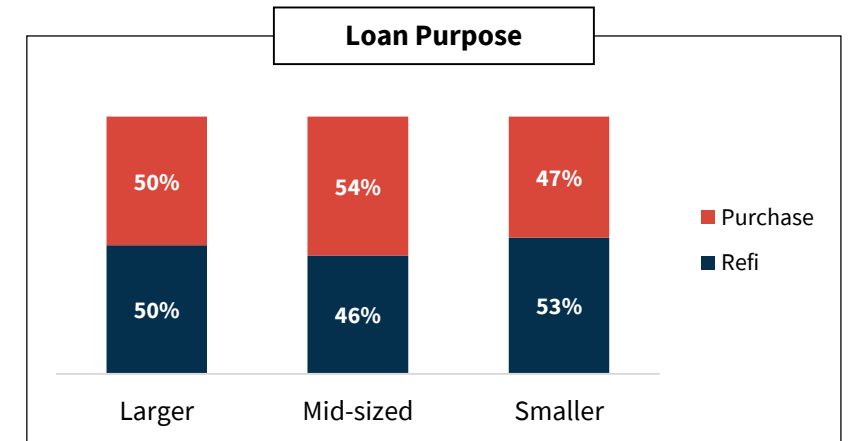
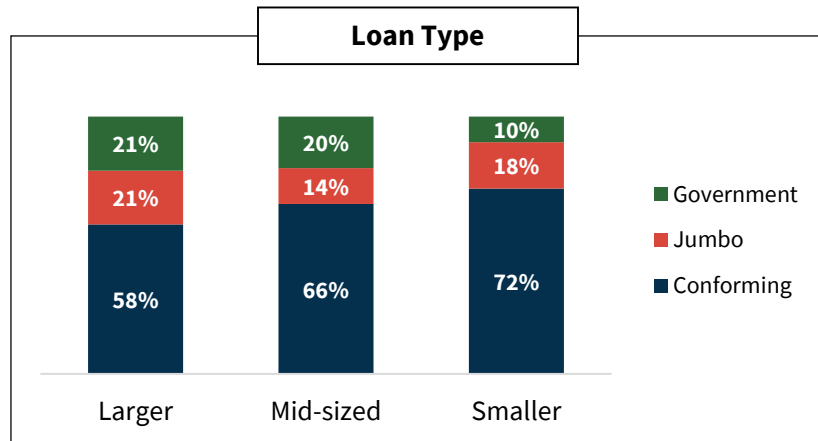
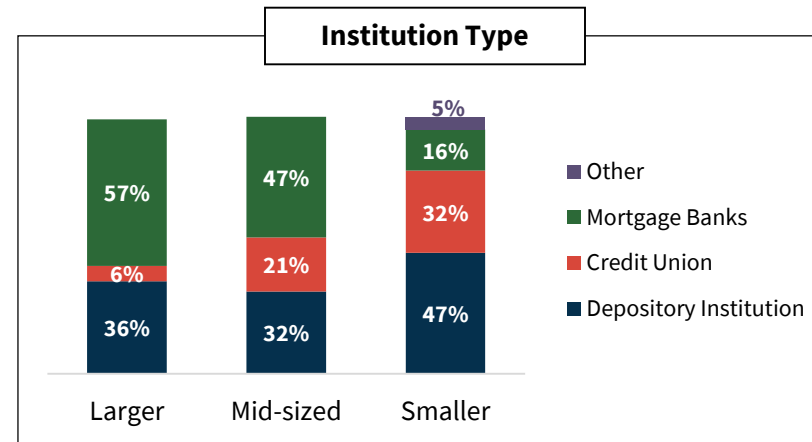
Data Weighting

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



Lending Institution Characteristics

Fannie Mae’s customers invited to participate in the Mortgage Lender Sentiment Survey represent a broad base of different lending institutions that conducted business with Fannie Mae in 2019. Institutions were divided into three groups based on their 2019 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 2018		Q4 2018		Q1 2019		Q2 2019		Q3 2019		Q4 2019		Q1 2020		Q2 2020		Q3 2020	
		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
Total Lending Institutions		184	±6.78%	212	±6.52%	184	±7.03%	211	±6.19%	179	±6.82%	168	±7.08%	183	±6.70%	229	±5.87%	186	±6.64%
Loan Origination Volume Groups	Larger Institutions	45	±12.83%	59	±12.36%	49	±13.62%	61	±10.50%	60	±10.64%	60	±10.63%	52	±11.65%	71	±9.26%	51	±11.80%
	Mid-sized Institutions	42	±13.73%	58	±12.47%	43	±14.59%	57	±11.43%	45	±13.25%	38	±14.67%	40	±14.19%	62	±10.76%	51	±12.25%
	Smaller Institutions	97	±9.51%	95	±9.74%	92	±9.92%	93	±9.62%	74	±10.92%	70	±11.26%	91	±9.70%	96	±9.42%	84	±10.15%
Institution Type	Mortgage Banks	66	±10.89%	76	±10.80%	53	±13.05%	91	±8.92%	72	±10.37%	76	±10.05%	71	±10.47%	89	±9.07%	66	±10.96%
	Depository Institutions	68	±11.31%	88	±10.15%	79	±10.72%	85	±9.80%	70	±10.98%	60	±11.98%	73	±10.65%	89	±9.46%	73	±10.65%
	Credit Unions	39	±14.96%	38	±15.48%	33	±16.69%	34	±16.05%	33	±16.32%	30	±17.19%	38	±15.03%	46	±13.49%	41	±14.40%

2018

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

2019

Q1 was fielded between February 6, 2019 and February 17, 2019
 Q2 was fielded between May 1, 2019 and May 12, 2019
 Q3 was fielded between July 31, 2019 and August 11, 2019
 Q4 was fielded between October 30, 2019 and November 10, 2019

2020

Q1 was fielded between February 5, 2020 and February 17, 2020
 Q2 was fielded between May 5, 2020 and May 18, 2020
 Q3 was fielded between August 4, 2020 and August 16, 2020



2020 Q3 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	186	50	51	84
Mortgage Banks (non-depository)	66	28	23	14
Depository Institutions	73	20	15	38
Credit Unions	41	2	13	26



2020 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
Total Lending Institutions	182	164	152	182	162	152
Larger Institutions	50	46	47	50	45	47
Mid-sized Institutions	50	46	44	50	46	44
Smaller Institutions	82	72	61	82	71	61

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	178	156	138	178	158	138
Larger Institutions	48	42	45	48	44	45
Mid-sized Institutions	48	44	42	48	45	42
Smaller Institutions	82	70	51	82	70	51



2020 Q3 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	181	160	148	182	163	150
Larger Institutions	50	45	47	50	45	47
Mid-sized Institutions	50	46	45	51	47	45
Smaller Institutions	81	69	56	81	71	58

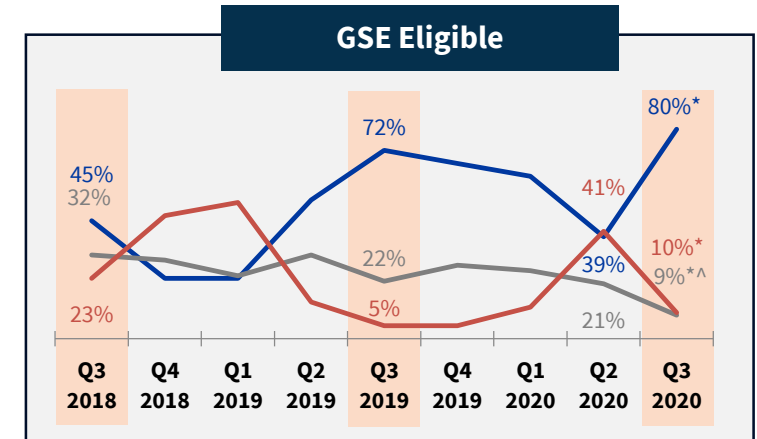


Calculation of the “Total”

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

Example:

Over the <u>past three months</u> , apart from normal seasonal variation, did your firm’s consumer demand for single-family <u>purchase</u> mortgages go up, go down, or stay the same? GSE Eligible (Q3 2020)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q3 “Total”
Go up	89%	76%	76%	80% [(89% + 76% + 76%)/3]
Stayed the same	5%	11%	13%	9%
Go down	6%	13%	11%	10%





Appendix

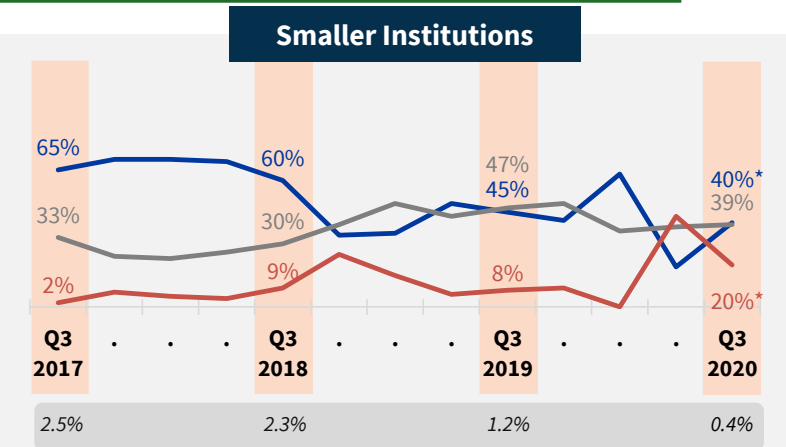
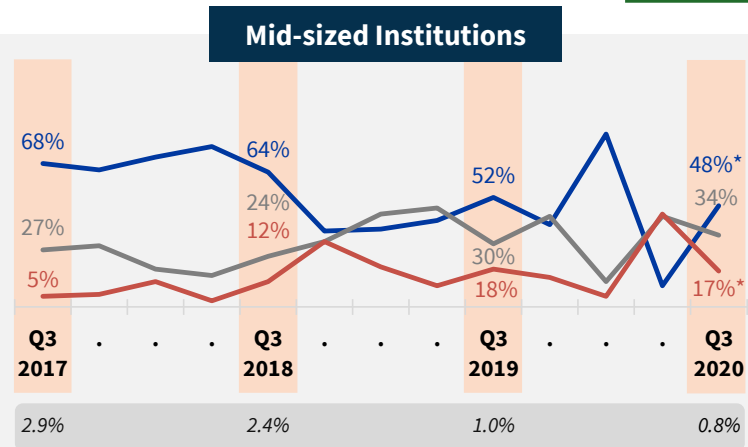
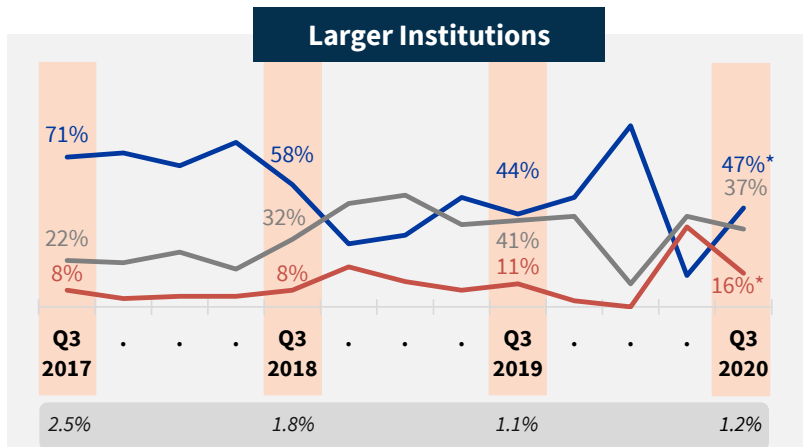
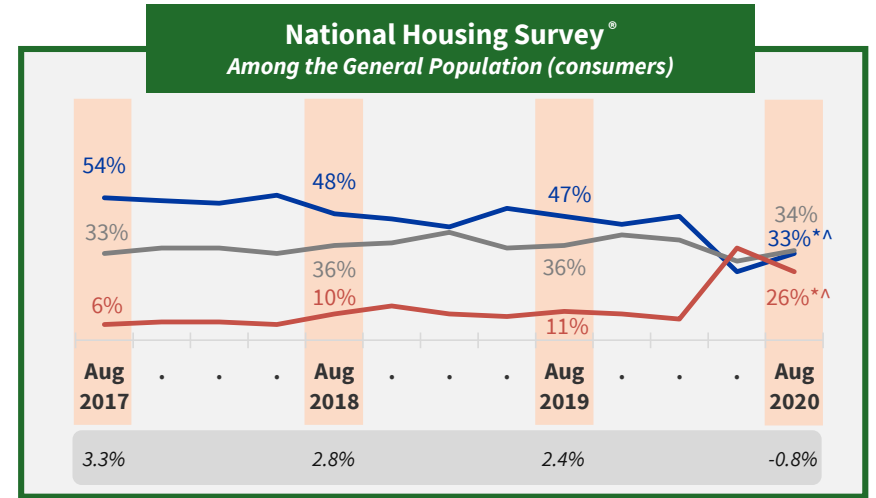
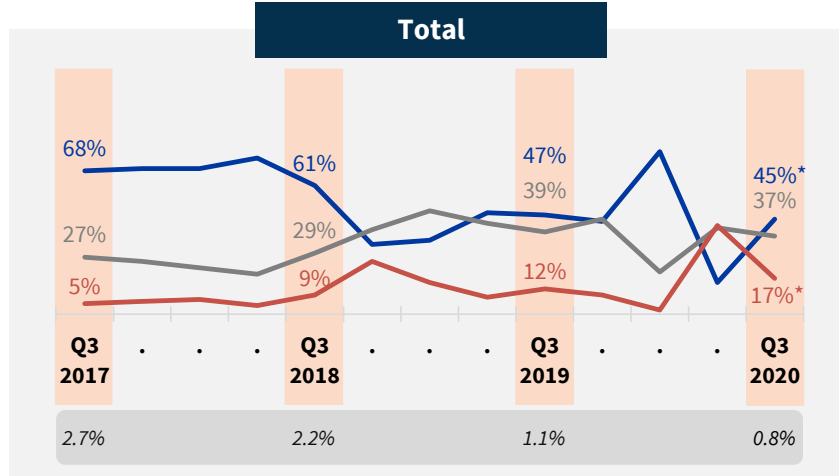
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Home Prices – Next 12 Months

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 2020 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

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

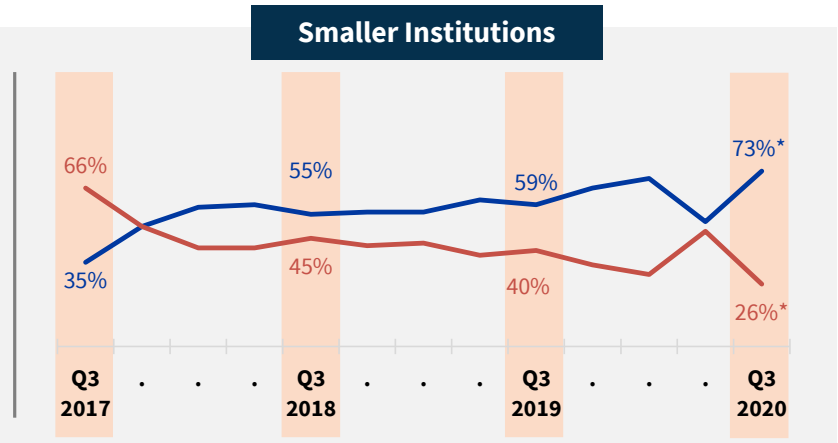
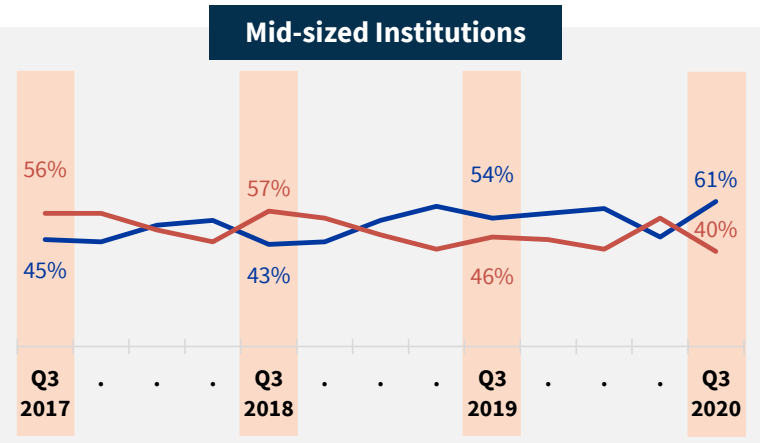
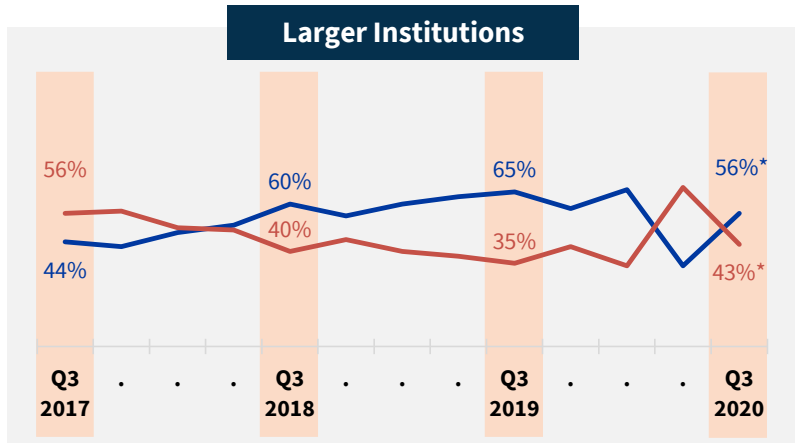
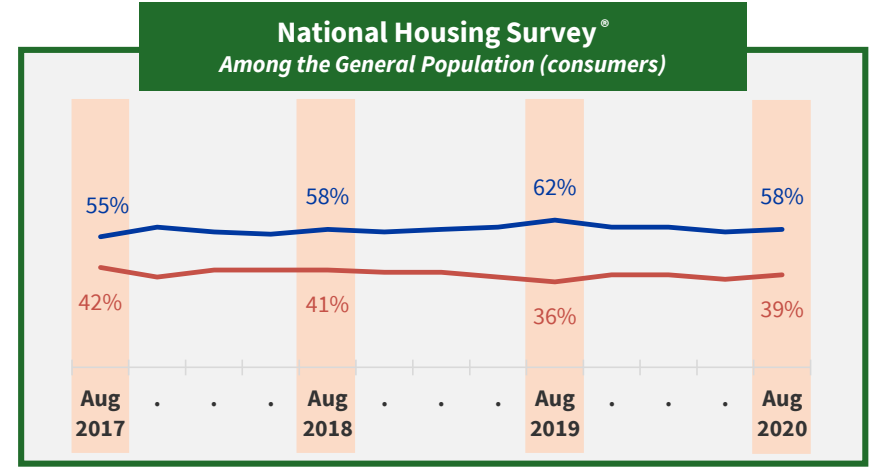
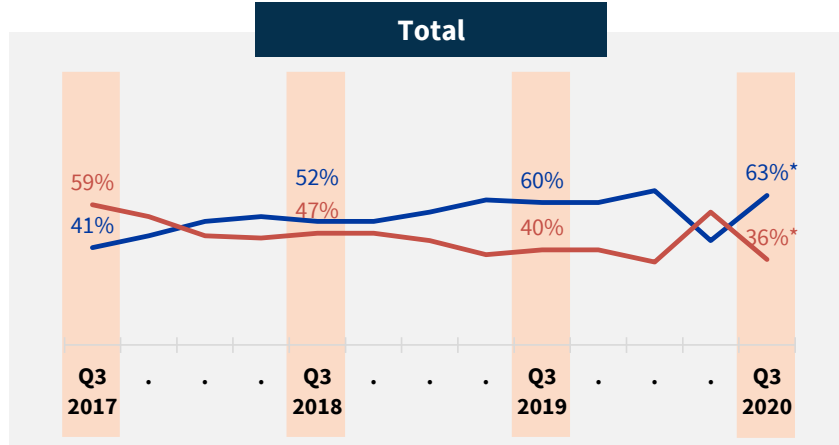


Difficulty of Getting a Mortgage

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

Easy
(Very easy + Somewhat easy)

Difficult
(Very difficult + Somewhat difficult)



* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

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

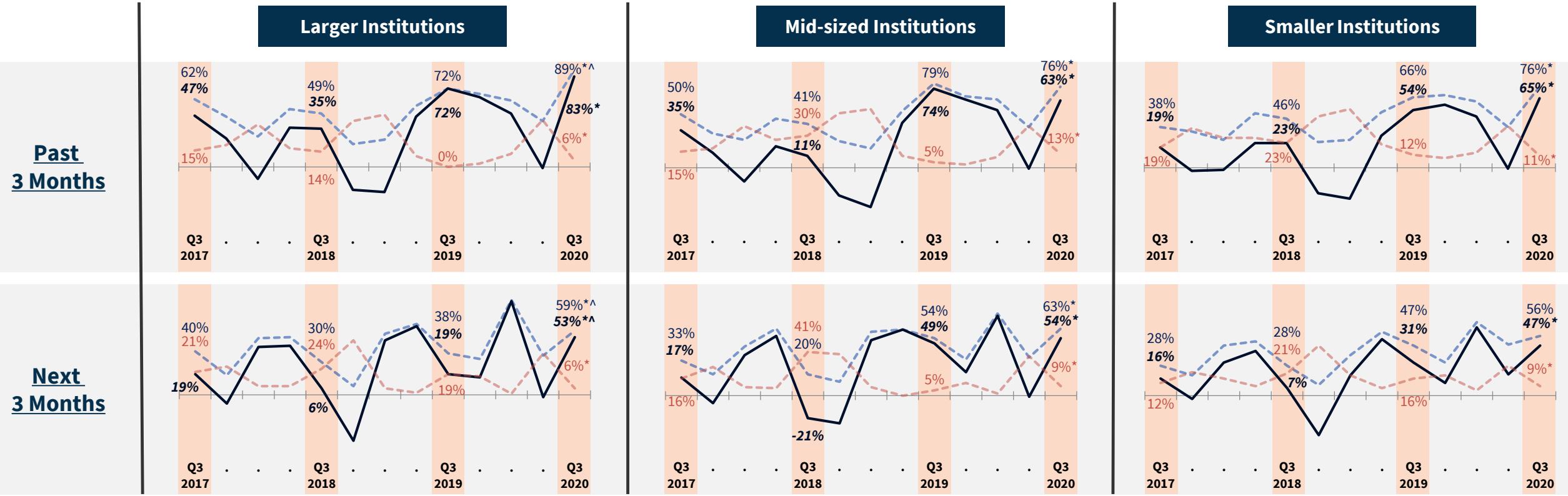




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Purchase Mortgage Demand: GSE-Eligible (by institution size)



--- 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

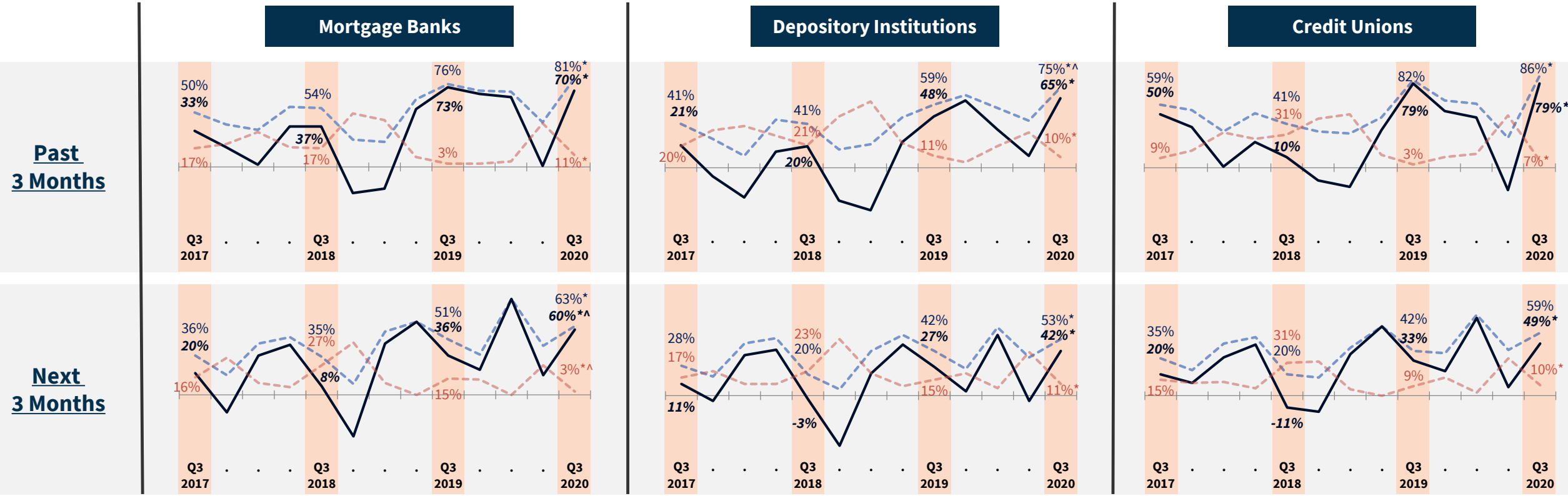
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

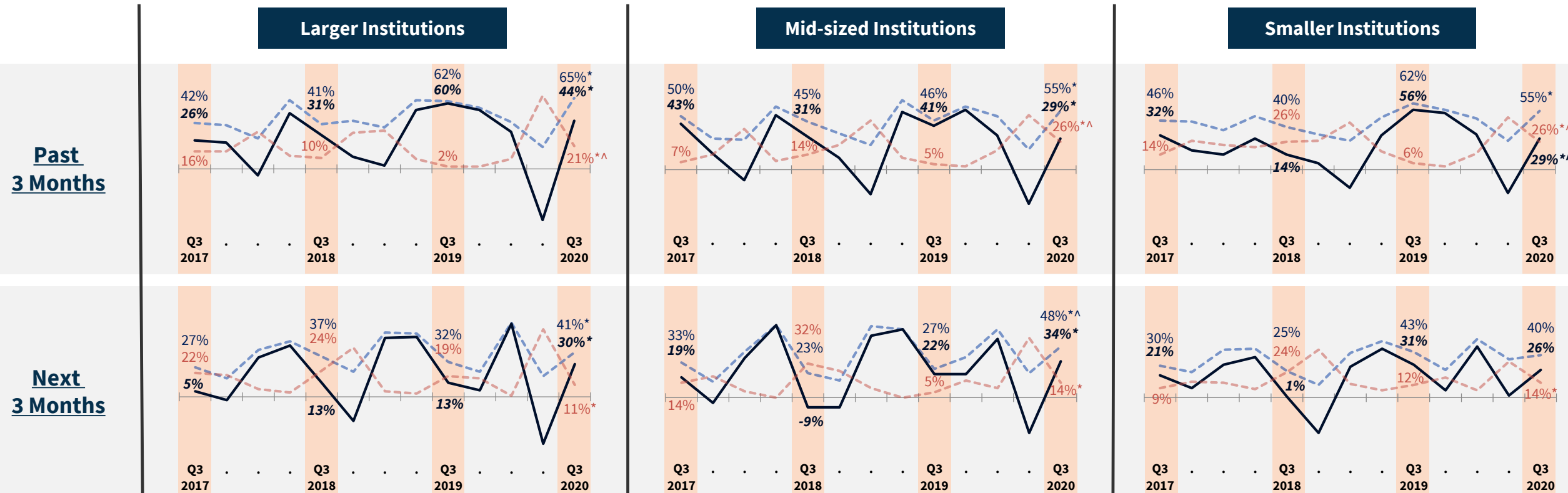
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

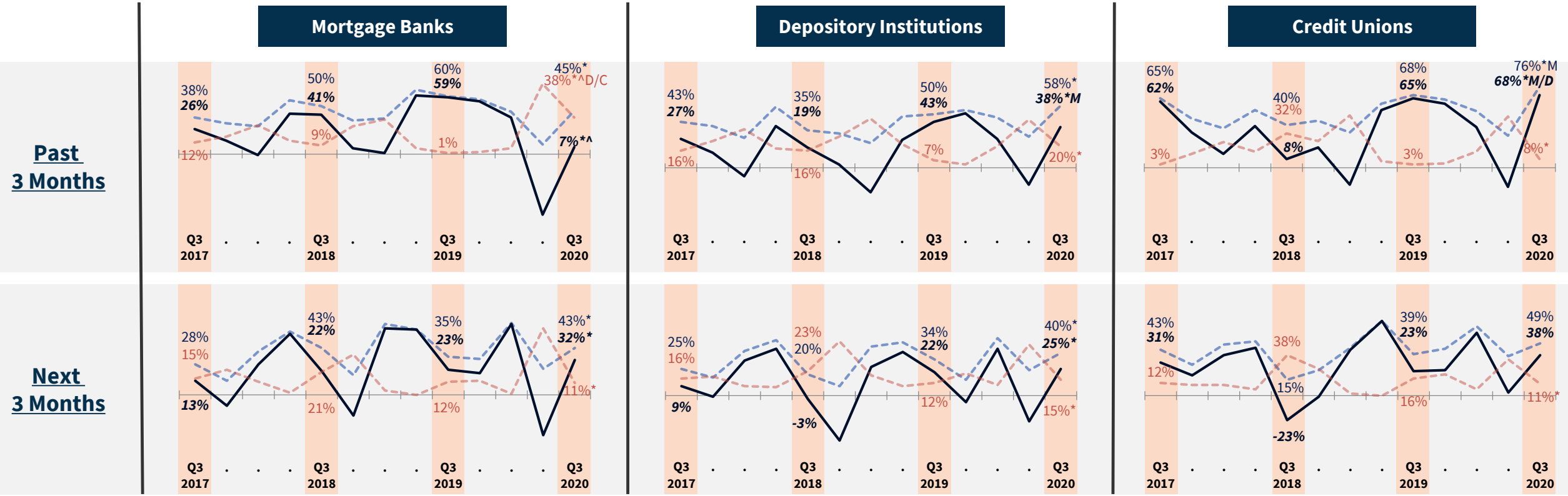
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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



Purchase Mortgage Demand: 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

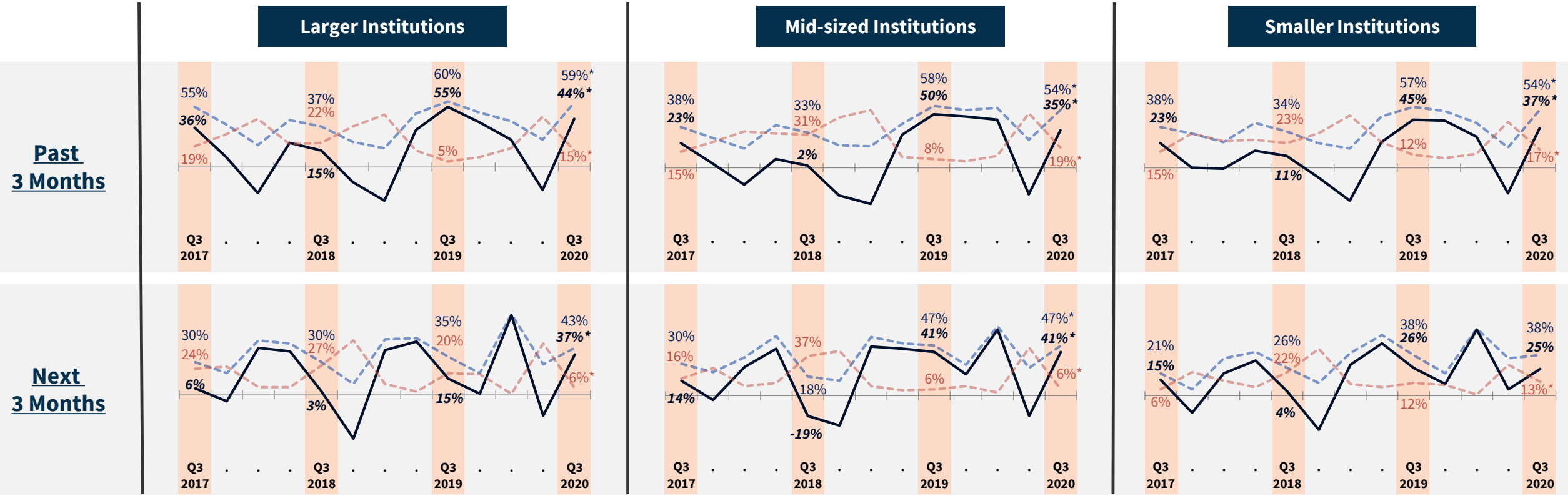
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

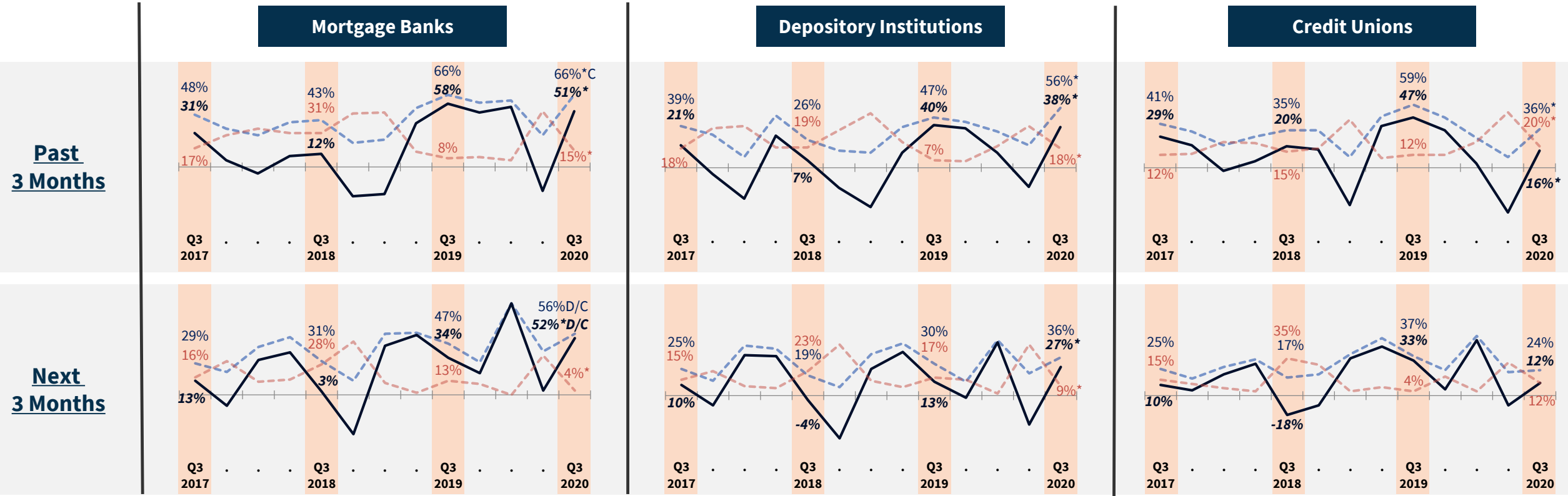
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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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

* Denotes a statistically significant change compared with Q2 2020 (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 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=165

- Interest Rates
- Economic/market conditions
- COVID-19

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)

“Reduced interest rates are bringing new consumers into the market. Some borrowers looking to expand space by moving from urban metro.” – *Larger Institution*

“Rates, needing a change of living space due to shelter in place, tapping equity in current residence and using to trade up.” – *Mid-sized Institution*

“Re-opening of the economy and low interest rates.” – *Smaller Institution*

“Shortage of homes on the market resulted in homes being purchased very quickly.” – *Smaller Institution*

“Increase in rate/term refi business (loan officer focus has shifted to easier loans).” – *Larger Institution*

“COVID delayed Spring purchase season.” – *Mid-sized Institution*

“Uncertainty around employment/income due to COVID-19.” – *Mid-sized Institution*

“Stay at home orders. Additionally, buyers weren't happy about entering homes and sellers weren't interested in having people in their homes. Realtors were not fully prepared for virtual tours and buyers do not widely accept virtual tours only for contract offers.” – *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=	106	29	31	46	
Mortgage rates are favorable	85%	81%	94%	78%	51%
Economic conditions (e.g., employment) overall are favorable	9%	17%	0%	11%	8%
There are many homes available on the market	1%	0%	0%	2%	12%
It is easy to qualify for a mortgage	1%	0%	0%	2%	3%
Home prices are low	0%	0%	0%	0%	13%

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=	15	3	5	7	
Economic conditions (e.g., employment) overall are not favorable	53%	33%	36%	86%	44%
There are not many homes available on the market	22%	0%	43%	14%	5%
Home prices are high	8%	33%	0%	0%	24%
Mortgage rates are not favorable	0%	0%	0%	0%	4%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	7%

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

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



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

You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)		Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	69	19	22	28		
Mortgage rates are favorable		79%	71%	86%	79%	51%
Economic conditions (e.g., employment) overall are favorable		6%	13%	0%	7%	8%
It is easy to qualify for a mortgage		4%	8%	0%	4%	3%
Home prices are low		4%	7%	5%	0%	13%
There are many homes available on the market		0%	0%	0%	0%	12%

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=	22	5	7	10		
Economic conditions (e.g., employment) overall are not favorable		48%	20%	40%	80%	44%
It is difficult to qualify for a mortgage		15%	20%	15%	10%	7%
There are not many homes available on the market		15%	20%	15%	10%	5%
Mortgage rates are not favorable		0%	0%	0%	0%	4%
Home prices are high		0%	0%	0%	0%	24%

*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=	64	20	21	23	
Mortgage rates are favorable	79%	74%	78%	87%	51%
Economic conditions (e.g., employment) overall are favorable	11%	21%	2%	9%	8%
It is easy to qualify for a mortgage	3%	0%	5%	4%	3%
There are many homes available on the market	2%	5%	0%	0%	12%
Home prices are low	0%	0%	0%	0%	13%

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=	13	3	3	8	
Economic conditions (e.g., employment) overall are not favorable	59%	67%	25%	73%	44%
There are not many homes available on the market	31%	0%	75%	27%	5%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	7%
Mortgage rates are not favorable	0%	0%	0%	0%	4%
Home prices are high	0%	0%	0%	0%	24%

*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.



Upward Purchase Demand Outlook Drivers

Lenders now say favorable mortgage rates are the top reason driving increased expected future demand, near the survey highs from last quarter among all loan types.

GSE-Eligible	N=	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
		63	37	96	91	48	21	88	128	80	54	139	93	106
Mortgage rates are favorable		80%	83%	57%	54%	57%	16%	79%	89%	98%	90%	96%	99%	97%
Economic conditions (e.g., employment) overall are favorable		76%	90%	90%	84%	81%	88%	76%	73%	82%	76%	84%	29%	27%^
It is easy to qualify for a mortgage		2%	5%	17%	15%	9%	28%	6%	8%	7%	6%	4%	19%	27%^
There are many homes available on the market		16%	9%	9%	13%	21%	24%	22%	20%	9%	18%	5%	13%	13%
Home prices are low		7%	3%	3%	6%	7%	6%	2%	5%	1%	3%	3%	14%	9%^

Non-GSE-Eligible	N=	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
		51	33	77	76	48	31	88	110	59	41	101	55	69
Mortgage rates are favorable		74%	59%	53%	58%	49%	24%	72%	73%	85%	80%	77%	90%	96%^
Economic conditions (e.g., employment) overall are favorable		76%	73%	88%	79%	74%	63%	64%	70%	68%	69%	86%	34%	33%^
It is easy to qualify for a mortgage		12%	23%	22%	23%	34%	40%	19%	20%	22%	16%	15%	15%	21%
Home prices are low		8%	3%	3%	3%	4%	4%	2%	6%	4%	2%	5%	22%	16%
There are many homes available on the market		10%	16%	4%	9%	12%	17%	18%	16%	10%	16%	4%	12%	9%

Government	N=	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
		44	27	67	65	41	21	74	98	61	32	104	60	64
Mortgage rates are favorable		79%	69%	46%	50%	57%	28%	70%	80%	90%	82%	92%	97%	90%
Economic conditions (e.g., employment) overall are favorable		72%	77%	79%	79%	69%	65%	73%	71%	82%	76%	78%	31%	39%^
It is easy to qualify for a mortgage		13%	23%	28%	32%	27%	55%	22%	18%	8%	21%	12%	24%	30%^
There are many homes available on the market		16%	12%	13%	10%	19%	20%	14%	19%	8%	14%	5%	6%	11%
Home prices are low		6%	2%	3%	4%	8%	0%	5%	7%	7%	0%	3%	17%	9%

*Q: You mentioned that you expect your firm's consumer demand for GSE Eligible/Non-GSE Eligible/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 Total, % rank 1+2)

* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)



Downward Purchase Demand Outlook Drivers

This quarter, lenders are citing economic conditions as the top reason driving down expected future demand for all loan types, similar to last quarter but significantly more so compared to last year in Q3 2019.

GSE-Eligible	N=												
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Economic conditions (e.g., employment) overall are not favorable	31	48	22	13	47	95	24	8	25	28	7	76	15
There are not many homes available on the market	12%	15%	13%	5%	8%	11%	30%	24%	17%	3%	0%	92%	86% [^]
Home prices are high	82%	74%	64%	83%	69%	45%	57%	75%	71%	72%	85%	33%	66%*
It is difficult to qualify for a mortgage	47%	41%	47%	74%	66%	62%	65%	75%	66%	51%	89%	17%	22% [^]
Mortgage rates are not favorable	16%	12%	4%	0%	1%	3%	6%	0%	7%	3%	13%	34%	9%

Non-GSE-Eligible	N=												
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Economic conditions (e.g., employment) overall are not favorable	25	32	17	7	44	76	17	8	21	26	10	100	22
There are not many homes available on the market	15%	11%	18%	10%	9%	9%	36%	26%	18%	0%	0%	85%	67%* [^]
Home prices are high	84%	65%	61%	79%	61%	41%	38%	62%	52%	72%	66%	21%	56%*
It is difficult to qualify for a mortgage	12%	23%	16%	25%	8%	6%	17%	0%	6%	19%	32%	46%	28%
Mortgage rates are not favorable	53%	37%	27%	54%	65%	60%	70%	80%	75%	45%	61%	12%	20% [^]

Government	N=												
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Economic conditions (e.g., employment) overall are not favorable	25	38	16	12	43	81	16	10	20	18	3	79	13
There are not many homes available on the market	27%	15%	19%	4%	9%	15%	17%	17%	21%	5%	0%	93%	85% [^]
Home prices are high	81%	72%	66%	73%	54%	46%	37%	44%	69%	72%	100%	26%	63%*
It is difficult to qualify for a mortgage	47%	40%	36%	45%	65%	51%	51%	72%	60%	48%	100%	16%	28%
Mortgage rates are not favorable	13%	8%	13%	0%	10%	8%	20%	30%	11%	7%	0%	37%	14%

*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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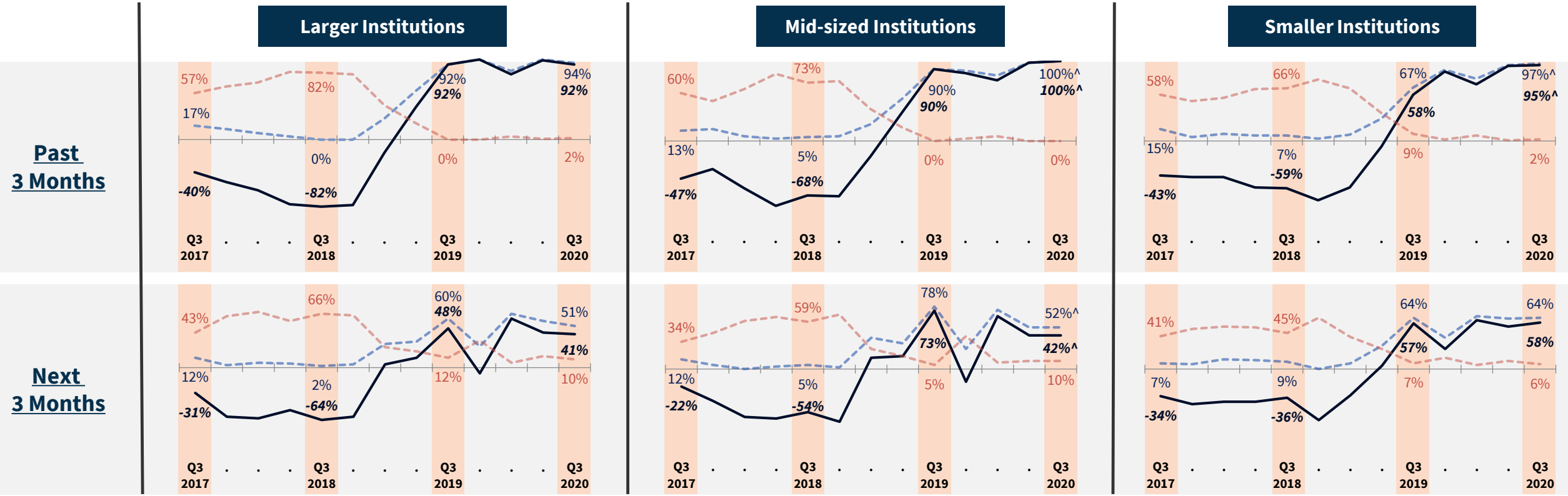




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Refinance Mortgage Demand: GSE-Eligible (by institution size)



--- 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

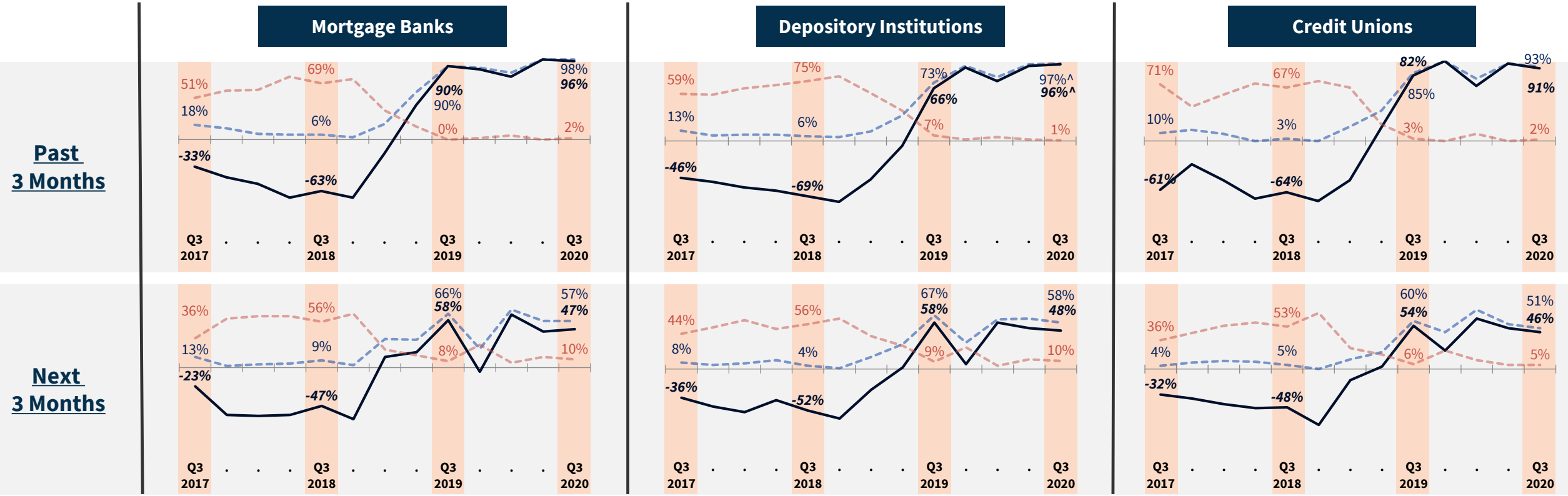
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

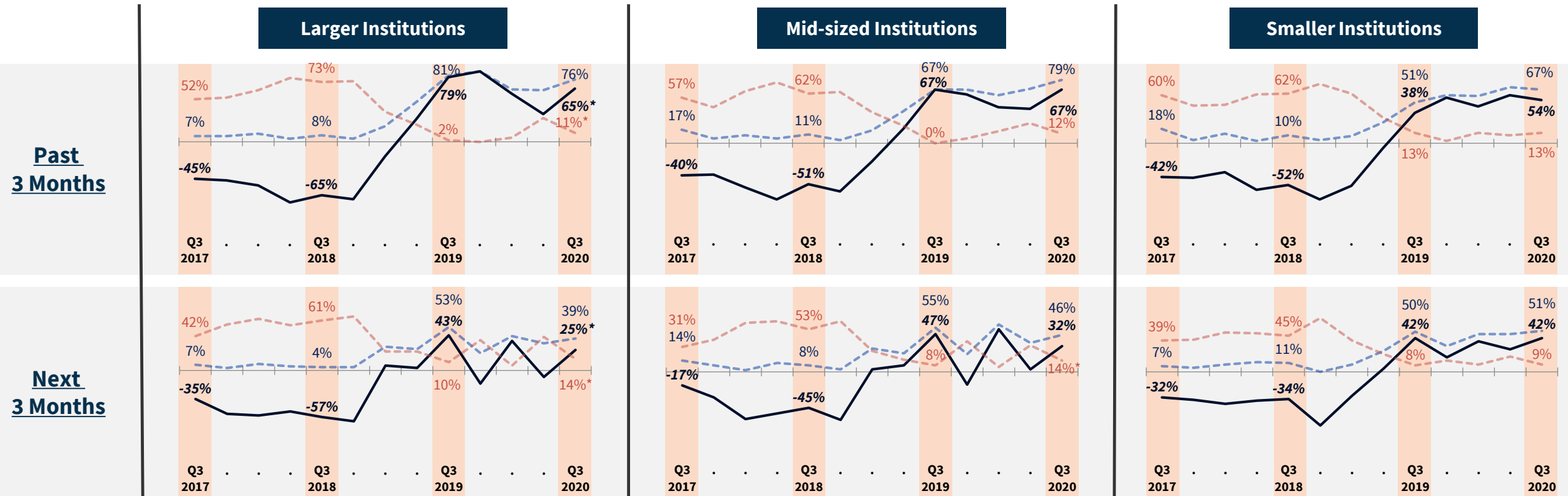
* Denotes a statistically significant change compared with Q2 2020 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

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

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



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



--- Up
--- Down
— Net Up+

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

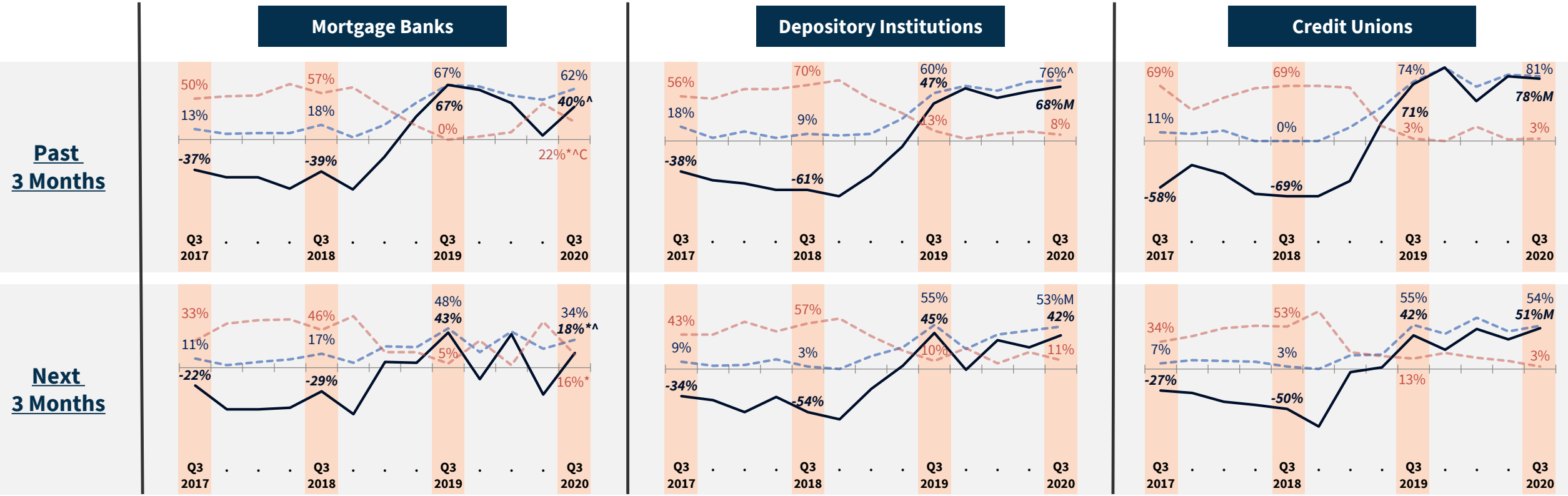
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

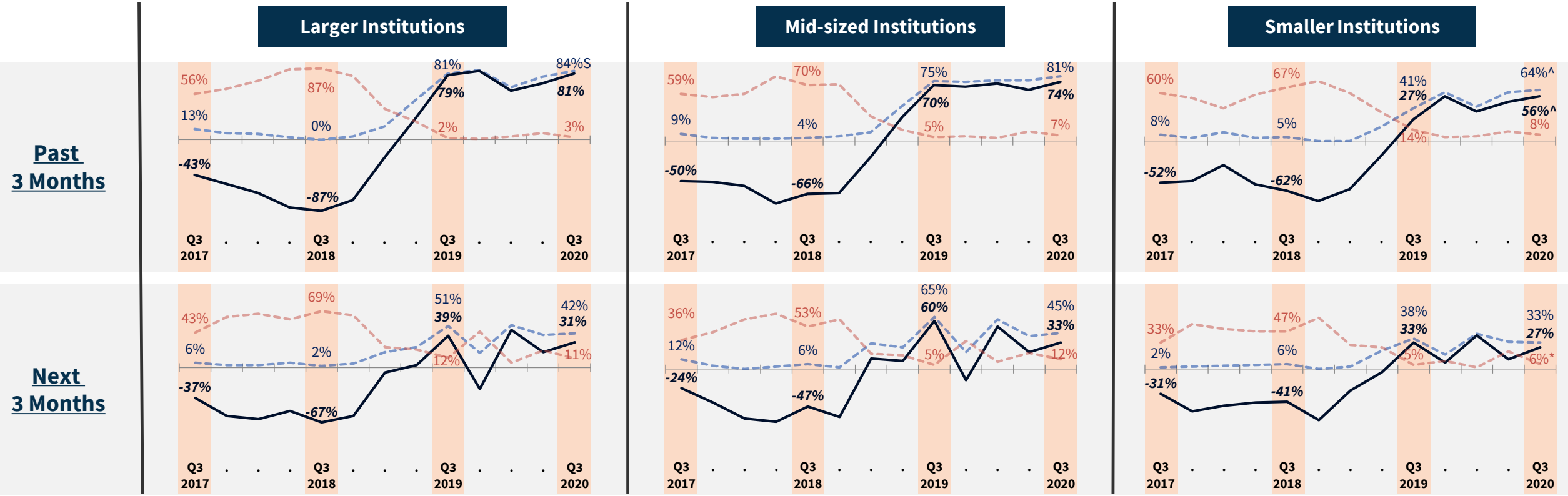
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Refinance Mortgage Demand: Government (by institution size)



--- 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

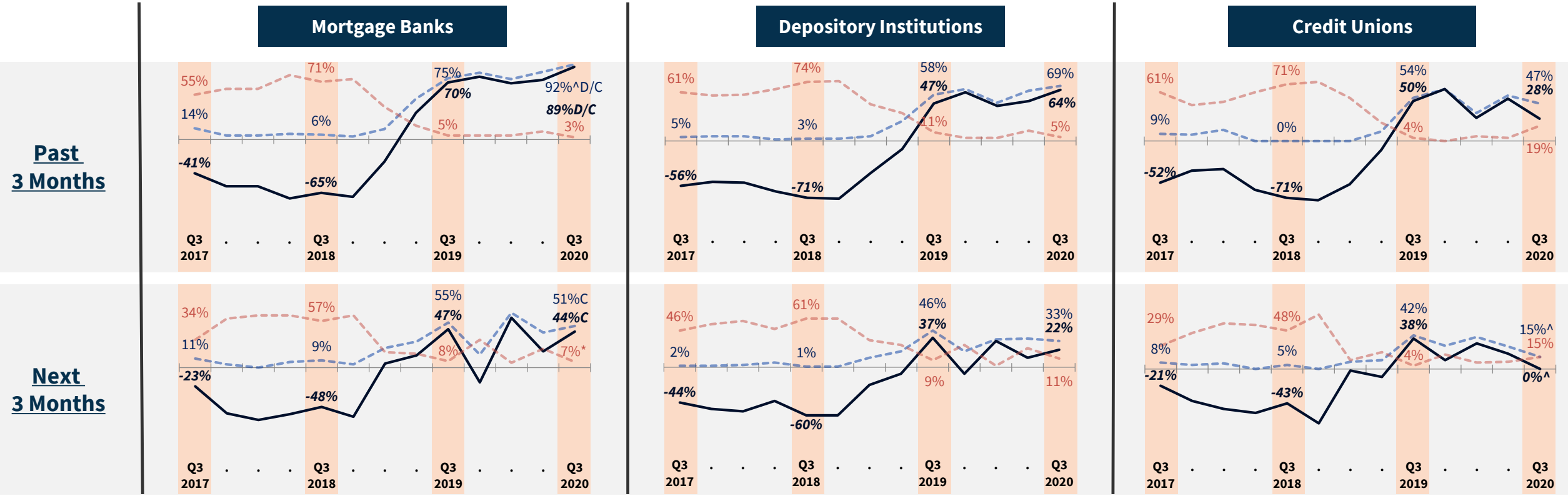
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Refinance Mortgage Demand: Government (by institution type)



--- 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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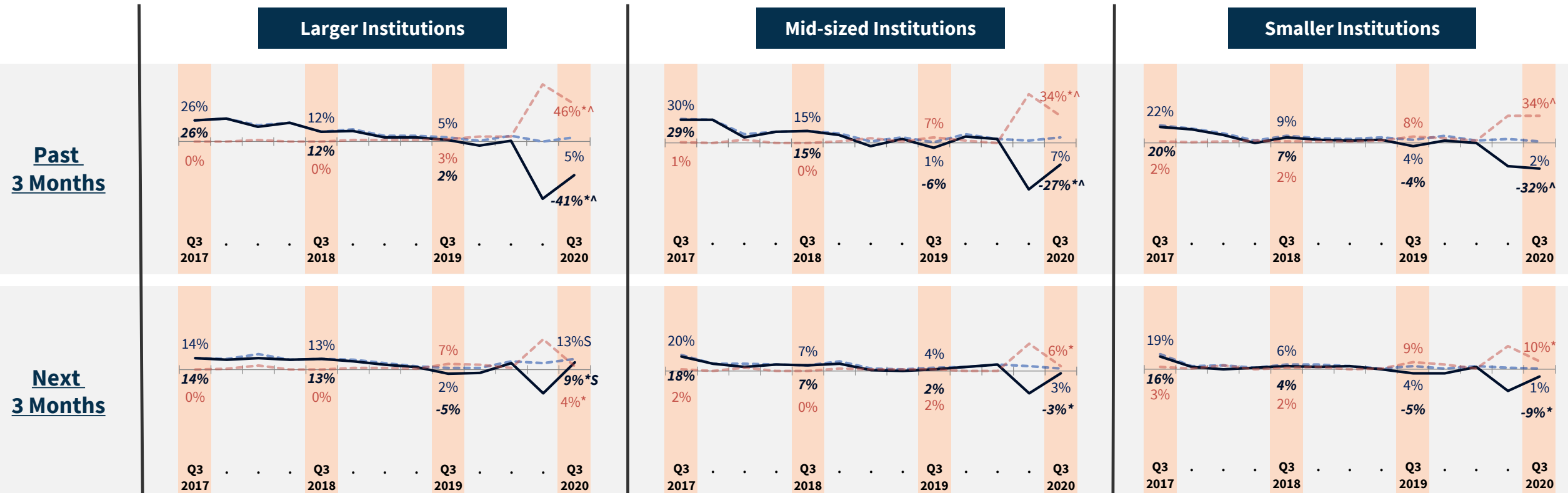




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Credit Standards: GSE-Eligible (by institution size)



- - - 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

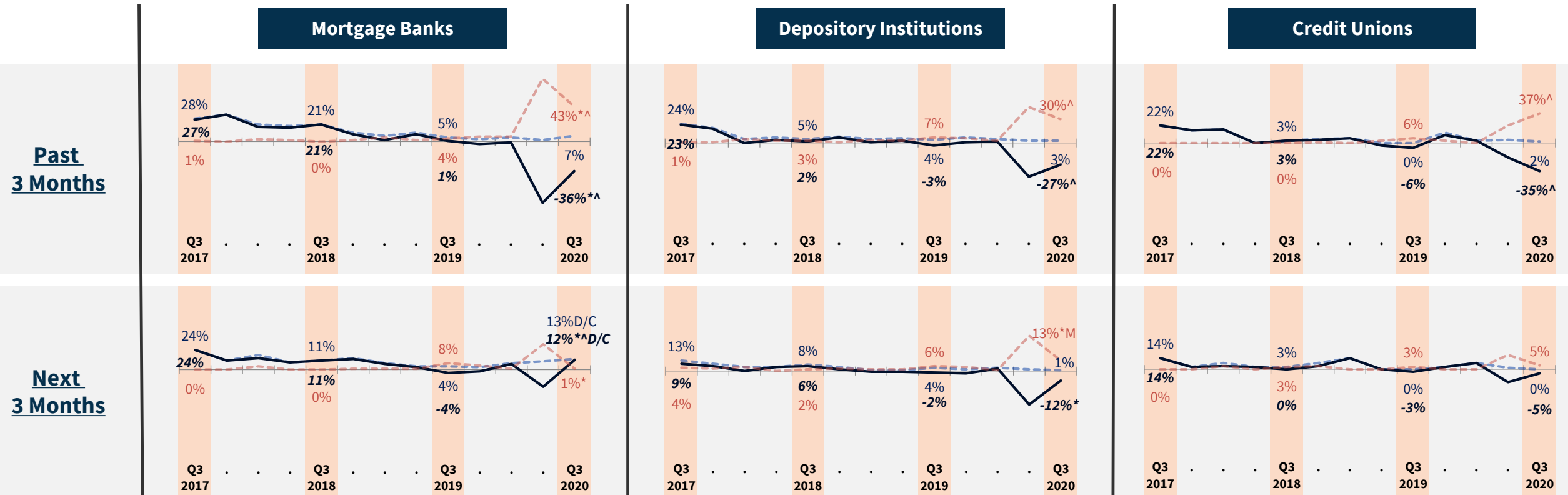
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Credit Standards: GSE-Eligible (by institution type)



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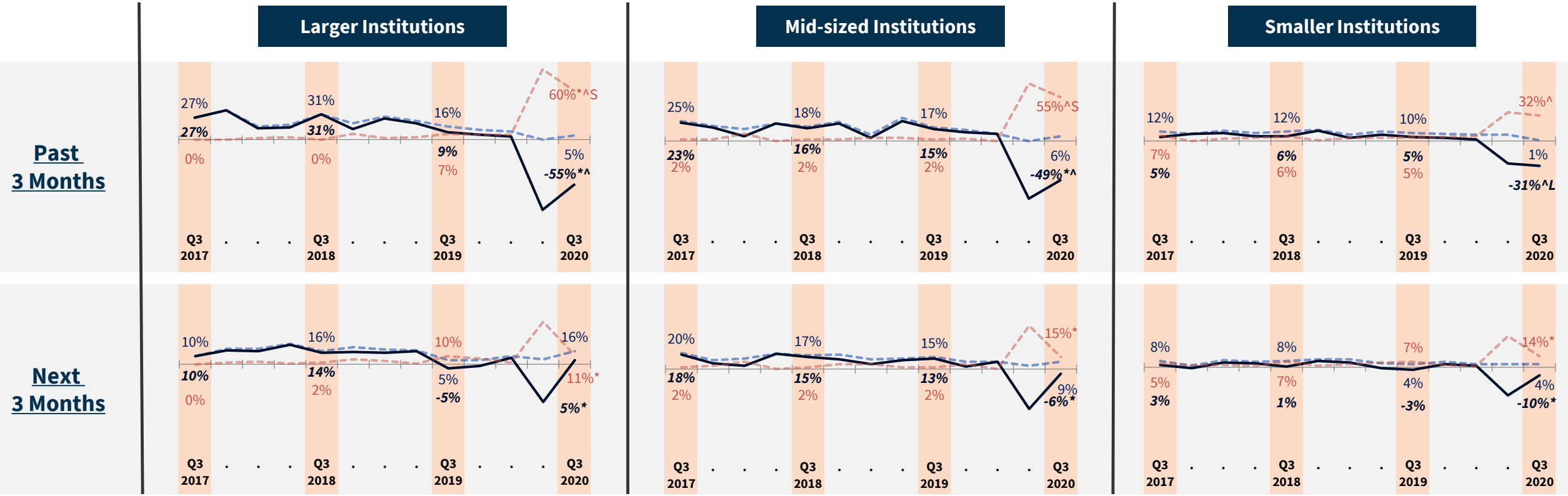
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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The % saying "stay the same" is not shown



Credit Standards: 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

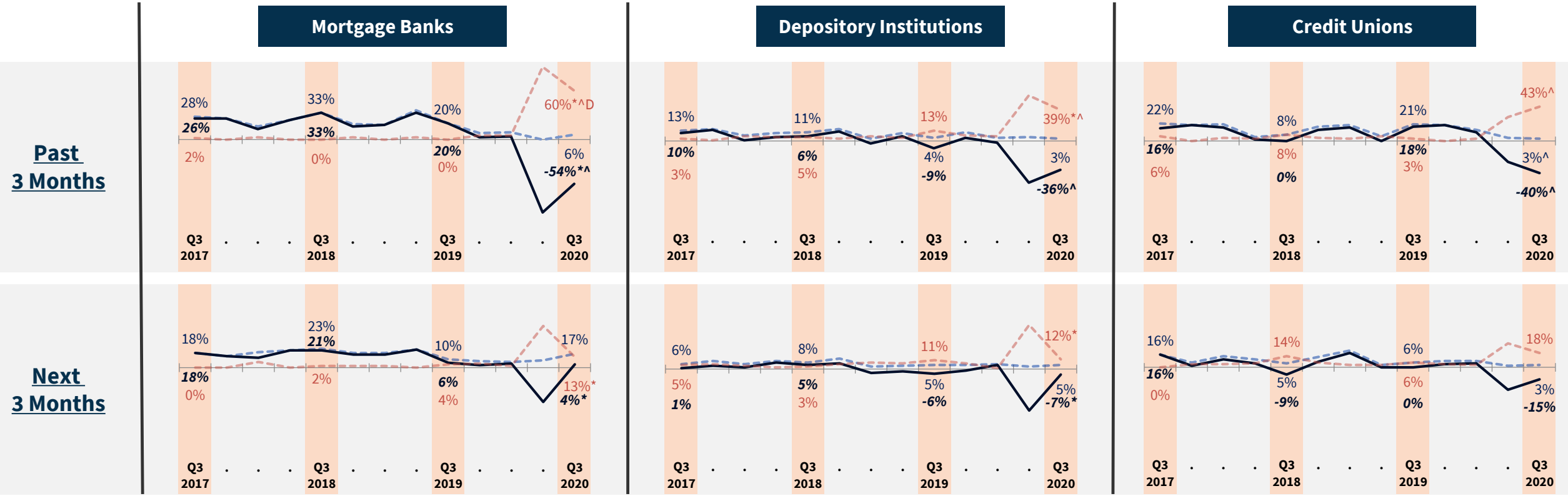
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Credit Standards: Non-GSE-Eligible (by institution type)



--- 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
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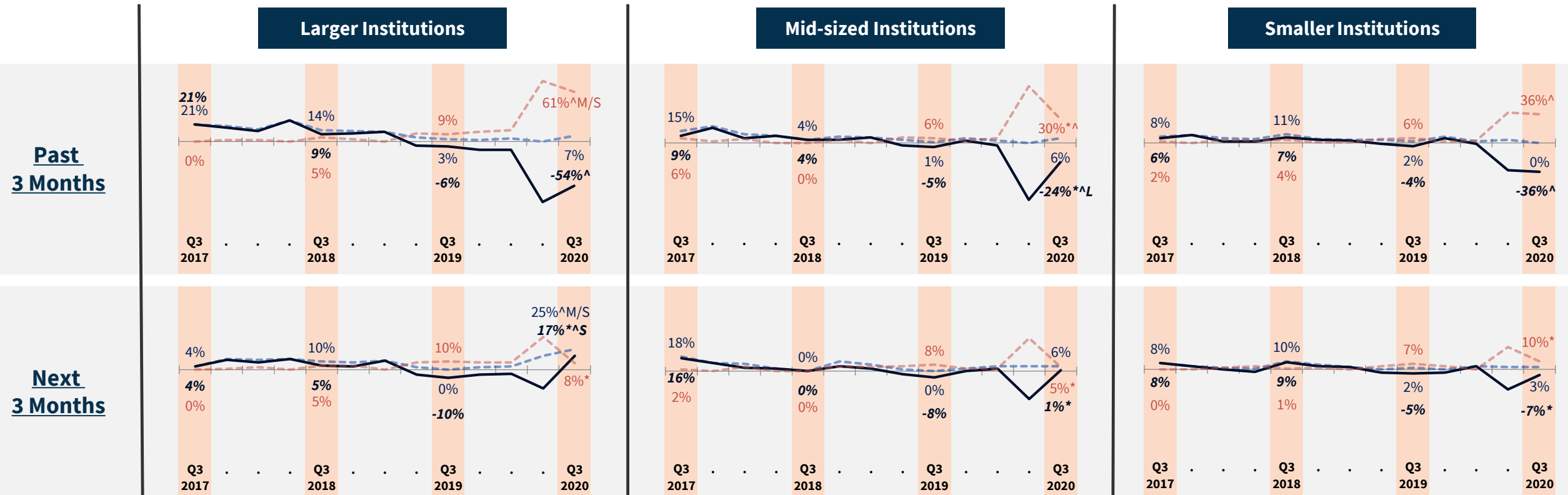
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Credit Standards: Government (by institution size)



--- 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
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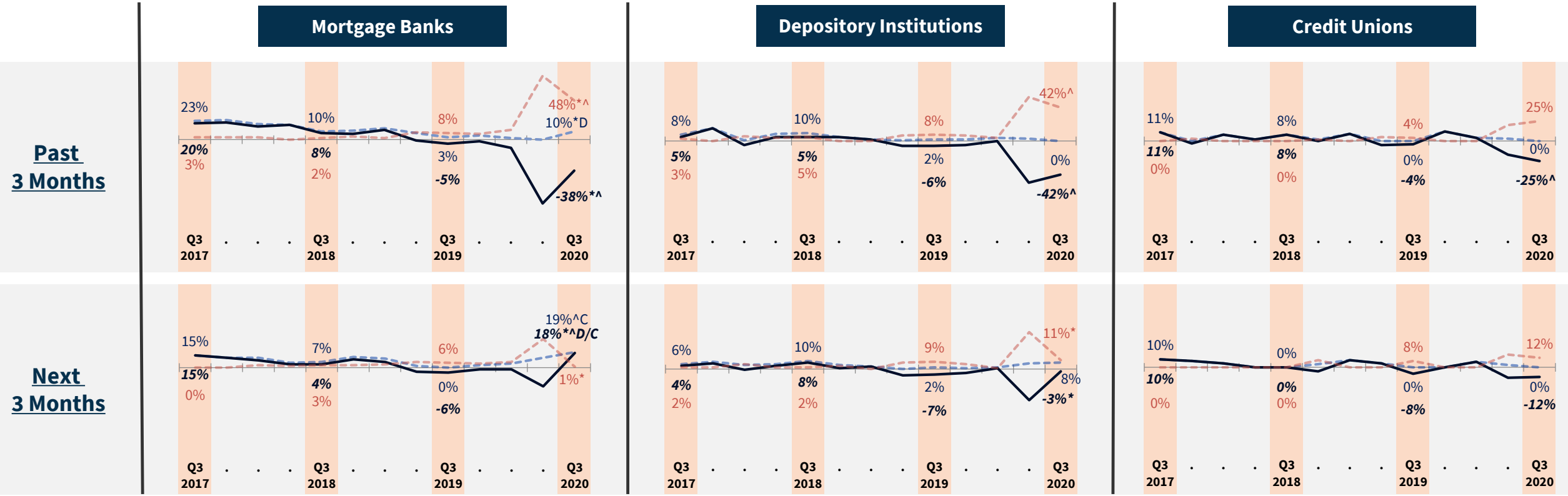
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Credit Standards: Government (by institution type)



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



Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=107

- Changes to guidelines
- Market/Economic conditions
- COVID-19 related concerns and uncertainty

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)

"Better understanding of GSE policies, liquidity in market and impacts of Covid." – *Larger Institution*

"Reduced certain COVID overlays." – *Larger Institution*

"The economic impact of the virus and investor UW requirements." – *Larger Institution*

"Concern about the economy, specifically home prices and risk of second homes, investment properties, and potentially pulled home equity to cover Other expenses." – *Mid-sized Institution*

"The impact of the pandemic on the economy and forecast for the recovery is not as favorable as originally planned." – *Mid-sized Institution*

"Economic uncertainty, COVID, unemployment, furlough." – *Smaller Institution*

Next 3 Months

N=46

- Changes to guidelines
- Market/Economic conditions
- COVID-19 related concerns and uncertainty

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)

"Continued easing of COVID restrictions." – *Larger Institution*

"Economy Stabilizing, Unemployment leveling off, Forbearance relief." – *Mid-sized Institution*

"Volume exceeds capacity." – *Larger Institution*

"COVID-19 and its effect." – *Mid-sized Institution*

"A greater realization of an impending housing decline will tighten LTV's and/or appraisal values." – *Smaller Institution*

"The risk of recession in the next few years." – *Smaller Institution*

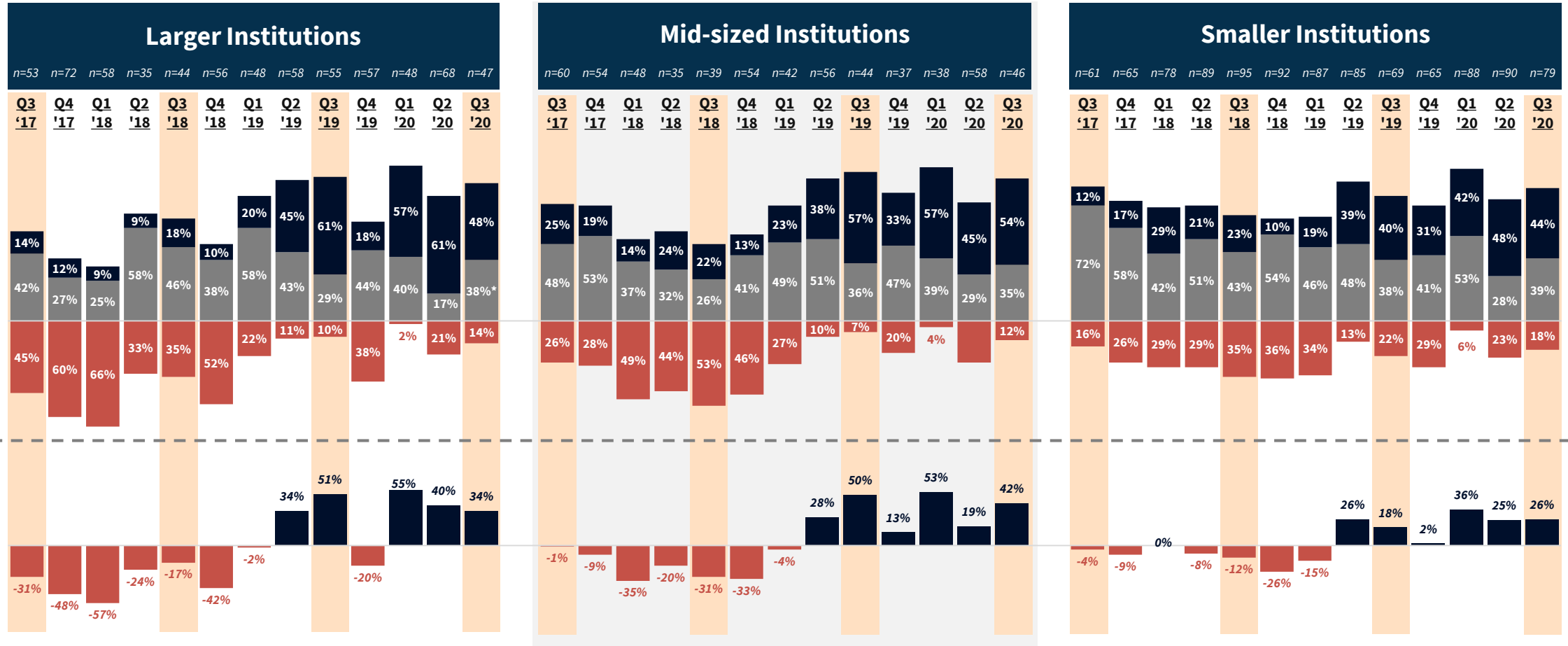




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Profit Margin Outlook – Next 3 Months (by institution size)



Increase

About the same

Decrease

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

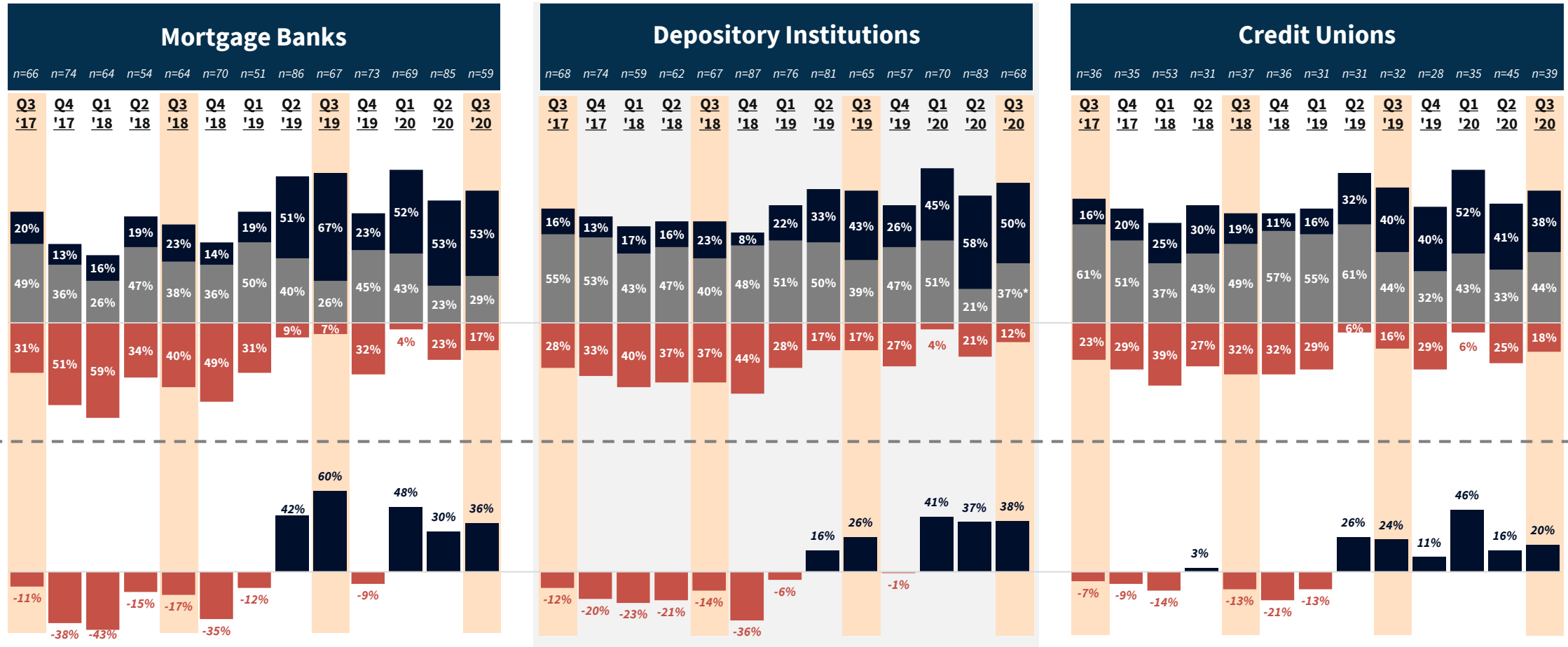
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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



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



Increased Profit Margin – Drivers

What do you think will drive the increase in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
N=	38	22	36	81	86	42	86	112	82
Consumer demand	22%	21%	41%	64%	61%	55%	67%	55%	69%*
GSE pricing and policies	12%	3%	9%	7%	19%	16%	16%	33%	35%^
Operational efficiency (i.e., technology)	64%	65%	47%	32%	43%	49%	51%	22%	29%
Government monetary or fiscal policy	6%	9%	3%	8%	12%	6%	5%	16%	14%
Market trend changes (i.e. shift from refinance to purchase)	9%	0%	11%	17%	22%	27%	18%	16%	13%
Less competition from other lenders	7%	19%	8%	22%	13%	13%	10%	28%	12%*
Marketing expense reduction	4%	0%	1%	9%	2%	0%	2%	4%	8%
Non-GSE (other investors) pricing and policies	6%	21%	19%	6%	10%	10%	4%	10%	4%
Staffing (personnel costs) reduction	44%	32%	42%	25%	8%	6%	10%	7%	2%
Servicing cost reduction	2%	0%	3%	2%	1%	4%	3%	2%	2%
Government regulatory compliance	7%	0%	0%	2%	2%	0%	1%	0%	2%

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

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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								
	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
N=	69	87	52	24	23	47	8	51	26
Competition from other lenders	71%	74%	77%	59%	66%	63%	50%	41%	62%
Staffing (personnel costs)	15%	19%	18%	28%	21%	12%	42%	12%	32%*
GSE pricing and policies	9%	12%	17%	20%	28%	14%	20%	34%	31%
Consumer demand	37%	38%	29%	13%	8%	36%	0%	27%	26%
Market trend changes (i.e. shift from refinance to purchase)	23%	16%	16%	3%	19%	39%	25%	16%	19%
Government monetary or fiscal policy	8%	10%	9%	12%	7%	5%	9%	21%	13%
Non-GSE (other investors) pricing and policies	10%	6%	10%	3%	4%	5%	0%	15%	3%
Servicing costs	2%	1%	3%	3%	4%	2%	0%	15%	3%
Operational efficiency (i.e. technology)	9%	7%	5%	13%	12%	10%	0%	3%	3%
Government regulatory compliance	14%	5%	7%	18%	20%	4%	10%	5%	0%
Marketing expenses	1%	4%	3%	14%	7%	5%	12%	0%	0%

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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.

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?

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.

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.

Q53a. You mentioned earlier that "market trend changes" is an important factor for your firm's profit margin to decrease. What market trend changes are you seeing? Please share details with us. (Optional)

Q53b. You mentioned earlier that "market trend changes" is an important factor for your firm's profit margin to increase. What market trend changes are you seeing? Please share details with us. (Optional)

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)

