

Mortgage Lender Sentiment Survey[®]

Providing Insights Into Current Lending Activities and Market Expectations

Q2 2021 Full Report – published June 10, 2021



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Key Findings – Q2 2021

Despite elevated optimism towards the U.S. economy, lenders expressed a cautious outlook as expected mortgage demand growth slows and the decline in profit margin outlook sets a survey record.

Profit Margin Outlook

- Lenders' profit margin outlook declined again this quarter after two prior consecutive quarters' decline, marking the largest quarterly decline recorded since survey inception (Q1 2014). Those expecting a lower profit margin outlook pointed to “competition from other lenders” and “market trend changes” as the primary reasons.

Mortgage Demand

- For purchase mortgages, the net share of lenders reporting demand growth over the next three months are slightly down for GSE-eligible and government loans and about even for non-GSE-eligible loans compared to last quarter.
- For refinance mortgages, the net share of lenders reporting demand growth over the next three months fell significantly across loan types, reaching the lowest levels seen since Q4 2018.

Credit Standards

- The net share of lenders reporting easing credit standards over the prior three months has gradually climbed since Q2 2020 across all loan types. For the next three months, the net share of lenders expecting easing has ticked up slightly from last quarter for non-GSE-eligible loans but remained relatively steady for GSE-eligible and government loans.



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

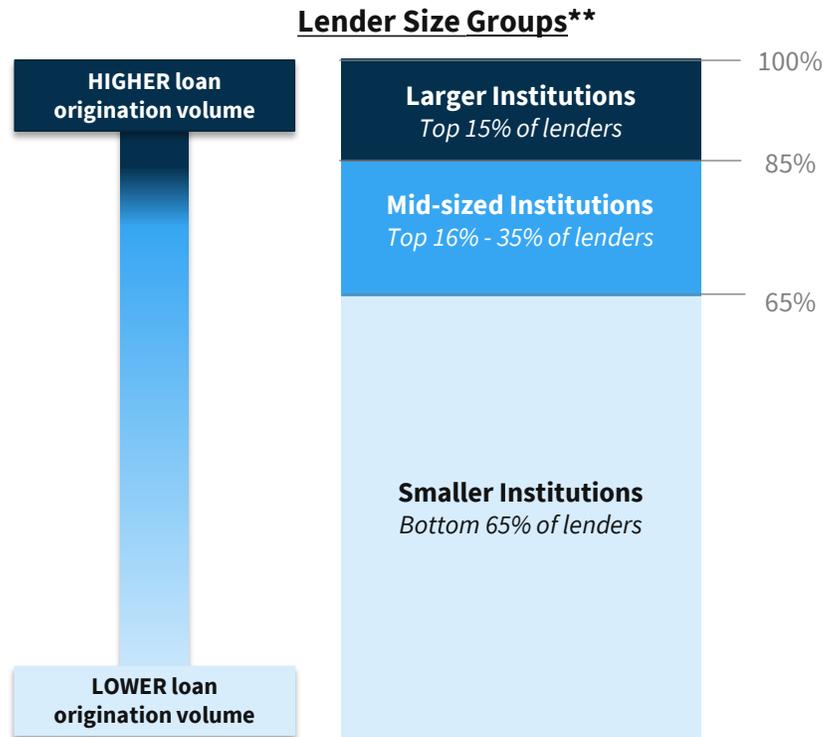
- **COVID-19 & Remote Working**
- **Mortgage Servicing Challenges**
- **CONDO Mortgage Lending Opportunities**
- **COVID-19 Challenges and Lender Business Priorities**
- **Impact of Technology on Lender Workforce Management**
- **Business Priorities and Industry Competition**

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



Q2 2021 Respondent Sample and Groups

The current analysis is based on second quarter 2021 data collection. For Q2 2021, a total of 250 senior executives completed the survey between May 4-17, representing 225 lending institutions.*



Sample Q2 2021		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.		225
Lender Size Groups	Larger Institutions Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2020 loan origination volume (above \$2.25 billion)	66
	Mid-sized Institutions Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2020 loan origination volume (between \$598 million and \$2.25 billion)	63
	Smaller Institutions Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2020 loan origination volume (less than \$598 million)	96
Institution Type***	Mortgage Banks (non-depository)	103
	Depository Institutions	72
	Credit Unions	43

* 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 2020 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 2020 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. 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

- Lender sentiment toward the U.S. economy turned significantly more positive compared to the previous quarter (Q1 2021) and the same quarter last year (Q2 2020), continuing the upward trajectory since Q3 2020.
- For purchase mortgages, the net share of lenders reporting demand growth over the past three months increased from last quarter across all lender types. Looking ahead, demand growth expectations over the next three months are slightly down for GSE-eligible and government loans and about even for non-GSE-eligible loans compared to last quarter.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months dropped significantly from last quarter across all loan types, turning net negative for the first time since Q1 2019 and reaching the lowest reading since Q4 2018 for GSE-eligible and government loans. Refinance demand growth expectations on net for the next three months also fell significantly across loan types, reaching the lowest levels seen since Q4 2018.

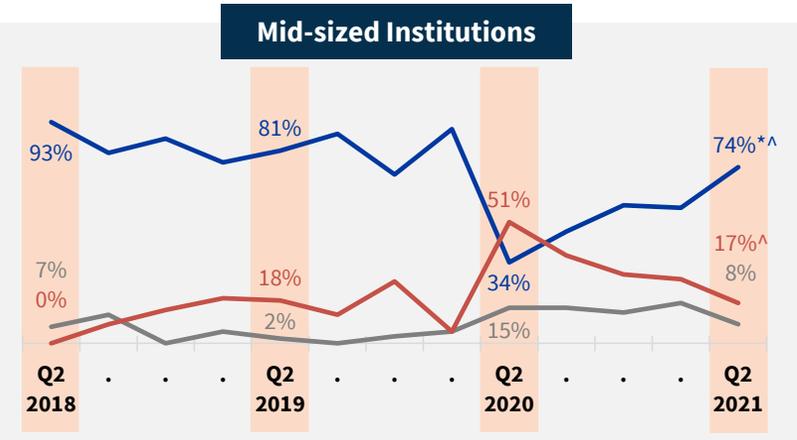
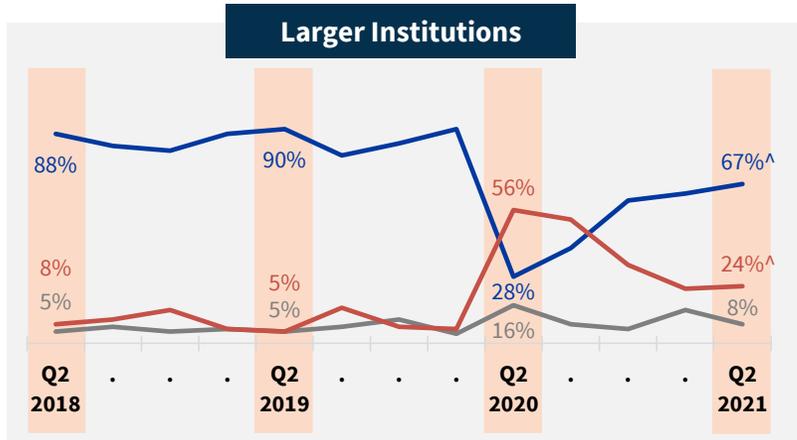
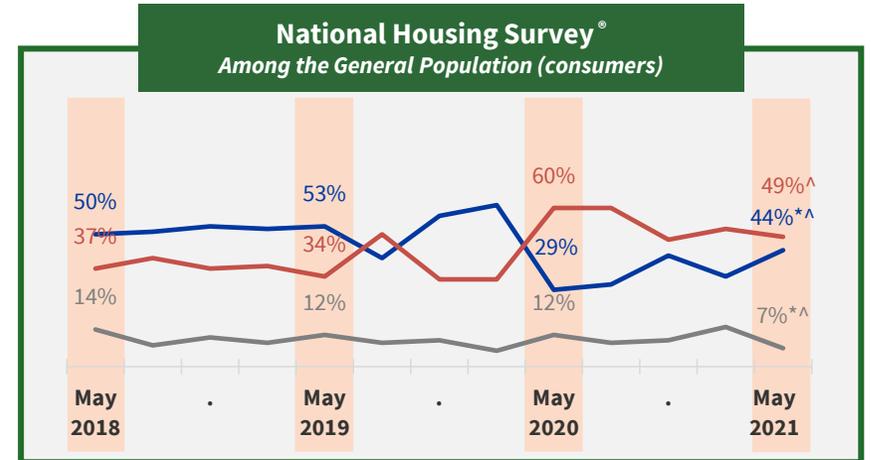
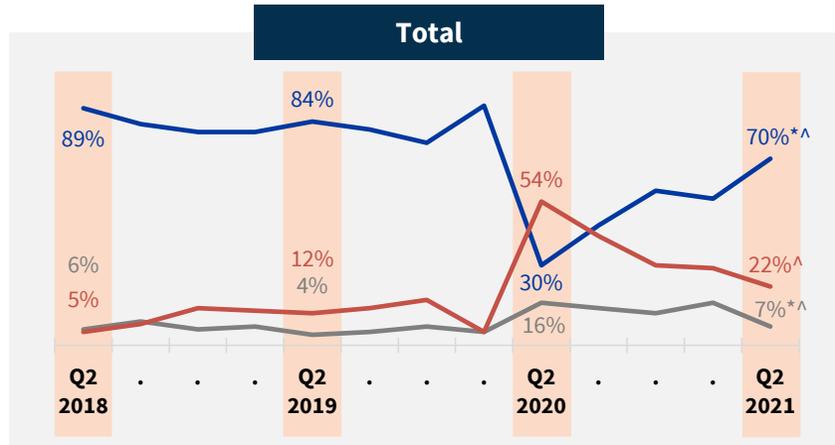


U.S. Economy Overall

Lender sentiment toward the U.S. economy turned significantly more positive compared to the previous quarter (Q1 2021) and the same quarter last year (Q2 2020), continuing the upward trajectory since Q3 2020.

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

- Right Track
- Don't know
- Wrong Track

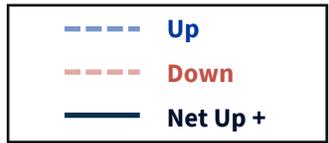


* Denotes a statistically significant change compared with Q1 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)

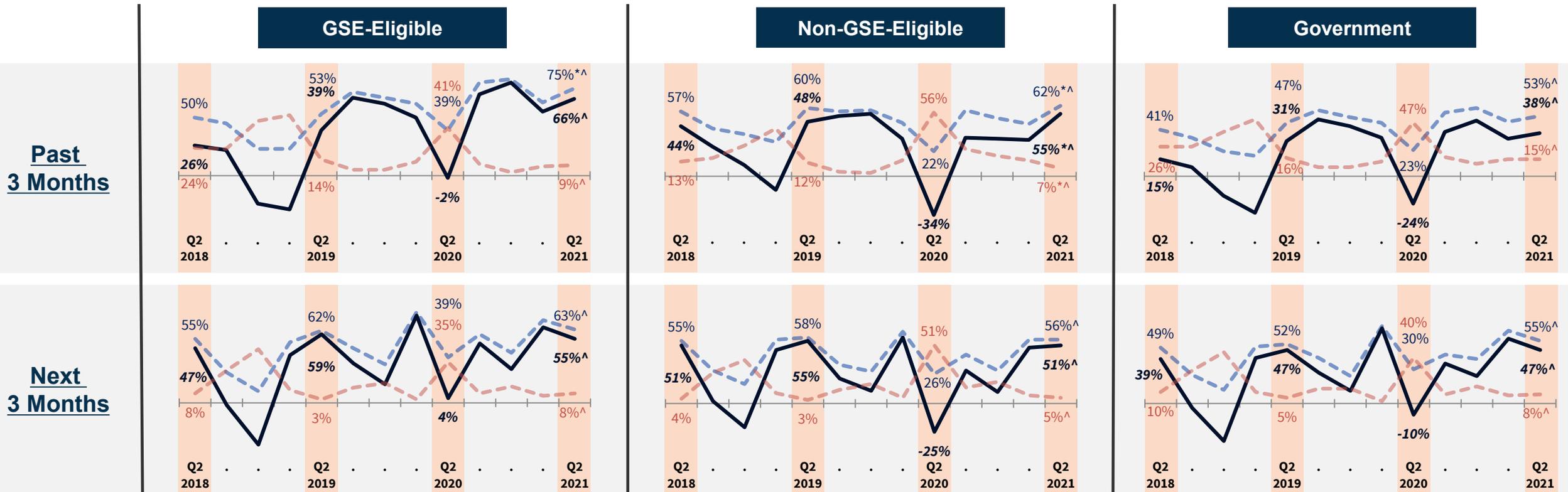
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>



Purchase Mortgage Demand



The net share of lenders reporting demand growth over the past three months increased from last quarter across all lender types. Looking ahead, demand growth expectations over the next three months are slightly down for GSE-eligible and government loans and about even for non-GSE-eligible loans compared to last quarter.



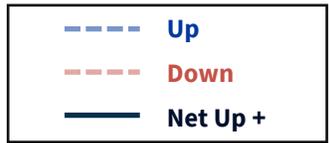
Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

* Denotes a statistically significant change compared with Q1 2021 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2020 (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



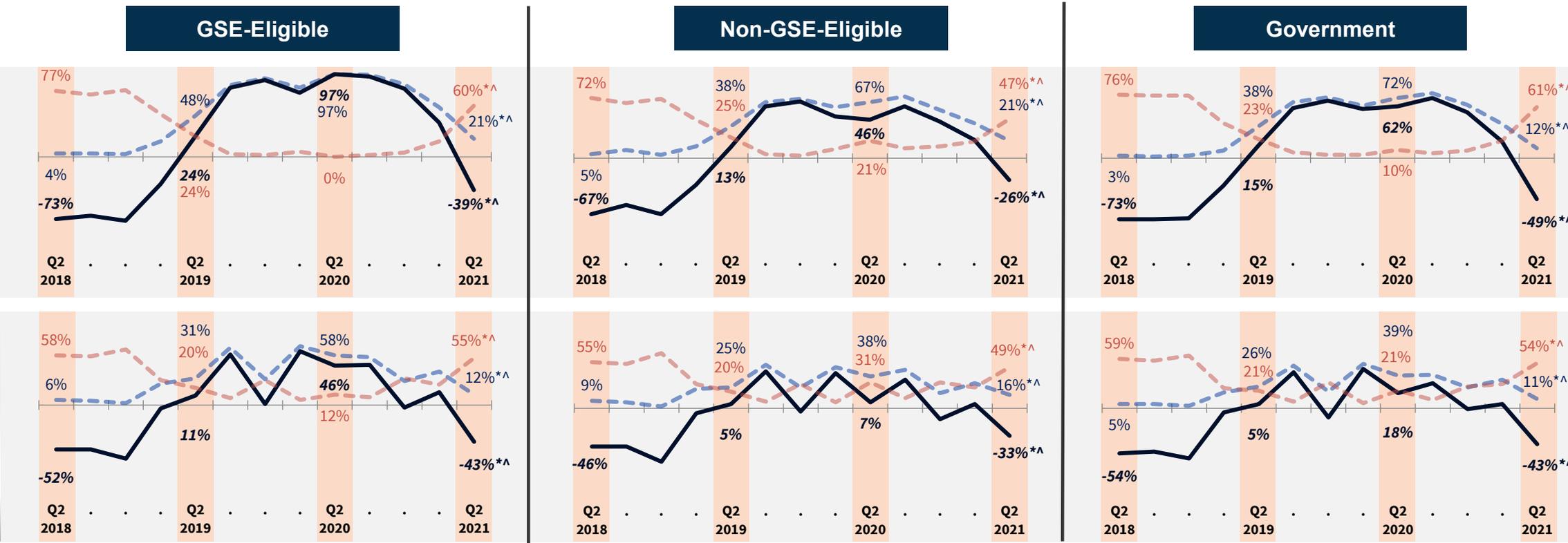
Refinance Mortgage Demand



The net share of lenders reporting demand growth over the prior three months dropped significantly from last quarter across all loan types, turning net negative for the first time since Q1 2019 and reaching the lowest reading since Q4 2018 for GSE-eligible and government loans. Refinance demand growth expectations on net for the next three months also fell significantly across loan types, reaching the lowest levels seen since Q4 2018.

Past 3 Months

Next 3 Months



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

* Denotes a statistically significant change compared with Q1 2021 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)

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

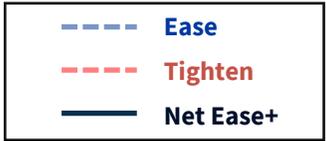


Credit Standards

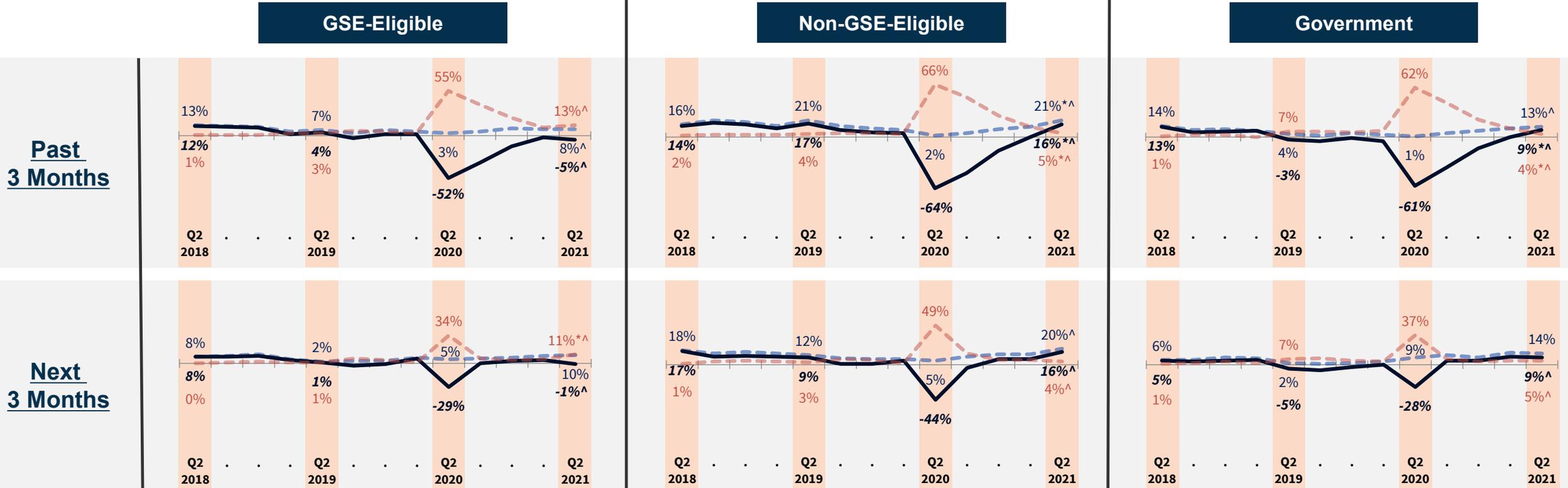
- The net share of lenders reporting easing credit standards over the prior three months has gradually climbed since Q2 2020 across all loan types. This quarter, the net-easing share for GSE-eligible loans remained relatively flat from last quarter. For the next three months, the net share of lenders expecting easing has ticked up slightly from last quarter for non-GSE-eligible loans but remained relatively steady for GSE-eligible and government loans.



Credit Standards



The net share of lenders reporting easing credit standards over the prior three months has gradually climbed since Q2 2020 across all loan types. This quarter, the net-easing share for GSE-eligible loans remains relatively flat from last quarter. For the next three months, the net share of lenders expecting easing has ticked up slightly from last quarter for non-GSE-eligible loans but remained relatively steady for GSE-eligible and government loans.



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

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[^] Denotes a statistically significant change compared with Q2 2020 (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 Change

- Lenders' profit margin outlook declined again this quarter after two prior consecutive quarters' decline, marking the largest quarterly decline recorded since survey inception (Q1 2014).
- “Competition from other lenders” continued to be cited as the top reason by lenders who expect a lower profit outlook. “Market trend changes” continued to be the second top reason, with the share citing it reaching its highest reading since Q1 2017.

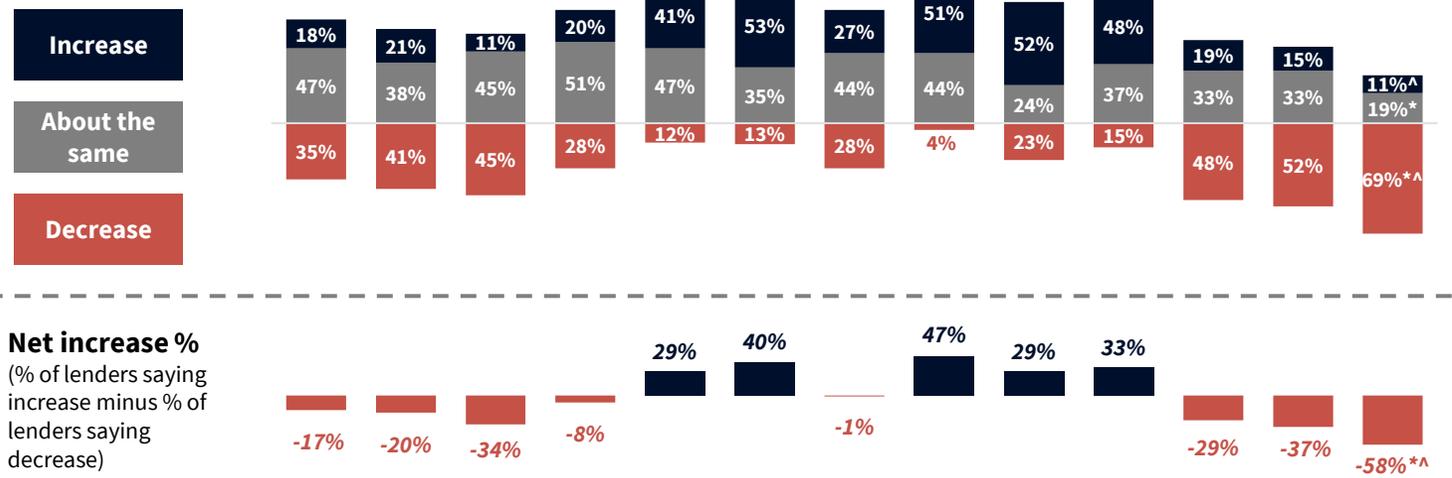


Lenders' Profit Margin Outlook Change – Next 3 Months

The net-up profit margin outlook declined significantly after two prior consecutive quarters' decline, marking the largest quarterly decline since survey inception (Q1 2014). Those expecting a lower profit margin outlook pointed to “competition from other lenders” and “market trend changes” as the primary reasons.

Profit Margin Outlook

Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21
n=159	n=178	n=202	n=176	n=200	n=168	n=160	n=175	n=216	n=172	n=195	n=205	n=214



Key Reasons for Expected Increase – Q2 2021

Consumer demand	56%
Market trend changes (i.e. shift from refinance to purchase)	42%
Operational efficiency (i.e. technology)	39%
GSE pricing and policies	19%
Non-GSE (other investors) pricing and policies	17%

Showing data for selected answer choices only. n=27

Key Reasons for Expected Decrease – Q2 2021

Competition from other lenders	68%
Market trend changes (i.e. shift from refinance to purchase)	44%
GSE pricing and policies	34%
Consumer demand	22%
Staffing (personnel costs)	10%

Showing data for selected answer choices only. n=144

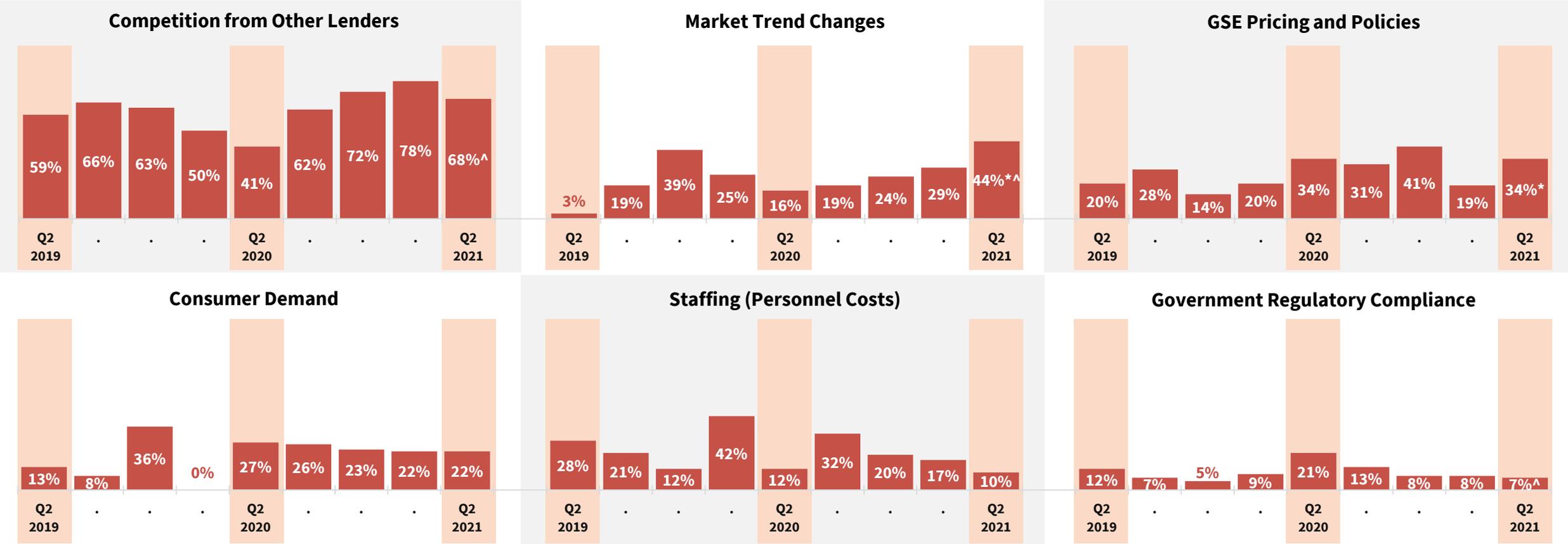
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

* Denotes a statistically significant change compared with Q1 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)



Decreased Profit Margin Outlook – Top Drivers

“Competition from other lenders” continued to be cited as the top reason by lenders who expect a lower profit outlook. “Market trend changes” continued to be the second top reason, with the share citing it reaching its highest reading since Q1 2017.



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

Total: Q2 2019: N=24; Q3 2019=23; Q4 2019: N=47; Q1 2020: N=8; Q2 2020: N=51; Q3 2020: N=26; Q4 2020: N=92; Q1 2021: N=105; Q2 2021: N=144

^{*} Denotes a statistically significant change compared with Q1 2021 (previous quarter)
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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.

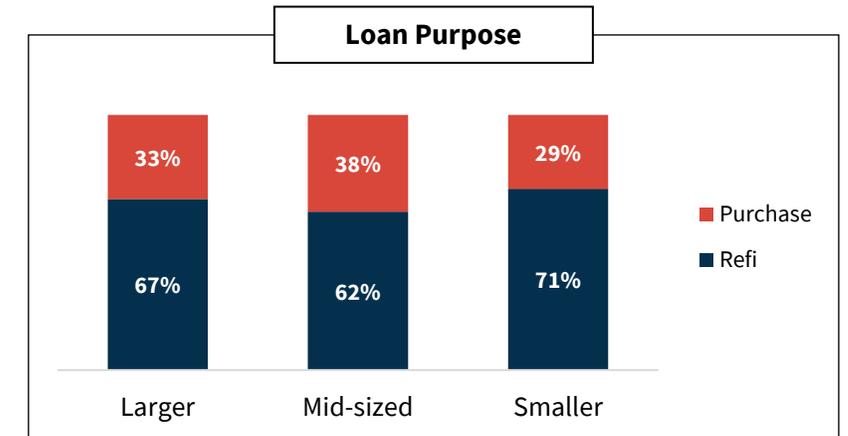
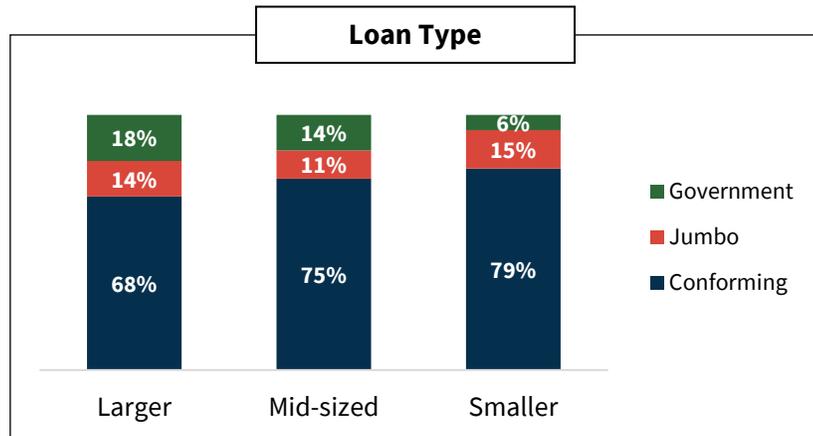
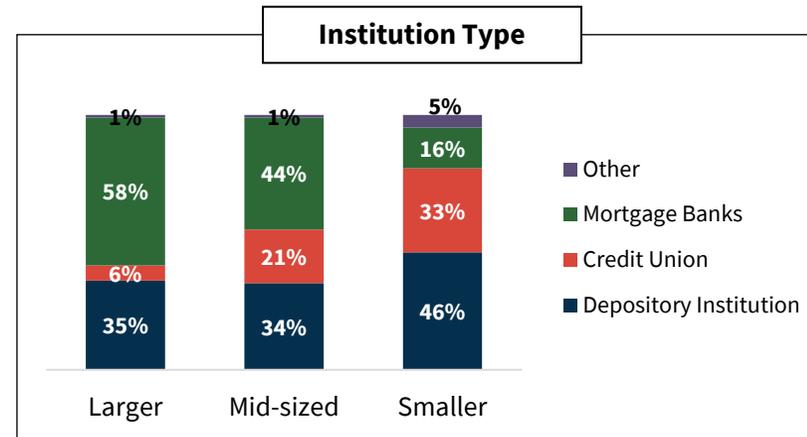
Data Weighting

- 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 2020. Institutions were divided into three groups based on their 2020 total industry loan volume – Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describe the composition and loan characteristics of the three groups of institutions.



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



Sample Sizes

		Q2 2019		Q3 2019		Q4 2019		Q1 2020		Q2 2020		Q3 2020		Q4 2020		Q1 2021		Q2 2021	
		Sample Size	Margin of Error																
Total Lending Institutions		211	±6.19%	179	±6.82%	168	±7.08%	183	±6.70%	229	±5.87%	186	±6.64%	202	±6.63%	214	±6.11%	225	±5.93%
Loan Origination Volume Groups	Larger Institutions	61	±10.50%	60	±10.64%	60	±10.63%	52	±11.65%	71	±9.26%	51	±11.80%	52	±11.62%	61	±10.37%	66	±9.87%
	Mid-sized Institutions	57	±11.43%	45	±13.25%	38	±14.67%	40	±14.19%	62	±10.76%	51	±12.25%	55	±11.66%	60	±11.00%	63	±10.65%
	Smaller Institutions	93	±9.62%	74	±10.92%	70	±11.26%	91	±9.70%	96	±9.42%	84	±10.15%	95	±9.48%	93	±9.59%	96	±9.42%
Institution Type	Mortgage Banks	91	±8.92%	72	±10.37%	76	±10.05%	71	±10.47%	89	±9.07%	66	±10.96%	84	±9.46%	90	±9.04%	103	±8.29%
	Depository Institutions	85	±9.80%	70	±10.98%	60	±11.98%	73	±10.65%	89	±9.46%	73	±10.65%	67	±11.18%	81	±10.01%	72	±10.71%
	Credit Unions	34	±16.05%	33	±16.32%	30	±17.19%	38	±15.03%	46	±13.49%	41	±14.40%	45	±13.65%	39	±14.81%	43	±14.01%

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
 Q4 was fielded between October 27, 2020 and November 8, 2020

2021

Q1 was fielded between February 4, 2021 and February 17, 2021
 Q2 was fielded between May 4, 2021 and May 17, 2021



2021 Q2 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	225	66	63	96
Mortgage Banks (non-depository)	103	44	33	26
Depository Institutions	72	17	18	37
Credit Unions	43	5	12	26



2021 Q2 Sample Sizes: Consumer Demand

Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	222	191	184	222	193	186
Larger Institutions	66	62	62	66	62	64
Mid-sized Institutions	62	53	53	63	53	54
Smaller Institutions	94	76	69	93	78	69

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	218	186	177	219	184	179
Larger Institutions	64	59	61	64	58	61
Mid-sized Institutions	61	51	51	61	51	52
Smaller Institutions	93	76	65	94	74	66



2021 Q2 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	222	194	184	222	195	186
Larger Institutions	66	62	62	66	62	62
Mid-sized Institutions	63	54	54	63	55	55
Smaller Institutions	93	78	67	94	78	69

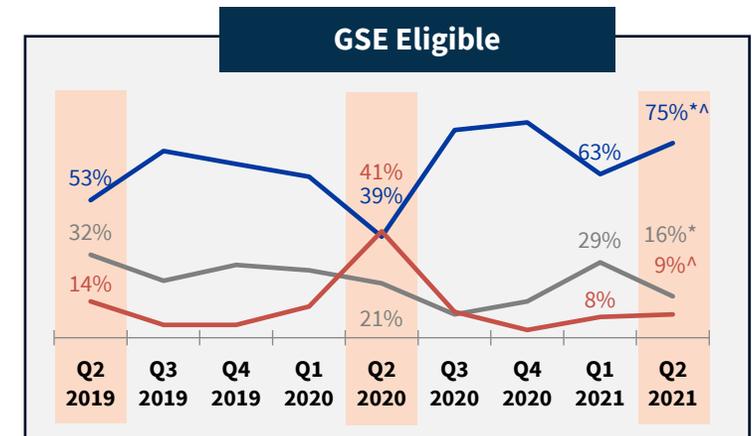


Calculation of the “Total”

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

Example:

Over the <u>past three months</u> , apart from normal seasonal variation, did your firm’s consumer demand for single-family <u>purchase</u> mortgages go up, go down, or stay the same? GSE Eligible (Q2 2021)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q2 “Total”
Go up	81%	75%	68%	75% [(81% + 75% + 68%)/3]
Stayed the same	10%	16%	23%	16%
Go down	10%	9%	8%	9%





Appendix

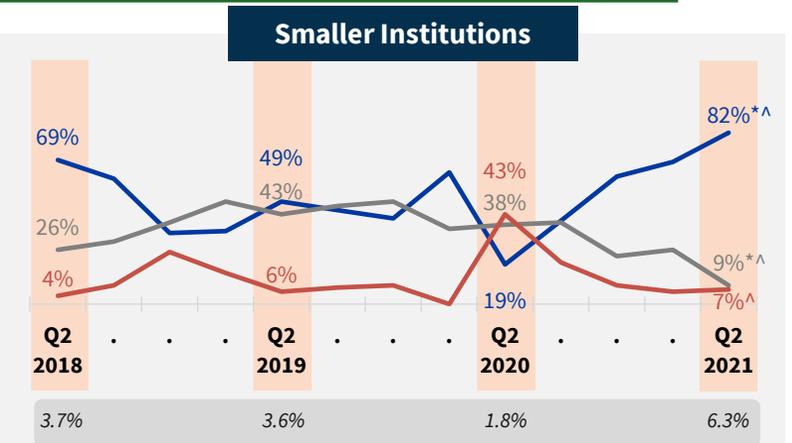
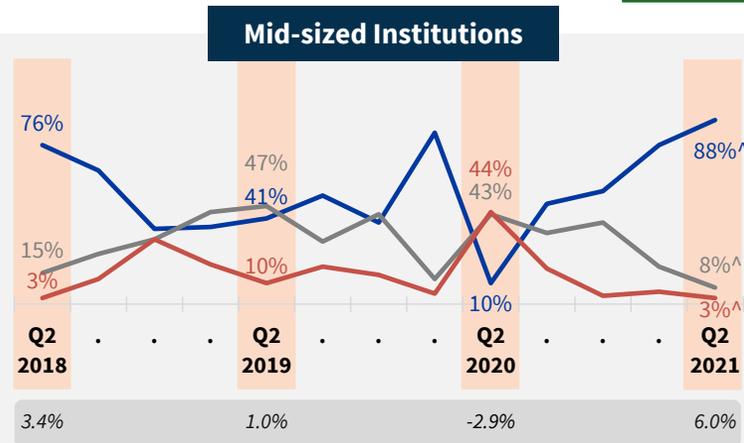
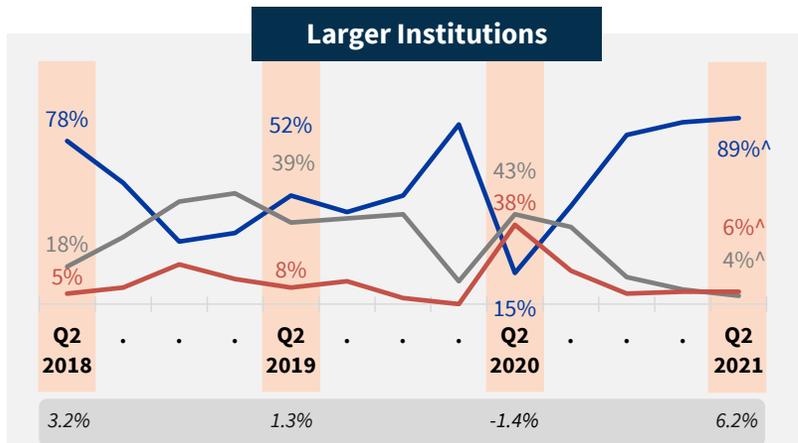
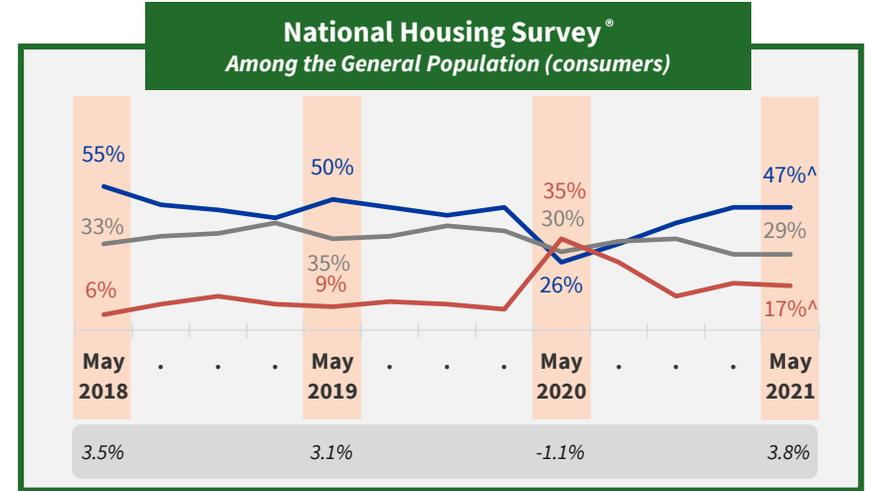
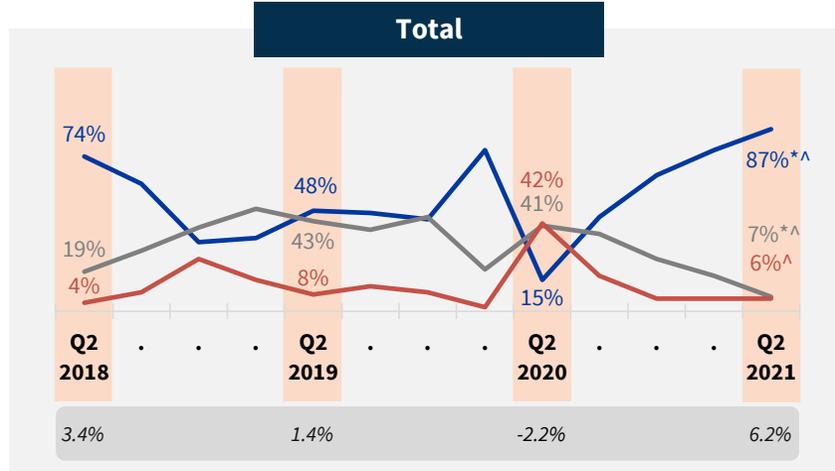
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Home Prices – Next 12 Months

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 Q1 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)

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

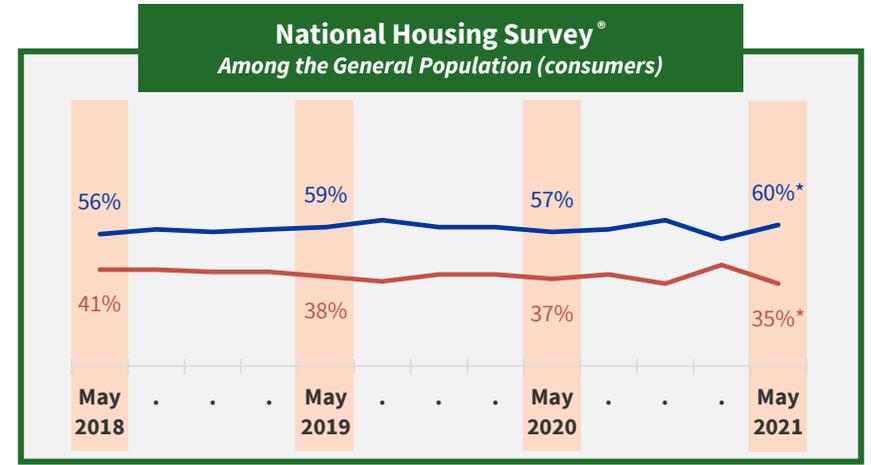


Difficulty of Getting a Mortgage

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

Easy
(Very easy + Somewhat easy)

Difficult
(Very difficult + Somewhat difficult)



* Denotes a statistically significant change compared with Q1 2021 (previous quarter)
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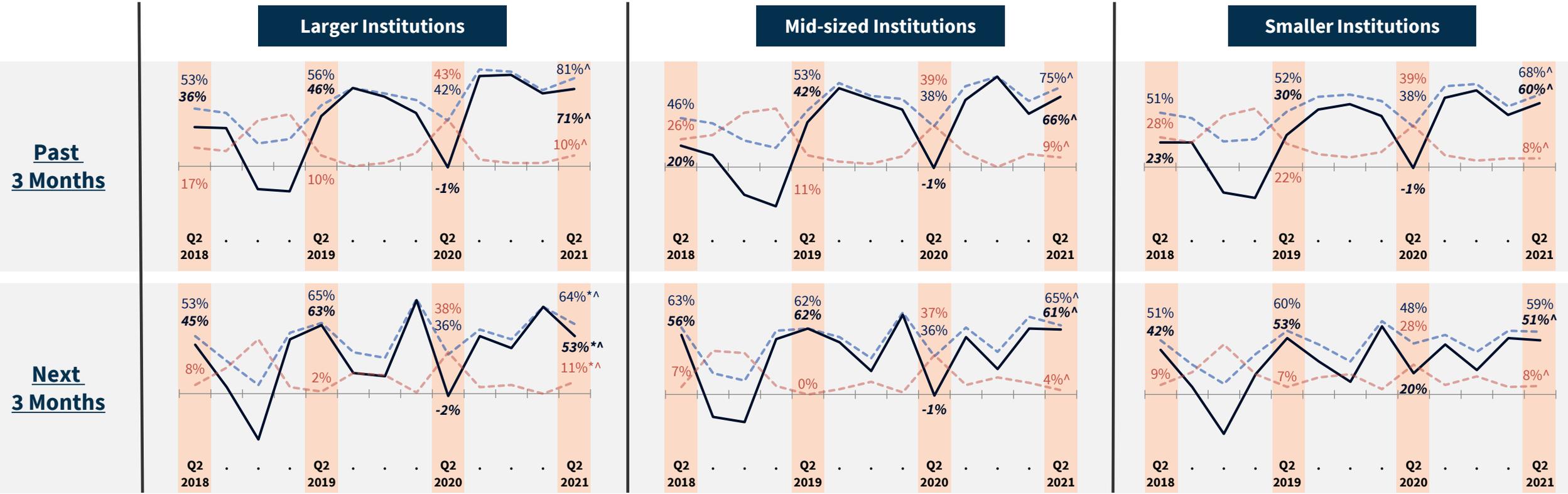




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Purchase Mortgage Demand: GSE-Eligible (by institution size)



--- 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

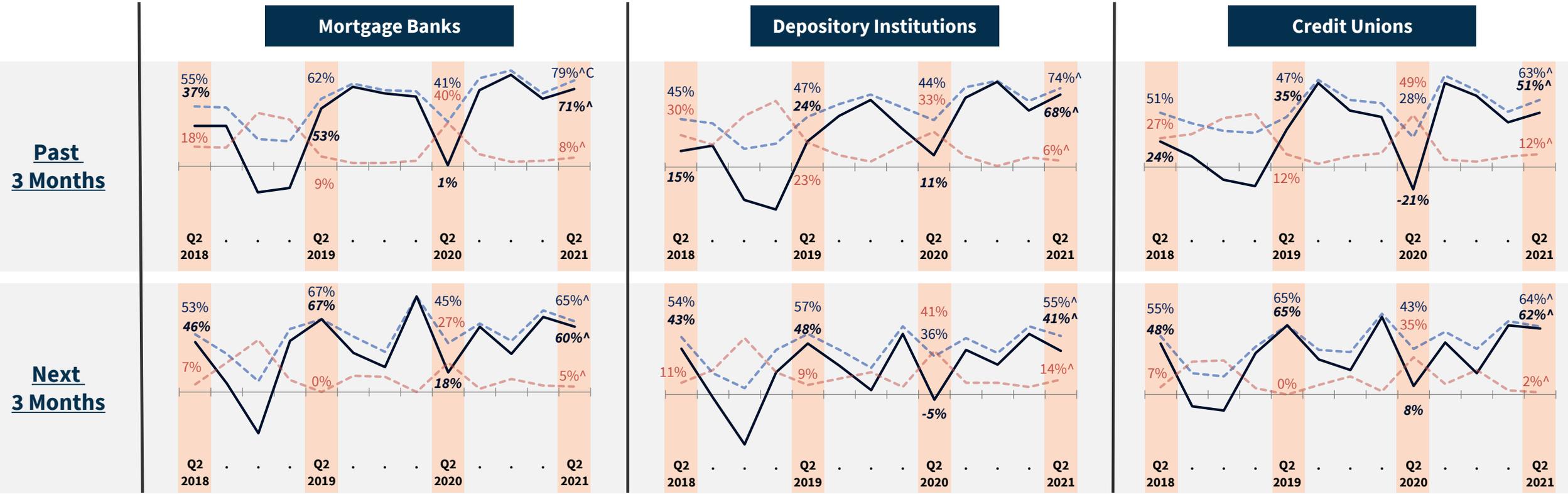
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

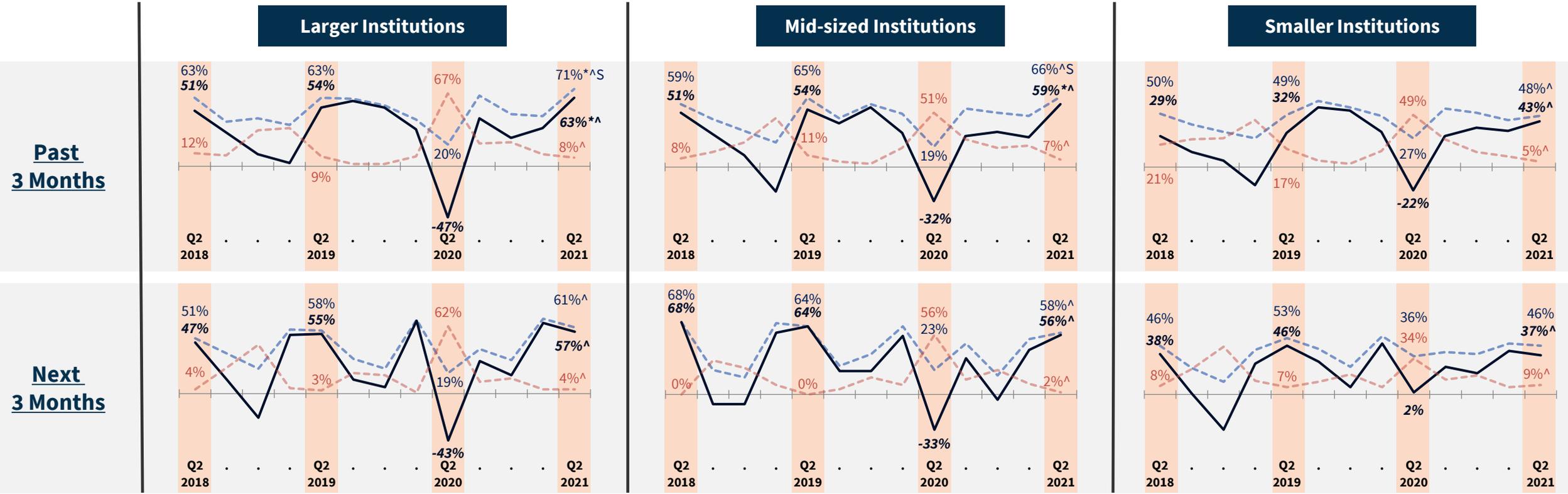
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

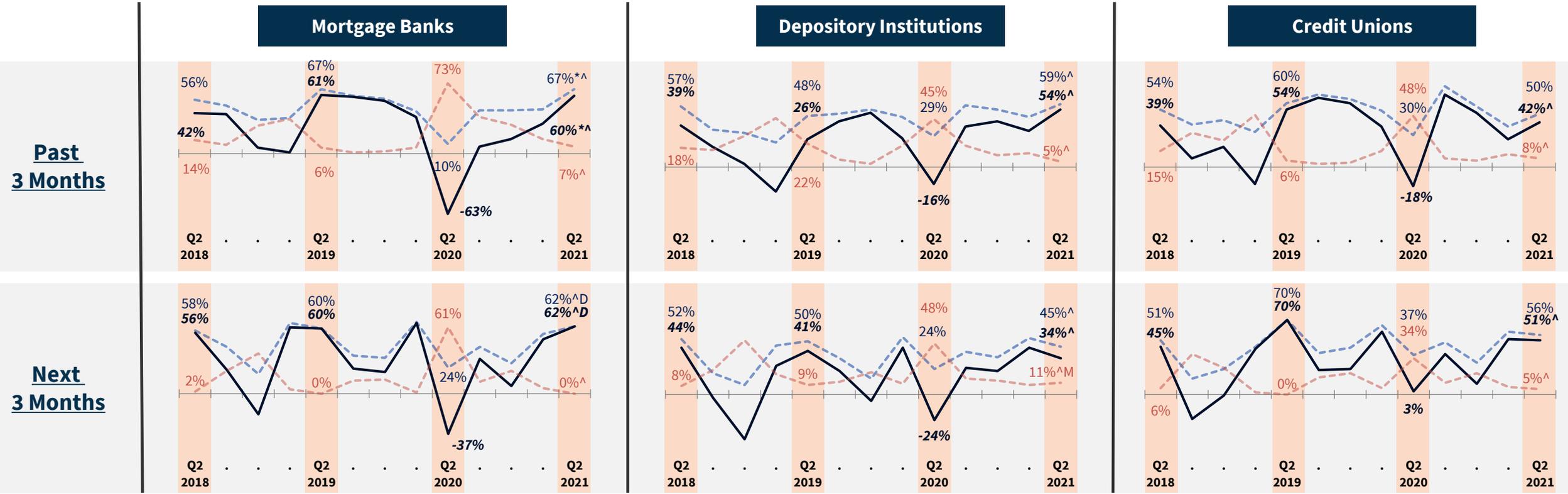
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Purchase Mortgage Demand: Non-GSE-Eligible (by institution type)



--- 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

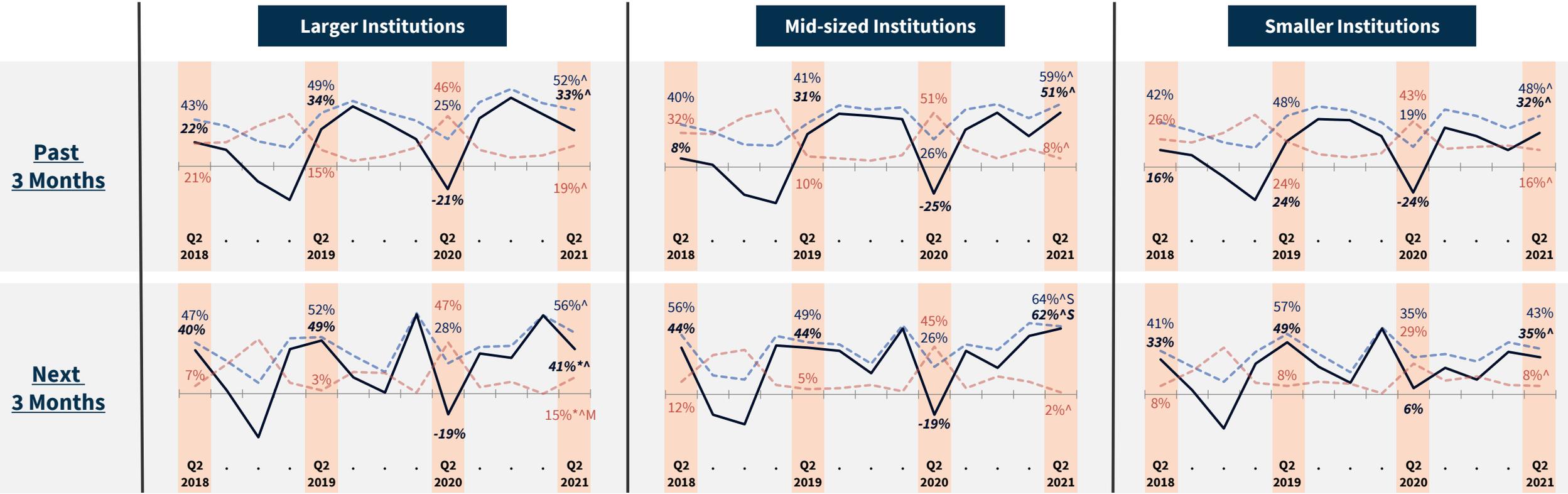
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Purchase Mortgage Demand: Government (by institution size)



--- Up
--- Down
— Net Up +

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

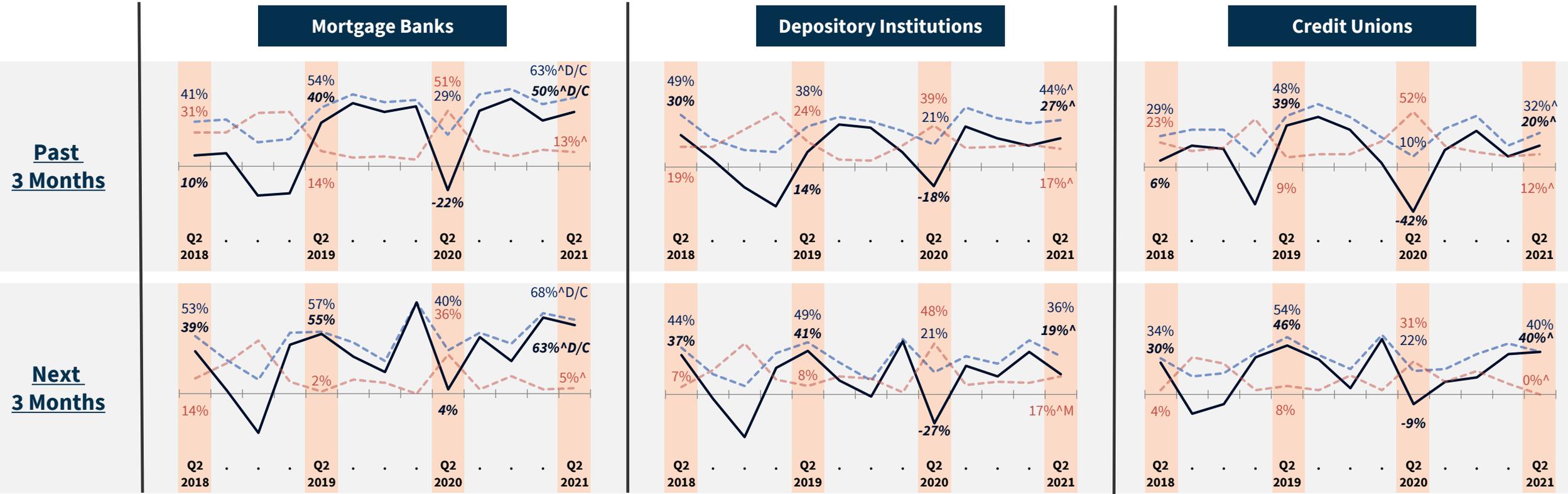
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Purchase Mortgage Demand: Government (by institution type)



--- Up
--- Down
— Net Up+

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

* Denotes a statistically significant change compared with Q1 2021 (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

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The % saying "stay the same" is not shown



Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=185

- COVID-19 related Changes
- Interest Rates
- Housing Supply
- Economic/market conditions

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)

“Desire to have more space to work remotely and low rates.” – *Larger Institution*

“Interest rate movement primarily. Would have been more if more inventory.” – *Larger Institution*

“Low Mortgage rates and Flight to the suburbs.” – *Mid-sized Institution*

“First time homebuyers are desperate to find housing as they are coming out of the pandemic with jobs. Borrowers looking to move up are also desperate to find anything worth their while.”
– *Smaller Institution*

“Historic low interest rates, borrowers working from home, demographics of millennials entering prime purchase age.” – *Smaller Institution*

“Low inventory and growing household formation (Millennials).” – *Larger Institution*

“Higher rates and low inventory.” – *Mid-Sized Institution*

“Lack of inventory/homes for sale.” – *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=	138	42	41	55	
Mortgage rates are favorable	55%	51%	55%	58%	40%
Economic conditions (e.g., employment) overall are favorable	33%	37%	33%	27%	14%
There are many homes available on the market	3%	1%	5%	4%	17%
It is easy to qualify for a mortgage	1%	1%	2%	0%	3%
Home prices are low	0%	0%	0%	0%	15%

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=	16	7	2	7	
There are not many homes available on the market	57%	43%	40%	86%	13%
Mortgage rates are not favorable	19%	29%	0%	14%	1%
Home prices are high	11%	14%	20%	0%	61%
Economic conditions (e.g., employment) overall are not favorable	7%	0%	40%	0%	13%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	5%

*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=	105	38	31	36	
Mortgage rates are favorable	49%	60%	37%	50%	40%
Economic conditions (e.g., employment) overall are favorable	30%	23%	42%	25%	14%
It is easy to qualify for a mortgage	3%	5%	3%	0%	3%
There are many homes available on the market	2%	1%	3%	3%	17%
Home prices are low	1%	0%	0%	6%	15%

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=	10	2	1	7	
There are not many homes available on the market	59%	60%	0%	71%	13%
Home prices are high	13%	0%	100%	0%	61%
Mortgage rates are not favorable	12%	40%	0%	0%	1%
It is difficult to qualify for a mortgage	8%	0%	0%	14%	5%
Economic conditions (e.g., employment) overall are not favorable	0%	0%	0%	0%	13%

*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=	100	36	34	30	
Mortgage rates are favorable	44%	45%	46%	37%	40%
Economic conditions (e.g., employment) overall are favorable	35%	44%	26%	37%	14%
It is easy to qualify for a mortgage	11%	7%	9%	20%	3%
There are many homes available on the market	3%	0%	6%	3%	17%
Home prices are low	1%	1%	0%	0%	15%

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	9	1	6	
There are not many homes available on the market	44%	28%	100%	67%	13%
Mortgage rates are not favorable	25%	39%	0%	0%	1%
It is difficult to qualify for a mortgage	12%	11%	0%	17%	5%
Home prices are high	12%	11%	0%	17%	61%
Economic conditions (e.g., employment) overall are not favorable	0%	0%	0%	0%	13%

*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 again say favorable mortgage rates are the top reason driving increased expected future demand, though the share of lenders citing this is significantly lower than Q2 2020 for GSE-eligible and Government loans.

GSE-Eligible	N=	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
		91	48	21	88	128	80	54	139	93	106	85	148	138
Mortgage rates are favorable		54%	57%	16%	79%	89%	98%	90%	96%	99%	97%	98%	95%	92% [^]
Economic conditions (e.g., employment) overall are favorable		84%	81%	88%	76%	73%	82%	76%	84%	29%	27%	51%	50%	79%* [^]
There are many homes available on the market		13%	21%	24%	22%	20%	9%	18%	5%	13%	13%	7%	11%	7%
It is easy to qualify for a mortgage		15%	9%	28%	6%	8%	7%	6%	4%	19%	27%	13%	17%	5%* [^]
Home prices are low		6%	7%	6%	2%	5%	1%	3%	3%	14%	9%	8%	3%	1% [^]

Non-GSE-Eligible	N=	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
		76	48	31	88	110	59	41	101	55	69	54	106	105
Mortgage rates are favorable		58%	49%	24%	72%	73%	85%	80%	77%	90%	96%	87%	94%	89%
Economic conditions (e.g., employment) overall are favorable		79%	74%	63%	64%	70%	68%	69%	86%	34%	33%	52%	58%	72%* [^]
It is easy to qualify for a mortgage		23%	34%	40%	19%	20%	22%	16%	15%	15%	21%	17%	17%	14%
There are many homes available on the market		9%	12%	17%	18%	16%	10%	16%	4%	12%	9%	9%	5%	5%
Home prices are low		3%	4%	4%	2%	6%	4%	2%	5%	22%	16%	5%	3%	1% [^]

Government	N=	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
		65	41	21	74	98	61	32	104	60	64	62	112	100
Mortgage rates are favorable		50%	57%	28%	70%	80%	90%	82%	92%	97%	90%	92%	92%	85% [^]
Economic conditions (e.g., employment) overall are favorable		79%	69%	65%	73%	71%	82%	76%	78%	31%	39%	46%	43%	76%* [^]
It is easy to qualify for a mortgage		32%	27%	55%	22%	18%	8%	21%	12%	24%	30%	25%	27%	19%
There are many homes available on the market		10%	19%	20%	14%	19%	8%	14%	5%	6%	11%	2%	7%	5%
Home prices are low		4%	8%	0%	5%	7%	7%	0%	3%	17%	9%	3%	7%	3% [^]

*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 Q1 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)



Downward Purchase Demand Outlook Drivers

This quarter, lenders now cite the lack of homes on the market as the top reason for driving down expected demand across all loan types. The share citing this is significantly higher compared to Q2 2020 across all loan types.

GSE-Eligible	N=	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
		13	47	95	24	8	25	28	7	76	15	30	12	16
There are not many homes available on the market		83%	69%	45%	57%	75%	71%	72%	85%	33%	66%	68%	65%	78% [^]
Home prices are high		74%	66%	62%	65%	75%	66%	51%	89%	17%	22%	35%	34%	71% [^]
Mortgage rates are not favorable		26%	44%	64%	22%	12%	3%	28%	0%	2%	0%	7%	5%	27% [^]
Economic conditions (e.g., employment) overall are not favorable		5%	8%	11%	30%	24%	17%	3%	0%	92%	86%	56%	71%	18%* [^]
It is difficult to qualify for a mortgage		0%	1%	3%	6%	0%	7%	3%	13%	34%	9%	10%	14%	0% [^]

Non-GSE-Eligible	N=	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
		7	44	76	17	8	21	26	10	100	22	32	14	10
There are not many homes available on the market		79%	61%	41%	38%	62%	52%	72%	66%	21%	56%	58%	45%	86%* [^]
Home prices are high		54%	65%	60%	70%	80%	75%	45%	61%	12%	20%	27%	35%	75% [^]
It is difficult to qualify for a mortgage		25%	8%	6%	17%	0%	6%	19%	32%	46%	28%	26%	30%	19%
Mortgage rates are not favorable		21%	47%	70%	26%	13%	8%	19%	17%	10%	6%	24%	10%	12%
Economic conditions (e.g., employment) overall are not favorable		10%	9%	9%	36%	26%	18%	0%	0%	85%	67%	45%	62%	0%* [^]

Government	N=	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
		12	43	81	16	10	20	18	3	79	13	26	12	16
There are not many homes available on the market		73%	54%	46%	37%	44%	69%	72%	100%	26%	63%	58%	58%	77% [^]
Home prices are high		45%	65%	51%	51%	72%	60%	48%	100%	16%	28%	33%	25%	48% [^]
Mortgage rates are not favorable		31%	44%	64%	37%	22%	0%	13%	0%	8%	0%	16%	28%	33% [^]
It is difficult to qualify for a mortgage		0%	10%	8%	20%	30%	11%	7%	0%	37%	14%	20%	21%	19%
Economic conditions (e.g., employment) overall are not favorable		4%	9%	15%	17%	17%	21%	5%	0%	93%	85%	59%	48%	4%* [^]

*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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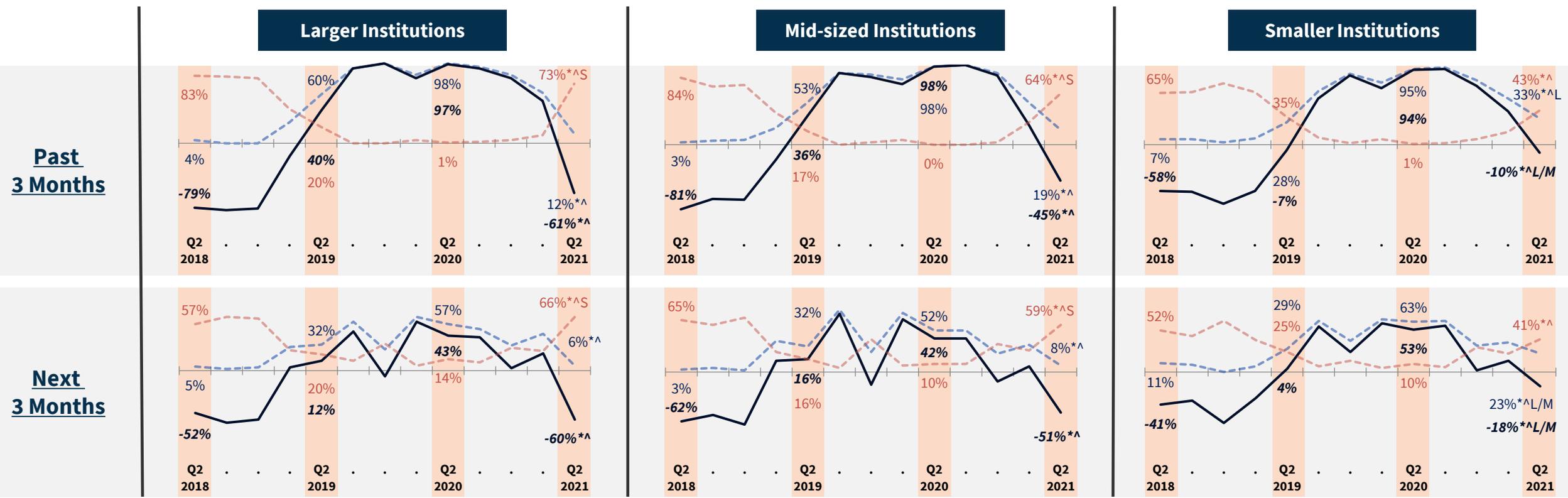




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Refinance Mortgage Demand: GSE-Eligible (by institution size)



--- 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

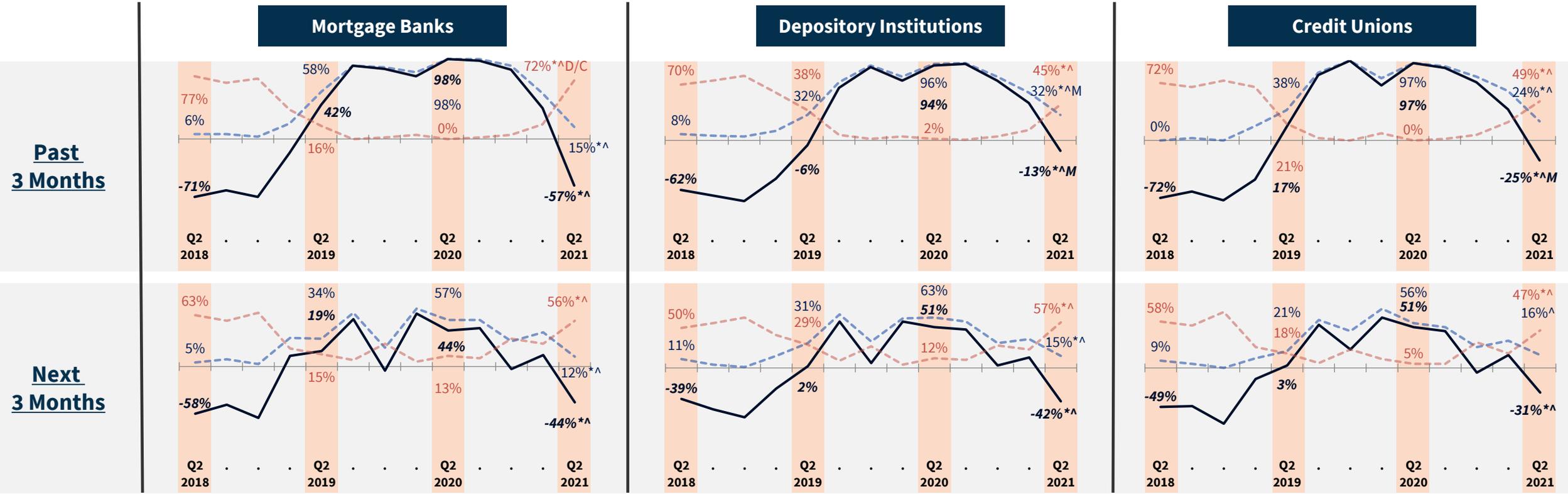
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

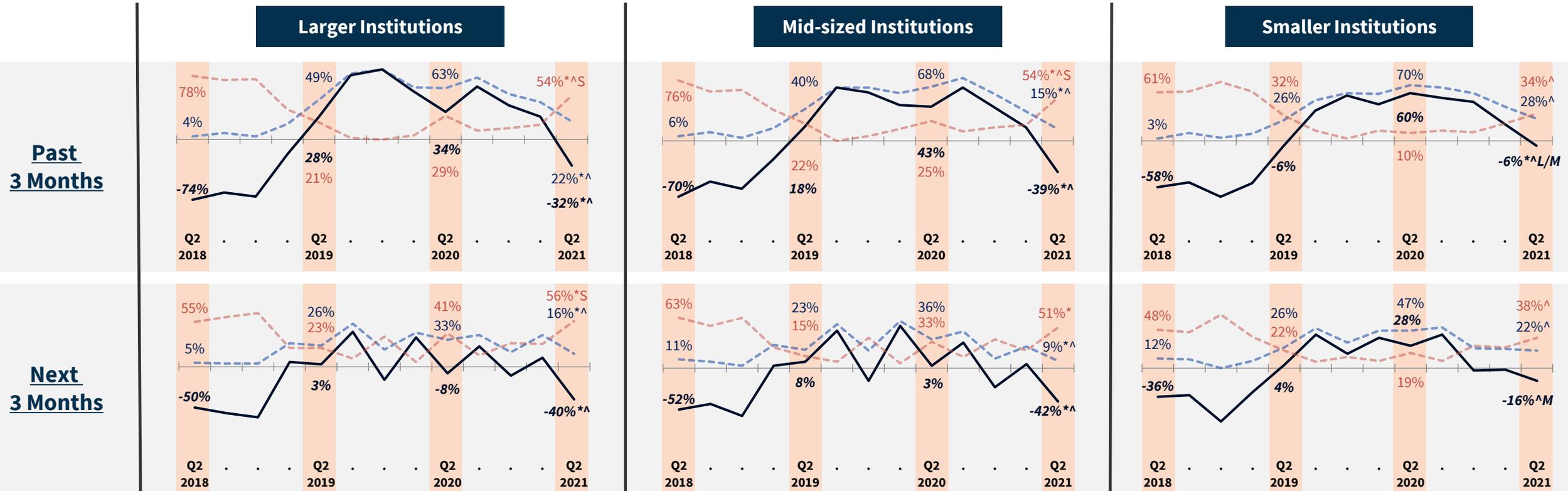
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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



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



--- Up
--- Down
— Net Up+

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

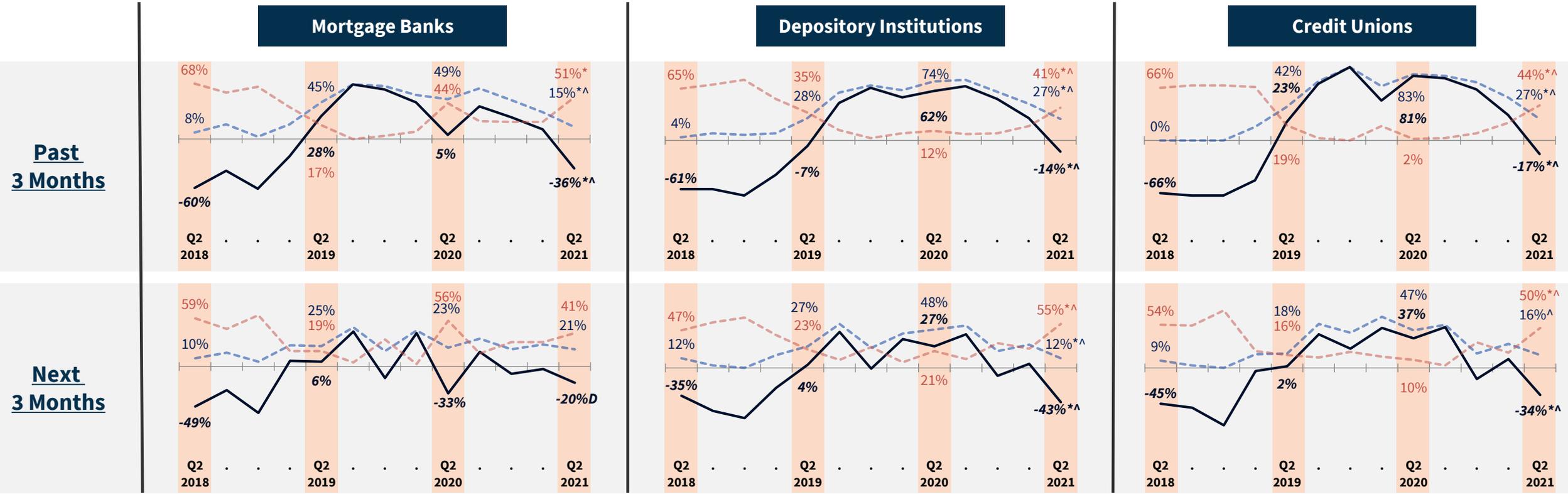
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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



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



--- Up
--- Down
— Net Up +

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

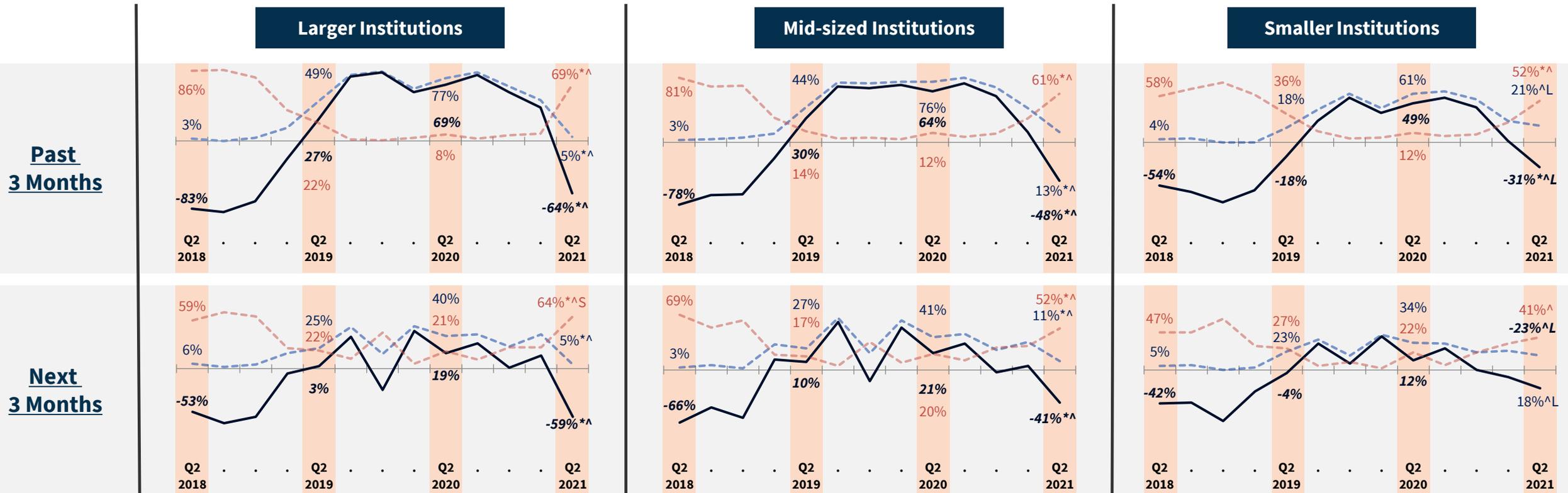
* Denotes a statistically significant change compared with Q1 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)

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

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



Refinance Mortgage Demand: Government (by institution size)



--- Up
 --- Down
 — Net Up +

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

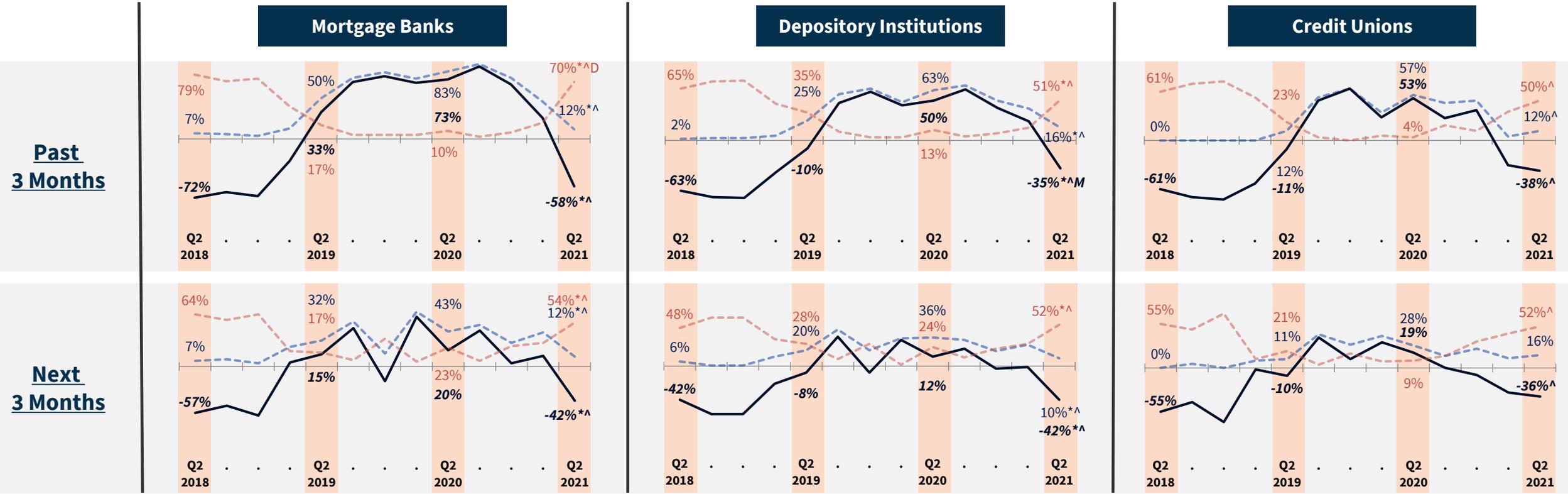
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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



Refinance Mortgage Demand: 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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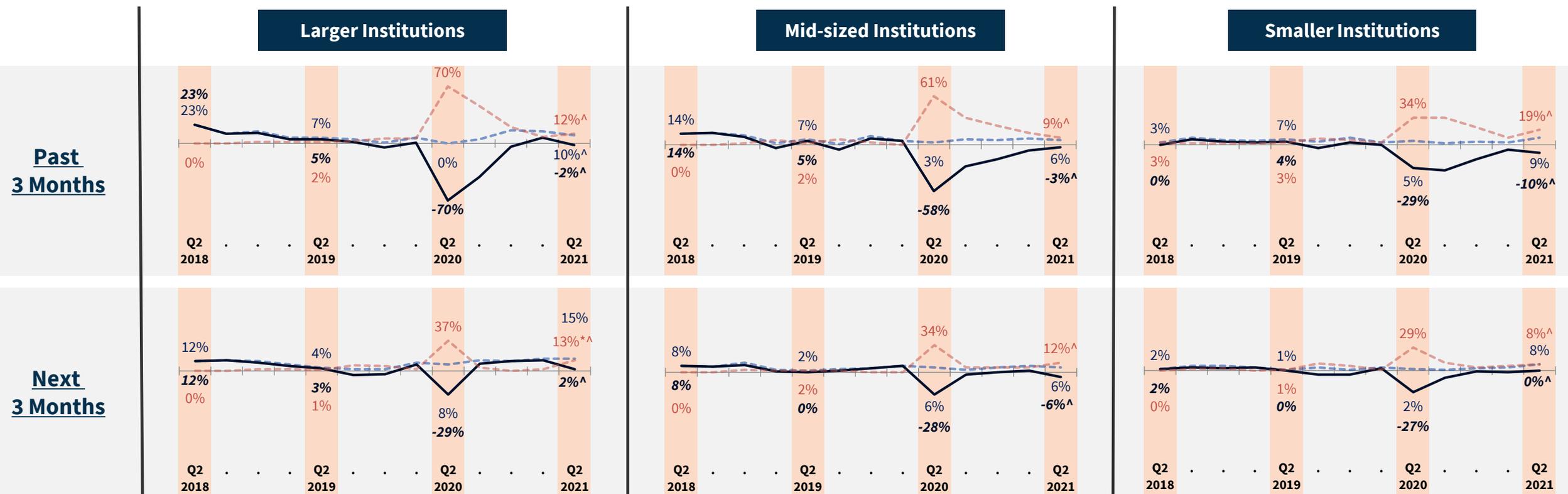




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Credit Standards: GSE-Eligible (by institution size)



--- 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

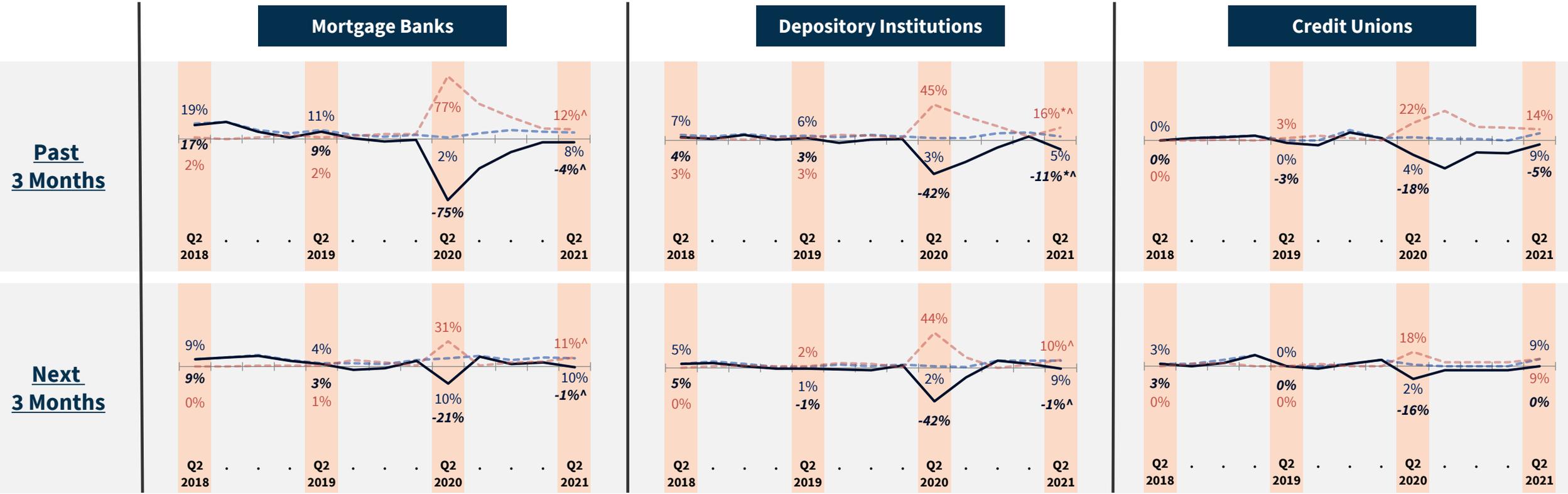
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--- Tighten
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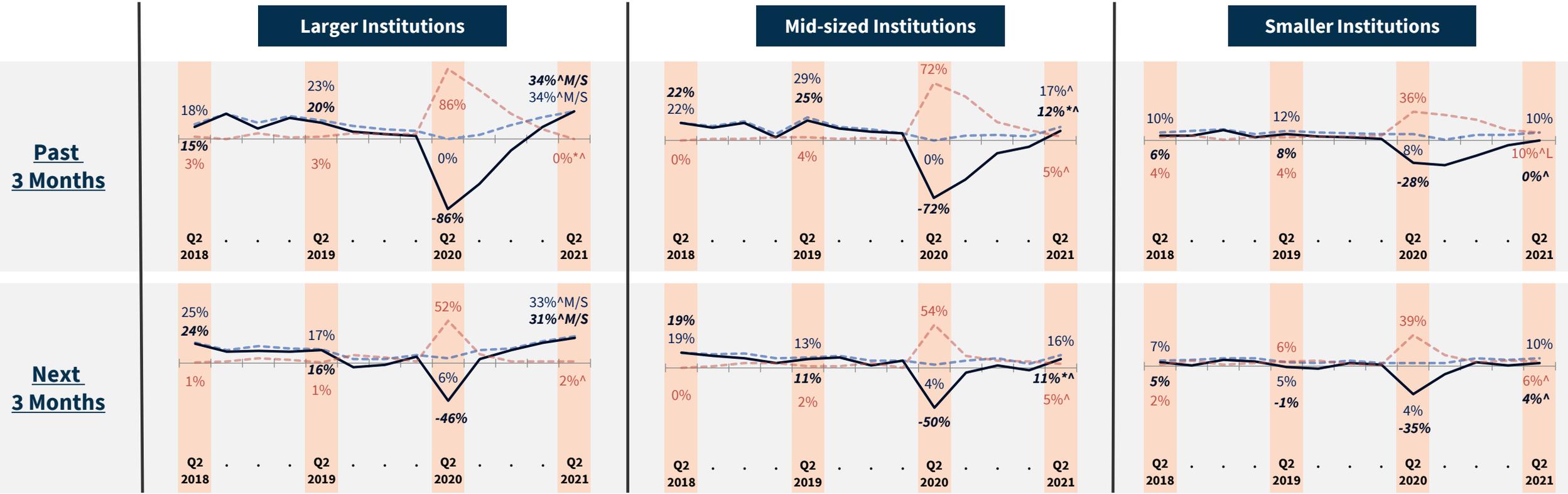
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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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

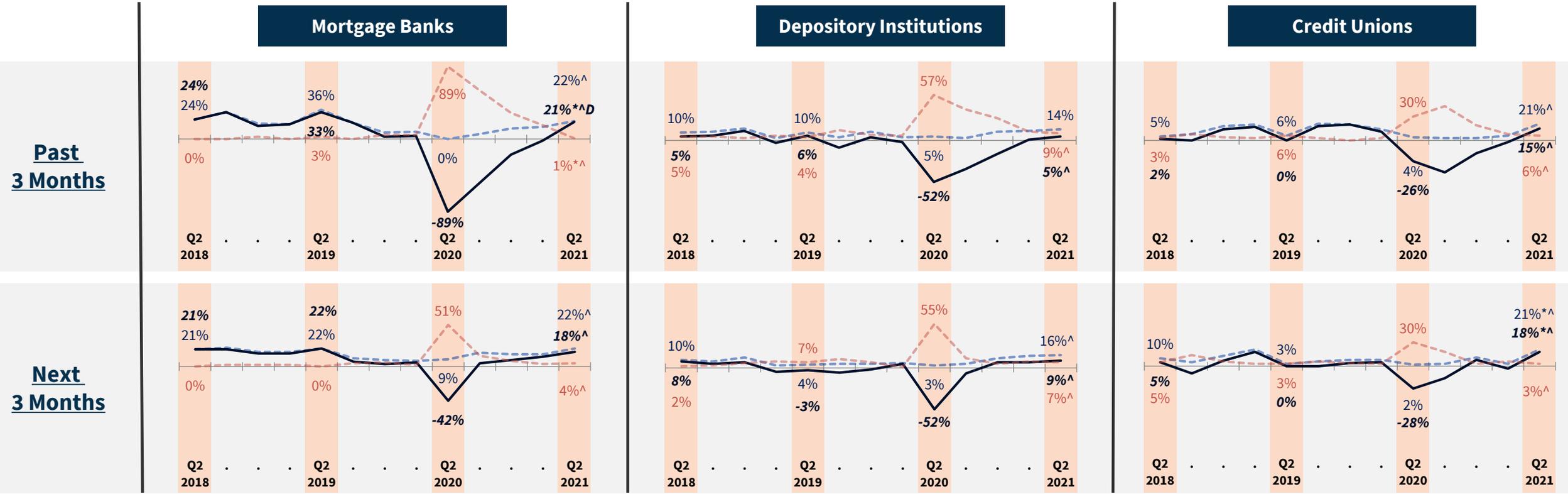
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Credit Standards: Non-GSE-Eligible (by institution type)



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— 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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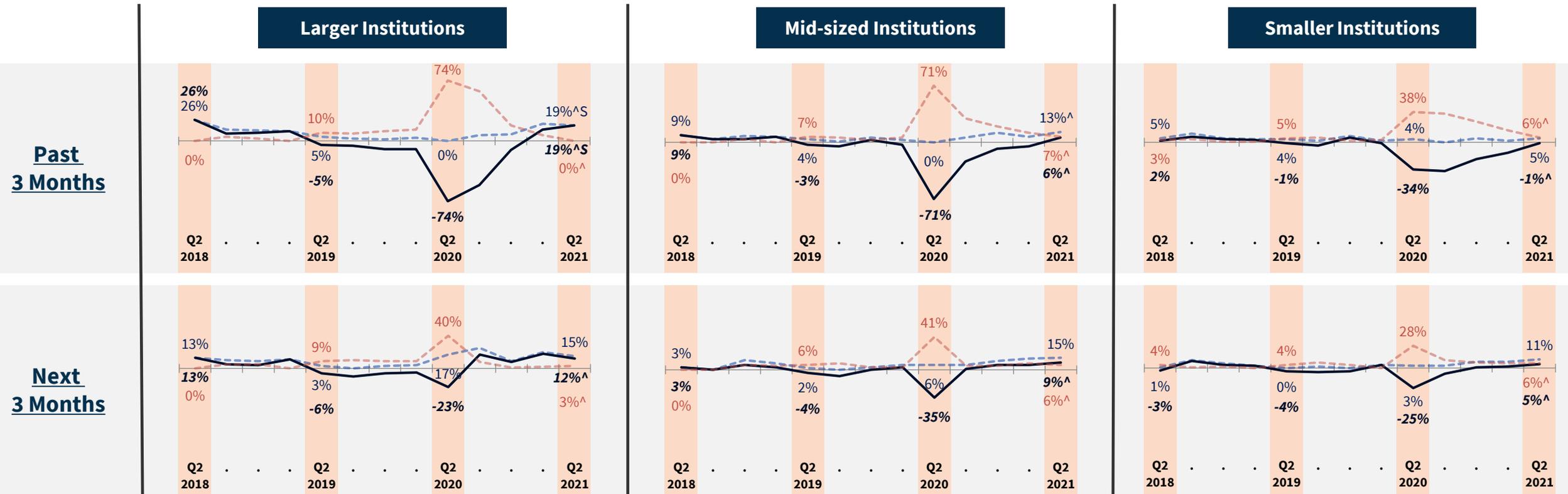
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Credit Standards: Government (by institution size)



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— Net Ease +

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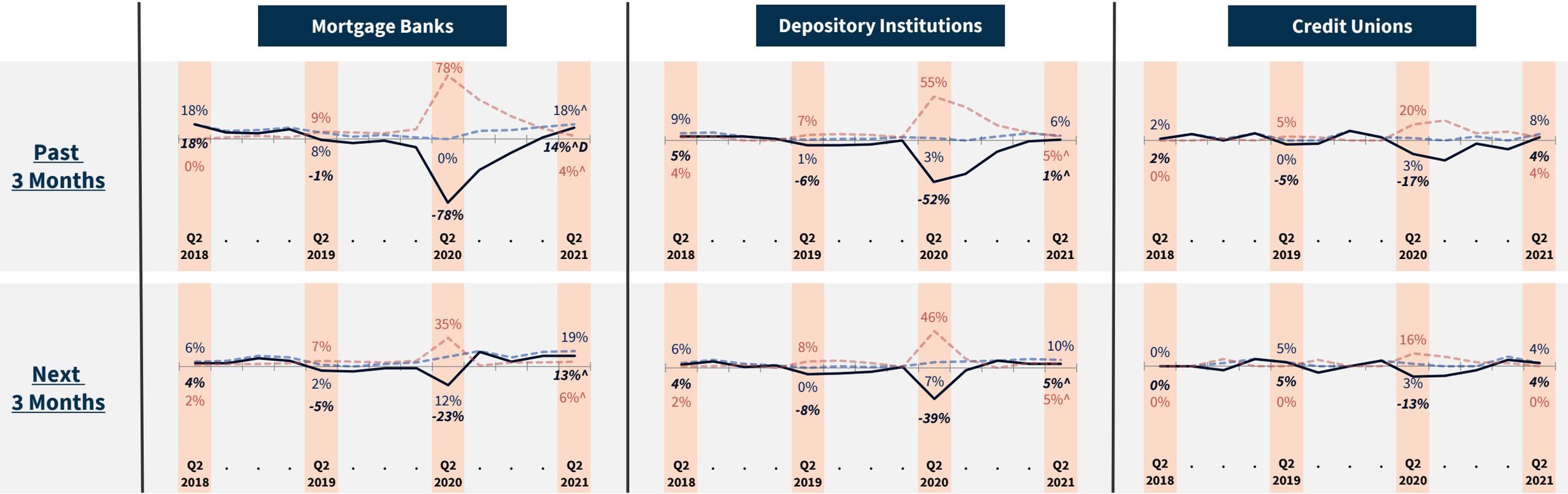
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Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=73

- COVID-19
- Changes to guidelines
- Market/Economic conditions

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)

"As we come on the back-end of COVID-related overlays, we have started loosening our overlays as people return to work." – *Larger Institution*

"Need for more volume." – *Mid-sized Institution*

"Reversed tightening that happened at the beginning of the pandemic." – *Smaller Institution*

"Tightening of guidelines by investors." – *Larger Institution*

"Concerns about economy and real estate bubble." – *Smaller Institution*

"Uncertainty in repayment income." – *Smaller Institution*

Next 3 Months

N=60

- Changes to guidelines
- Market/Economic conditions
- COVID-19

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)

"Competition." – *Larger Institution*

"Improved COVID 19 outlook & employment." – *Mid-sized Institution*

"Demand." – *Smaller Institution*

"Guideline restrictions." – *Larger Institution*

"Concerns about inflation and a possible large sudden increase in interest rates may cause us to be more conservative on approvable DTIs now given that they may change if rates go up."
– *Mid-sized Institution*

"Market values already seem somewhat inflated."
– *Smaller Institution*



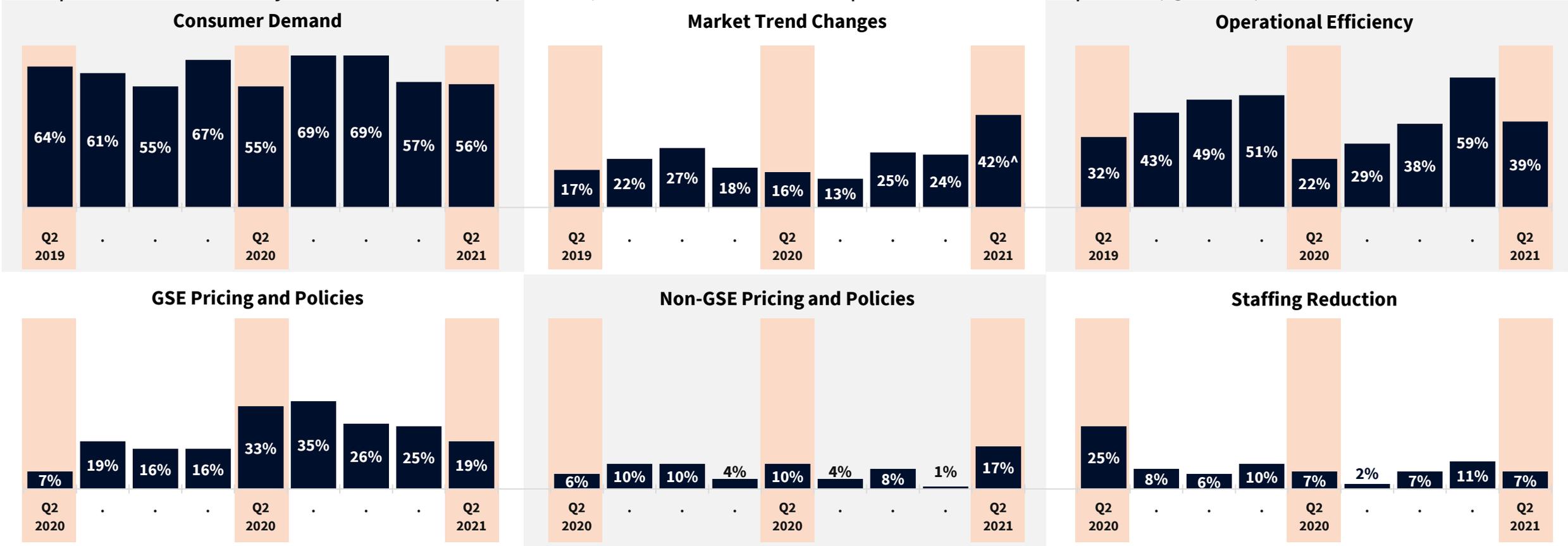


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Increased Profit Margin Outlook – Top Drivers

After falling to second place last quarter, “consumer demand” became the top reason cited by lenders who expressed an increased profitability outlook once again, with “market trend changes” becoming the second most important reason and reaching a survey high. “Operational efficiency” also remains a top reason, but has declined in importance since last quarter (Q1 2021).

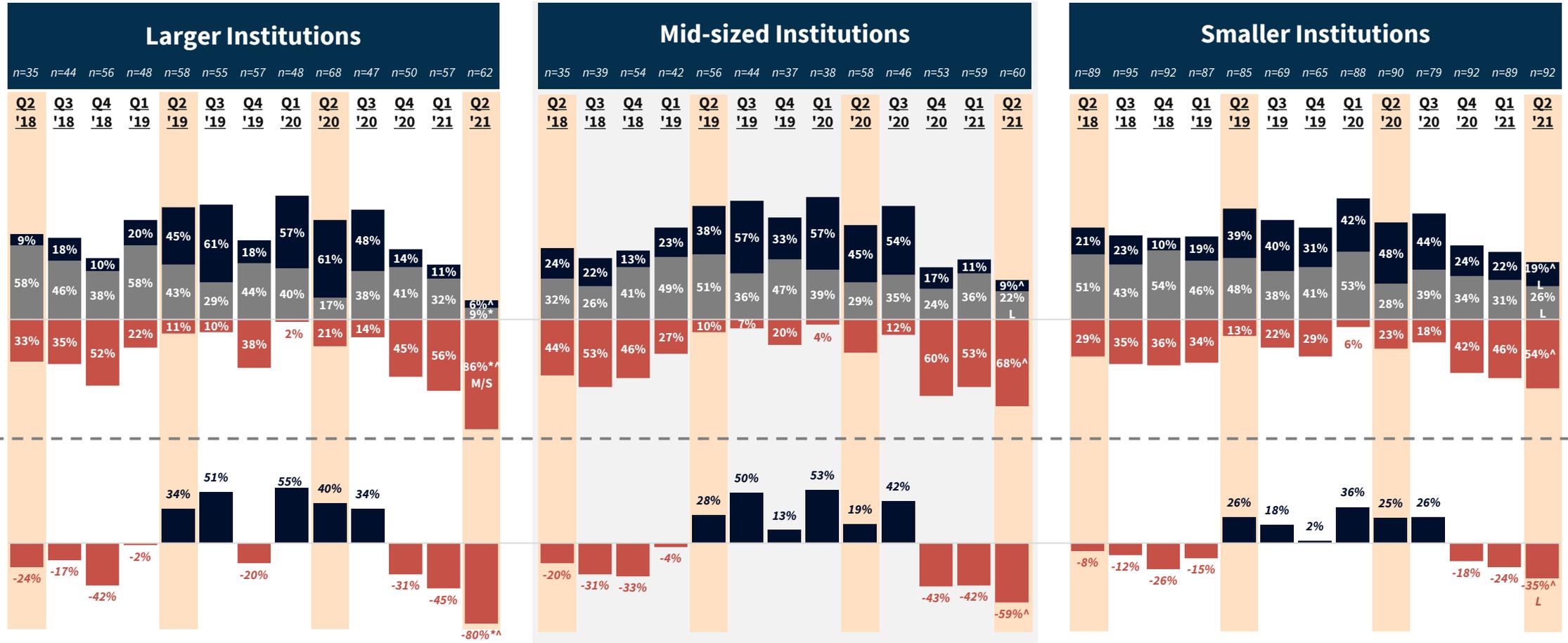


Q: What do you think will drive the increase in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)
 Total: Q2 2019: N=81; Q3 2019: N=86; Q4 2019: N=42; Q1 2020: N=86; Q2 2020: N=112; Q3 2020: N=82; Q4 2020: N=38; Q1 2021: N=32; Q2 2021: N=27

* Denotes a statistically significant change compared with Q1 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)



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



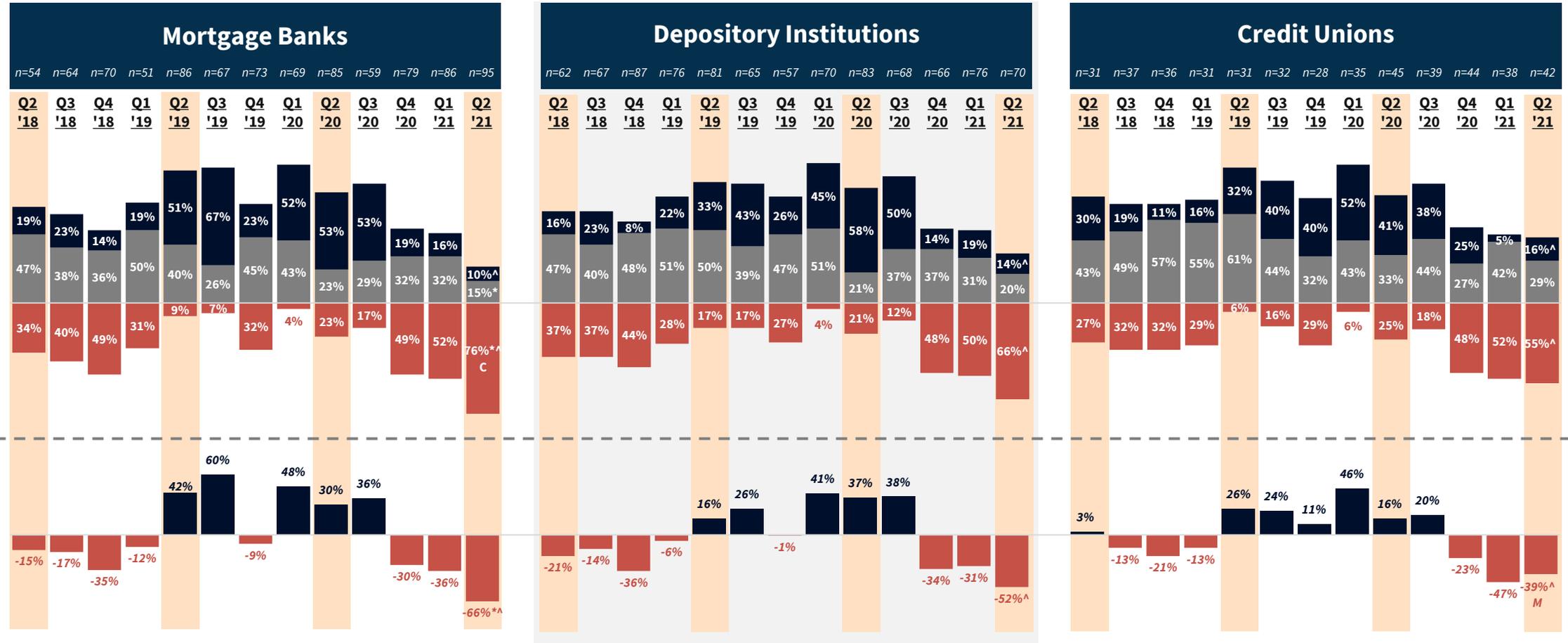
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis 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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^A Denotes a statistically significant change compared with Q2 2020 (same quarter of last year)

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



Increased Profit Margin – Drivers

What do you think will drive the increase in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2019			2020				2021	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	81	86	42	86	112	82	38	32	27
Consumer demand	64%	61%	55%	67%	55%	69%	69%	59%	56%
Market trend changes (i.e. shift from refinance to purchase)	17%	22%	27%	18%	16%	13%	25%	24%	42%^
Operational efficiency (i.e., technology)	32%	43%	49%	51%	22%	29%	38%	57%	39%
GSE pricing and policies	7%	19%	16%	16%	33%	35%	26%	25%	19%
Non-GSE (other investors) pricing and policies	6%	10%	10%	4%	10%	4%	8%	1%	17%
Less competition from other lenders	22%	13%	13%	10%	28%	12%	9%	3%	8%^
Staffing (personnel costs) reduction	25%	8%	6%	10%	7%	2%	7%	11%	7%
Marketing expense reduction	9%	2%	0%	2%	4%	8%	4%	0%	5%
Servicing cost reduction	2%	1%	4%	3%	2%	2%	4%	13%	3%
Government monetary or fiscal policy	8%	12%	6%	5%	16%	14%	10%	5%	3%
Government regulatory compliance	2%	2%	0%	1%	0%	2%	0%	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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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								
	2019			2020				2021	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	24	23	47	8	51	26	92	105	144
Competition from other lenders	59%	66%	63%	50%	41%	62%	72%	78%	68%^
Market trend changes (i.e. shift from refinance to purchase)	3%	19%	39%	25%	16%	19%	24%	29%	44%*^
GSE pricing and policies	20%	28%	14%	20%	34%	31%	41%	19%	34%*
Consumer demand	13%	8%	36%	0%	27%	26%	23%	22%	22%
Staffing (personnel costs)	28%	21%	12%	42%	12%	32%	20%	17%	10%
Government monetary or fiscal policy	12%	7%	5%	9%	21%	13%	8%	8%	7%^
Non-GSE (other investors) pricing and policies	3%	4%	5%	0%	15%	3%	2%	3%	4%^
Government regulatory compliance	18%	20%	4%	10%	5%	0%	2%	9%	3%
Operational efficiency (i.e. technology)	13%	12%	10%	0%	3%	3%	2%	6%	3%
Marketing expenses	14%	7%	5%	12%	0%	0%	0%	1%	2%
Servicing costs	3%	4%	2%	0%	15%	3%	1%	3%	1%^

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

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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)
- Q53c. You mentioned earlier that "GSE pricing and policies" is an important factor for your firm's profit margin to decrease. How are you seeing it affect profit margin? Please share details with us. (Optional)
- Q53d. You mentioned earlier that "GSE pricing and policies" is an important factor for your firm's profit margin to increase. How are you seeing it affect profit margin? 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)

