

Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

Q1 2022 Full Report



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Key Findings – Q1 2022

In Q1 2022, lenders are more pessimistic toward both the economy and profitability, expecting mortgage demand growth to cool down and refi demand activity to further wane.

Profit Margin Outlook

- Lenders' profitability outlook on net has stayed negative for six consecutive quarters, and this quarter it dropped to a new survey low (since survey inception in Q1 2014).
- “Competition from other lenders” continued to be the top reason cited by lenders who expect lower profit margins. “Market trend changes” and “consumer demand” remained the second and third top reasons, respectively.

U.S. Economy

- In Q1 2022, lenders reported greater pessimism toward the economy, with roughly 3-in-5 believing the economy is on the wrong track, a new survey high.

Mortgage Demand

- Purchase mortgage demand growth for the prior three months continued its downward trend. The net share of lenders reporting demand growth over the prior three months reached the lowest reading for any first quarter over the past two years across all loan types. For the next three months, the net share of lenders expecting demand growth climbed significantly from last quarter across all loan types, but still showed the lowest reading for any first quarter in survey history.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months, as well as the net share expecting demand growth for the next three months, remained similar to last quarter but generally continued its downward trend across all loan types – reaching the lowest readings in three years (since Q1 2019).



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

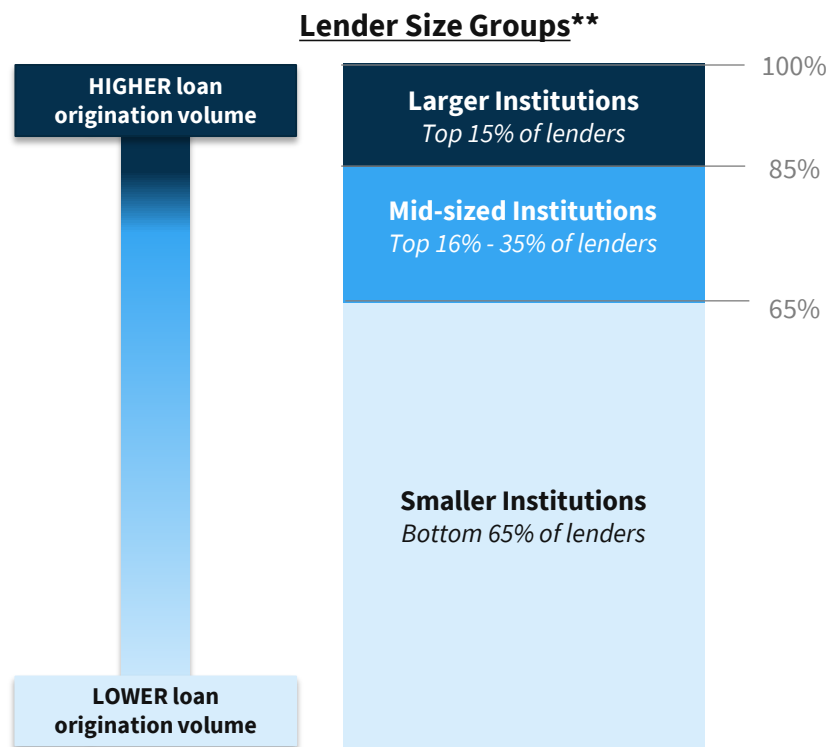
- **Closing Homeownership Gaps**
- **Lenders' 2021 Business Priorities**
- **COVID-19 & Remote Working**
- **Mortgage Servicing Challenges**
- **CONDO Mortgage Lending Opportunities**
- **COVID-19 Challenges and Lender Business Priorities**

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.



Q1 2022 Respondent Sample and Groups

The current analysis is based on first quarter 2022 data collection. For Q1 2022, a total of 200 senior executives completed the survey between February 2-14, representing 188 lending institutions.*



Sample Q1 2022		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.		188
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)	47
	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)	62
	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)	79
Institution Type***	Mortgage Banks (non-depository)	83
	Depository Institutions	62
	Credit Unions	40

* 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

- In Q1 2022, lenders reported greater pessimism toward the economy, with roughly 3-in-5 believing the economy is on the wrong track, reaching a new survey high (since survey inception in Q1 2014).
- Purchase mortgage demand growth for the prior three months continued its downward trend. The net share of lenders reporting demand growth over the prior three months reached the lowest reading for any first quarter over the past two years across all loan types. For the next three months, the net share of lenders expecting demand growth climbed significantly from last quarter across all loan types, but still showed the lowest reading for any first quarter in survey history.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months, as well as the net share expecting demand growth for the next three months, remained similar to last quarter but generally continued its downward trend across all loan types – reaching the lowest readings in three years (since Q1 2019). For government loans, the net share expecting demand growth over the next three months reached a new survey low.

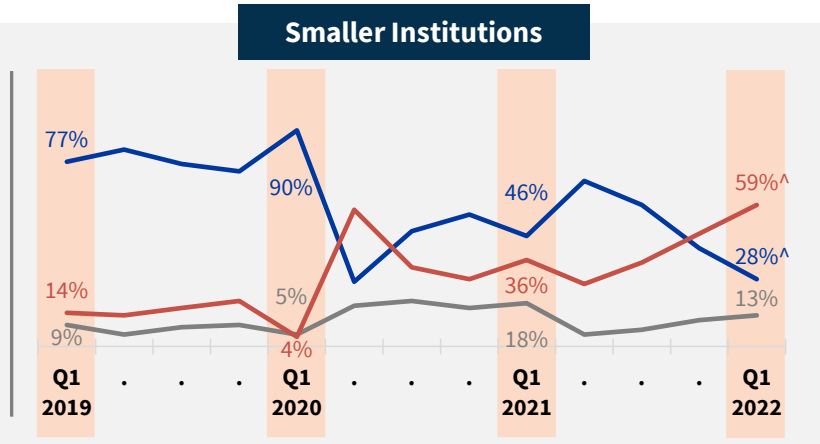
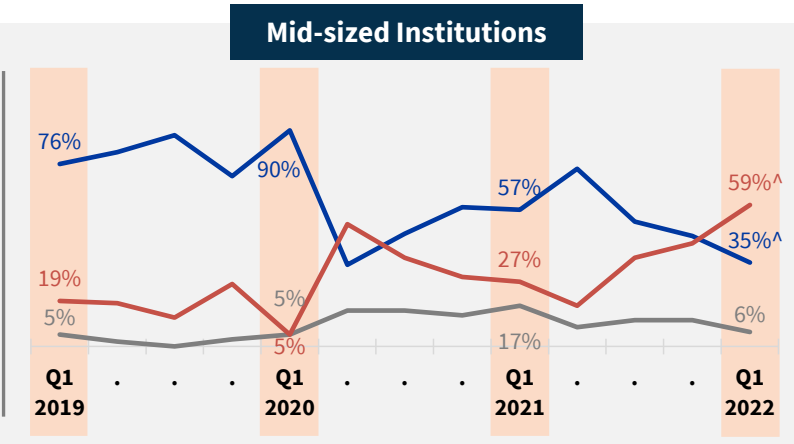
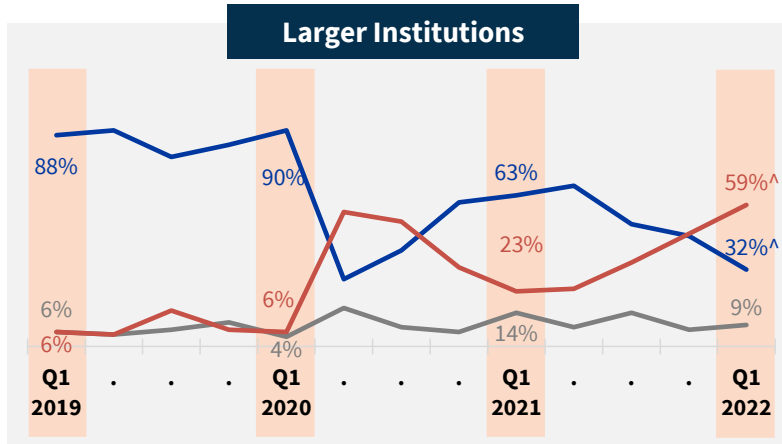
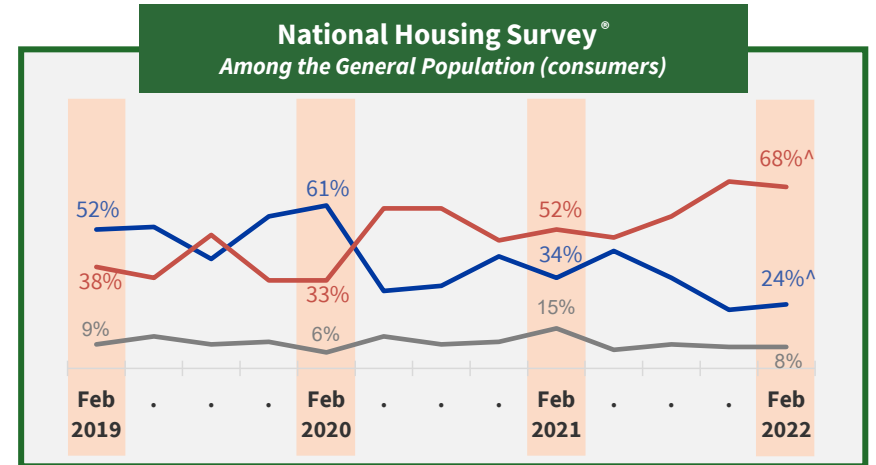
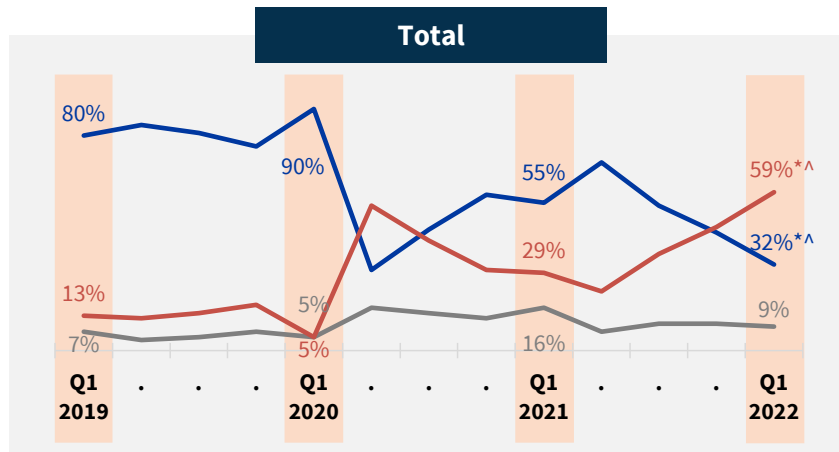


U.S. Economy Overall

In Q1 2022, lenders reported greater pessimism toward the economy, with roughly 3-in-5 believing the economy is on the wrong track, reaching a new survey high (since survey inception in Q1 2014).

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

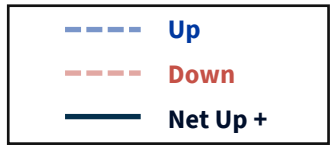


* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)

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



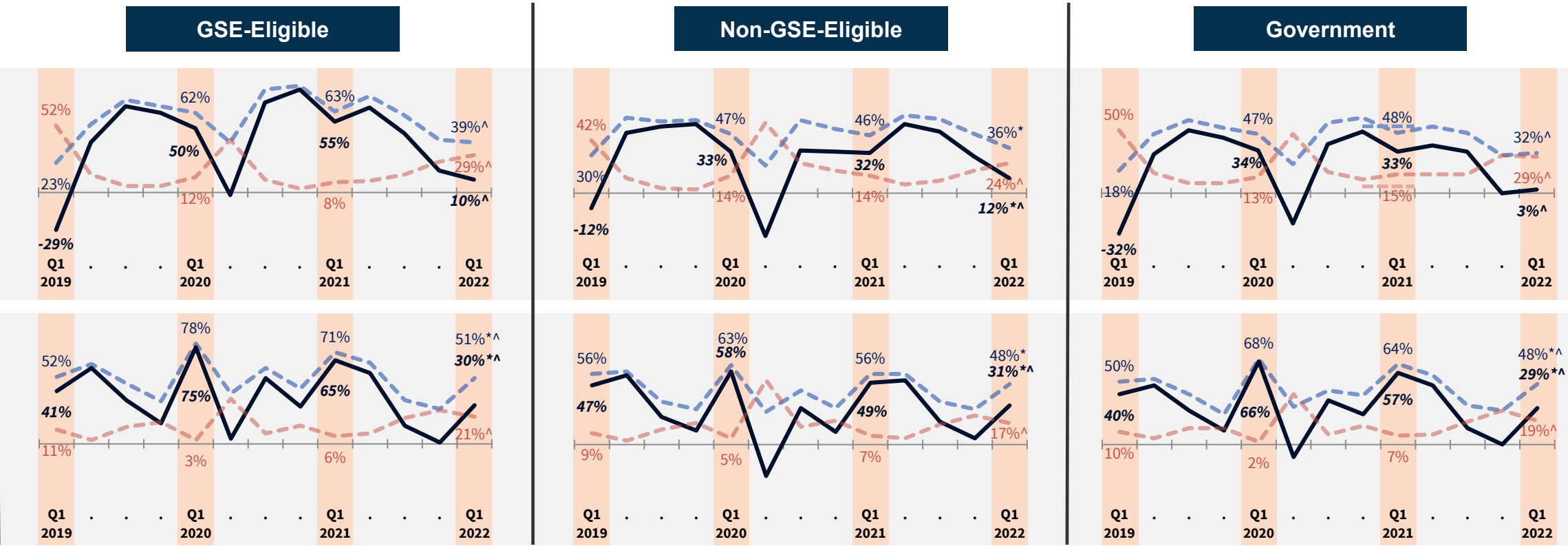
Purchase Mortgage Demand



Purchase mortgage demand growth for the prior three months continued its downward trend. The net share of lenders reporting demand growth over the prior three months reached the lowest reading for any first quarter over the past two years across all loan types. For the next three months, the net share of lenders expecting demand growth climbed significantly from last quarter across all loan types, but still showed the lowest reading for any first quarter in survey history.

Past 3 Months

Next 3 Months



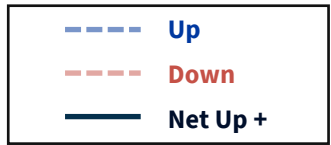
Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2021 (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



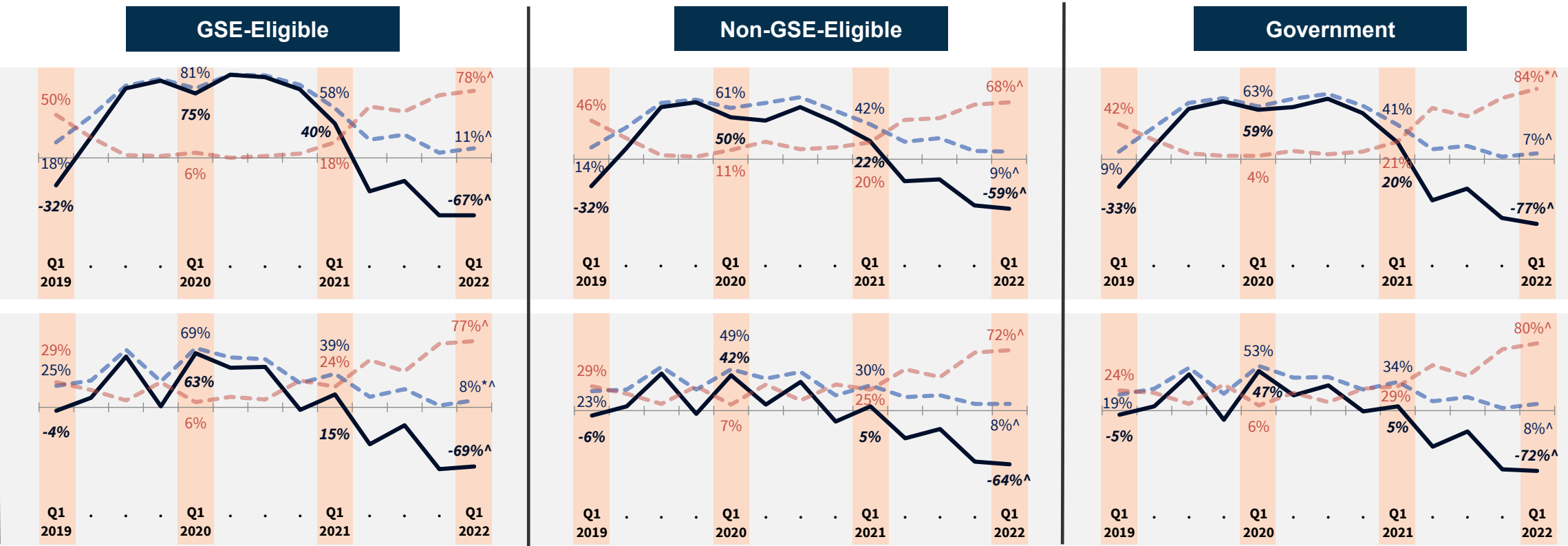
Refinance Mortgage Demand



For refinance mortgages, the net share of lenders reporting demand growth over the prior three months, as well as the net share expecting demand growth for the next three months, remained similar to last quarter but generally continued its downward trend across all loan types – reaching the lowest readings in three years (since Q1 2019). For government loans, the net share expecting demand growth over the next three months reached a new survey low.

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

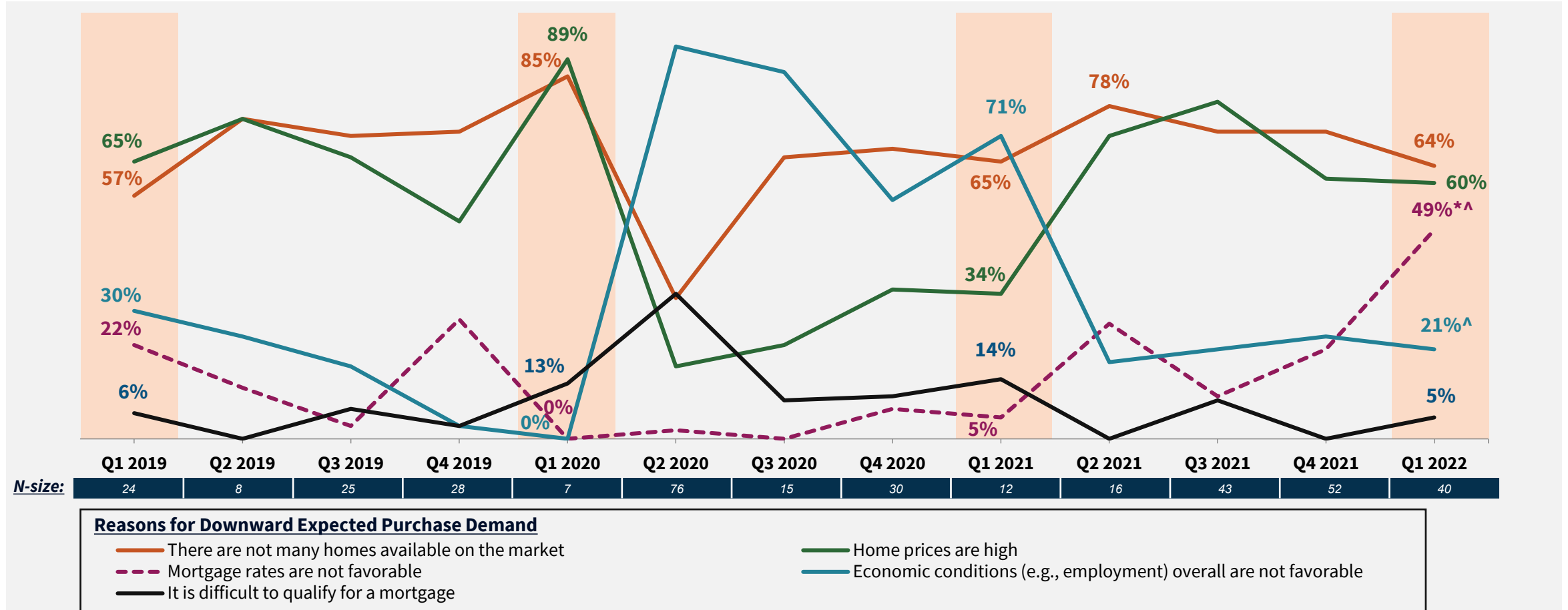
* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)

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



Downward Purchase Demand Outlook Drivers – GSE-Eligible Loans

For GSE-eligible loans, a lack of homes available for sale and high home prices have been cited by lenders as the two most important reasons for their downward purchase demand expectations since Q2 2021. This quarter, the importance of unfavorable mortgage rates increased significantly as a reason, reaching its highest reading since Q4 2018.



N-size:	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
	24	8	25	28	7	76	15	30	12	16	43	52	40

*Q: 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 Total, % rank 1+2)

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)



Credit Standards

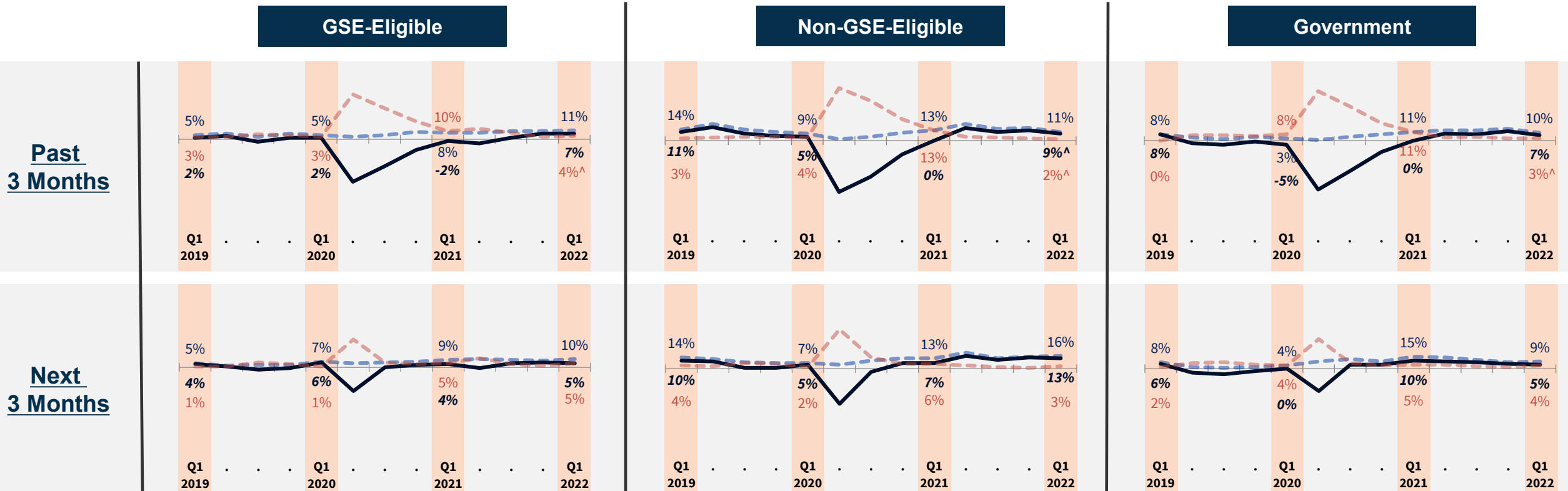
- The net share of lenders reporting easing credit standards over the prior three months, as well as the net share expecting easing over the next three months, remained generally flat across the past four quarters.



Credit Standards



The net share of lenders reporting easing credit standards over the prior three months, as well as the net share expecting easing over the next three months, remained generally flat across the past four quarters.



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

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2021 (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

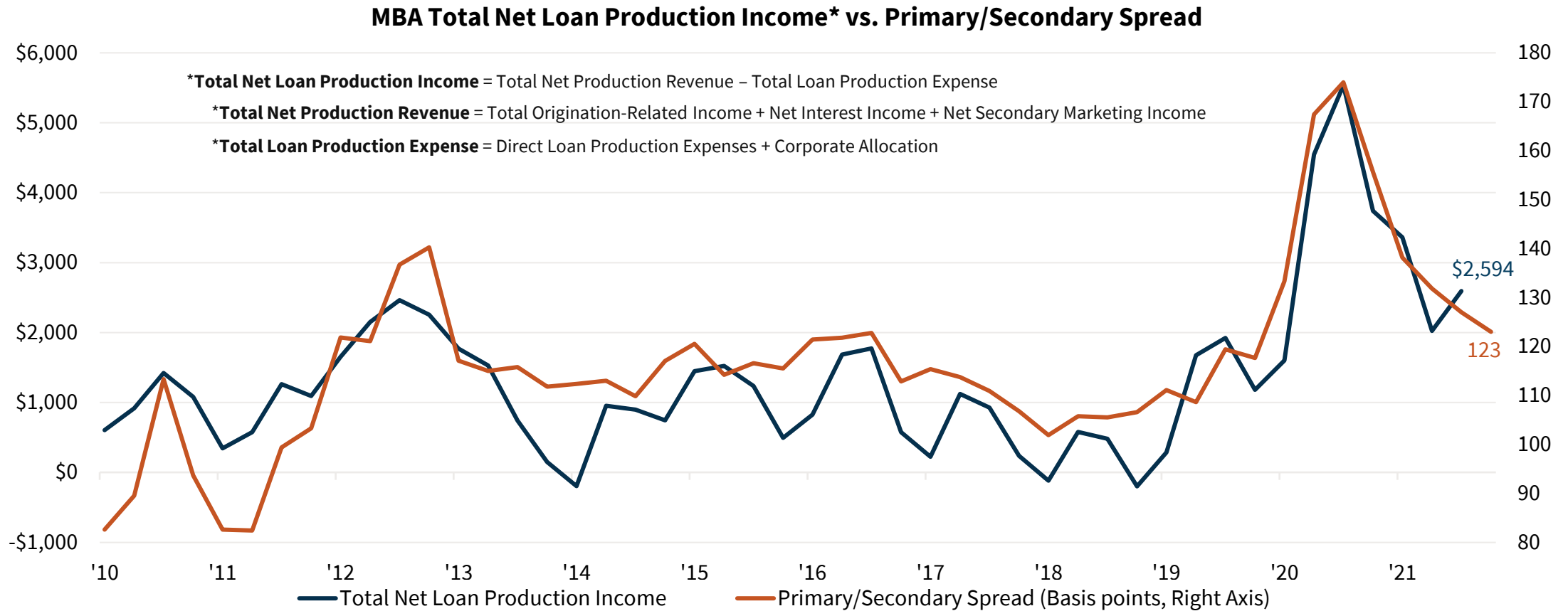
Profit Margin Outlook Change

- Lenders' profitability outlook on net has stayed negative for six consecutive quarters, and this quarter it dropped to a new survey low (since survey inception in Q1 2014).
- "Competition from other lenders" continued to be the top reason cited by lenders who expect lower profit margins. "Market trend changes" and "consumer demand" remained the second and third top reasons, respectively.



Primary-Secondary Mortgage Spread and Loan Production Income

The primary-secondary mortgage spread, which is correlated with loan production income, averaged 123 basis points in Q4 2021, 9 basis points above the 2019 average, though down from the peak of 174 basis points seen in Q3 2020.



*Formula for primary/secondary spread calculation is the (FRM30 Zero-Point Mortgage Rate– 30-year Current Coupon Mortgage-Equivalent Yield)

Source: Mortgage Bankers Association, Federal Reserve, Freddie Mac, Fannie Mae Economic & Strategic Research February 2022 Forecast – Data in Forecast as of 2/10/2022

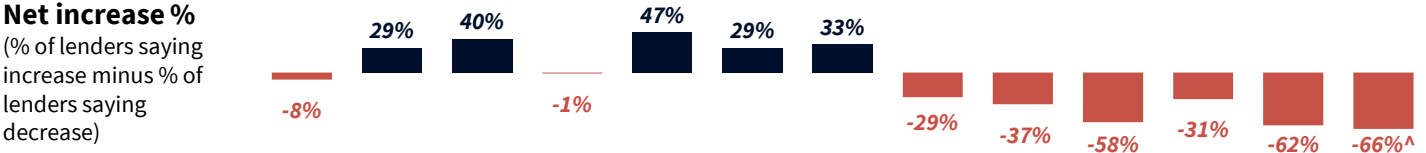
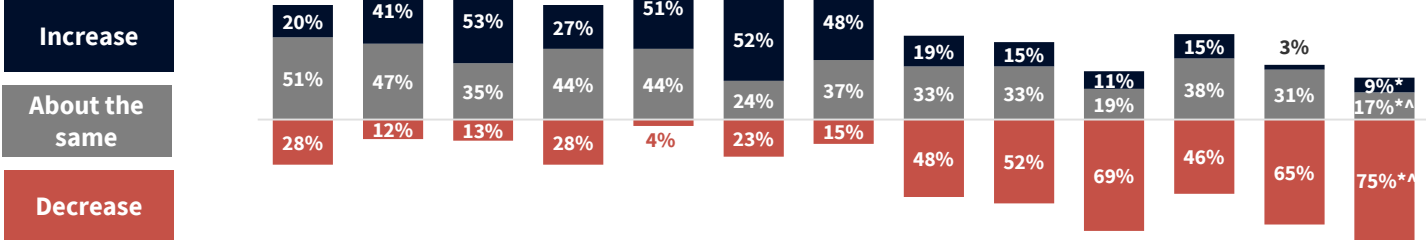


Lenders' Profit Margin Outlook Change – Next 3 Months

Lenders' profitability outlook on net has stayed negative for six consecutive quarters, and this quarter it dropped to a new survey low (since survey start in 2014). Those expecting a lower profit margin outlook continued to point to "competition from other lenders" and "market trend changes" as the primary reasons.

Profit Margin Outlook

Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22
n=176	n=200	n=168	n=160	n=175	n=216	n=172	n=195	n=205	n=214	n=181	n=193	n=186



Key Reasons for Expected Decrease – Q1 2022 (N = 136)

Competition from other lenders	75%
Market trend changes (i.e. shift from refinance to purchase)	39%
Consumer demand	27%
GSE pricing and policies	21%
Government monetary or fiscal policy	16%

Showing data for selected answer choices only. n=136

Key Reasons for Expected Increase (N = 16)

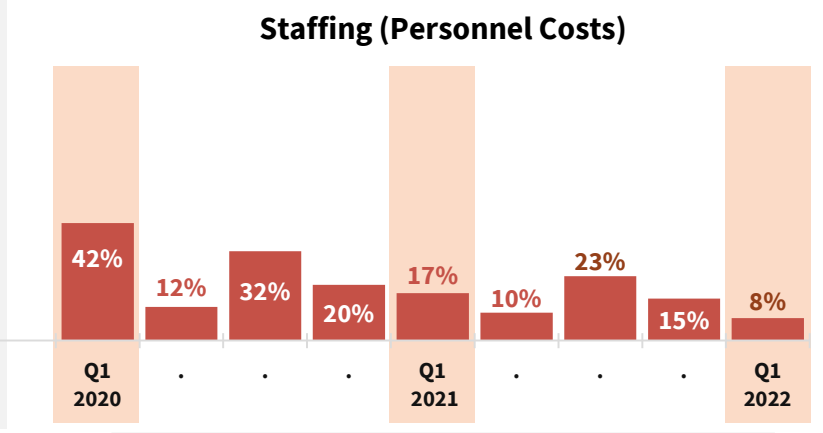
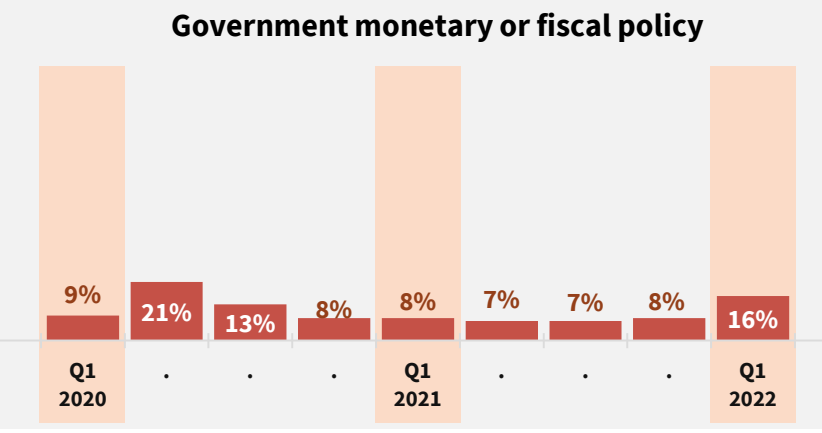
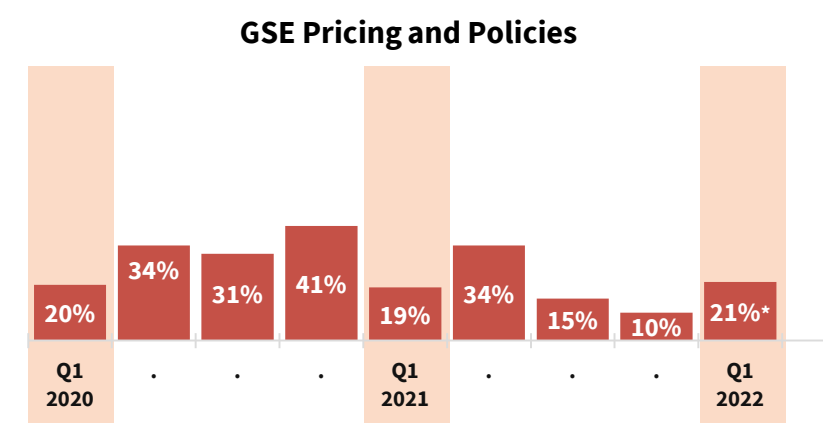
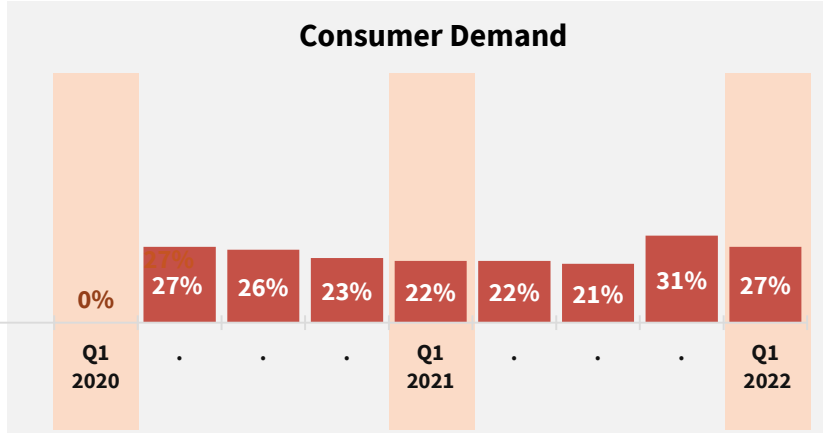
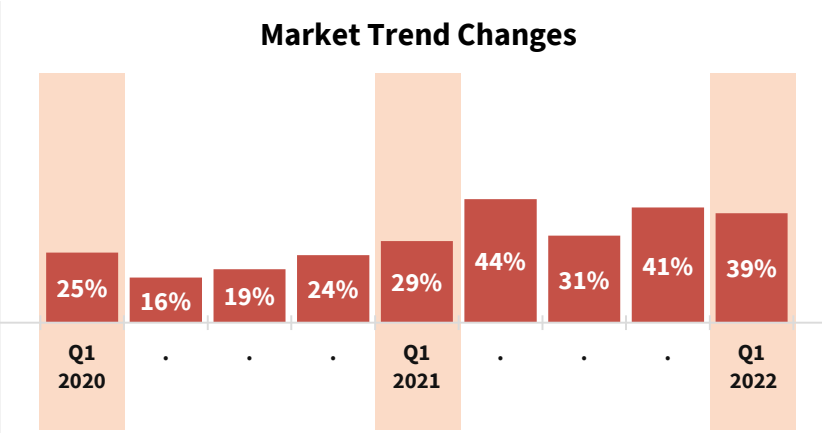
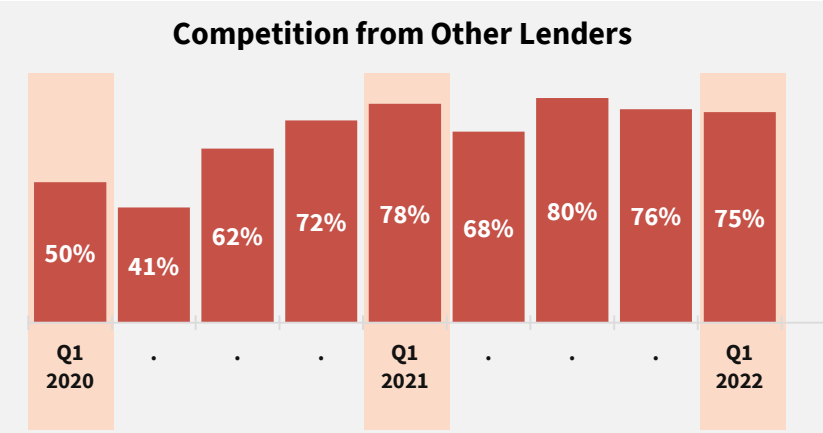
Only 16 lenders reported that they expect profit margins to increase over the next three months. Due to the small sample size, the key reasons are not shown here.

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

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)

Decreased Profit Margin Outlook – Top Drivers

“Competition from other lenders” continued to be the top reason cited by lenders who expect lower profit margins. “Market trend changes” and “consumer demand” remained the second and third top reasons, respectively.



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

Total: Q1 2020: N=8; Q2 2020: N=51; Q3 2020: N=26; Q4 2020: N=92; Q1 2021: N=105; Q2 2021: N=144; Q3 2021: N=80; Q4 2021: N=122; Q1 2022: N=136

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)

^ Denotes a statistically significant change compared with Q1 2021 (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.

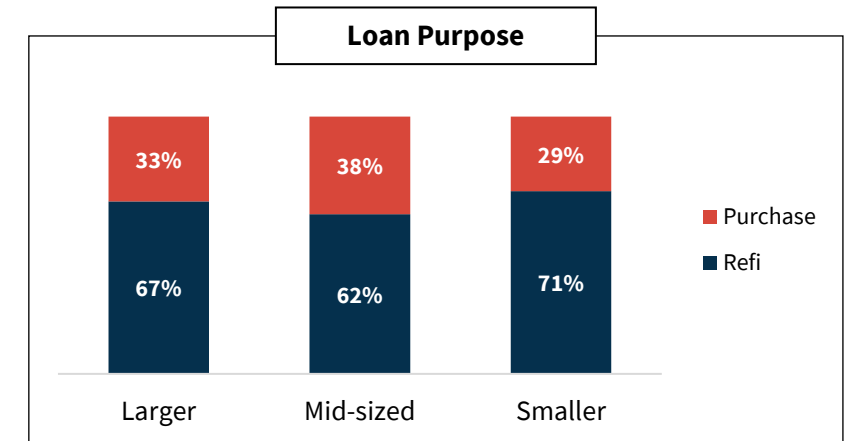
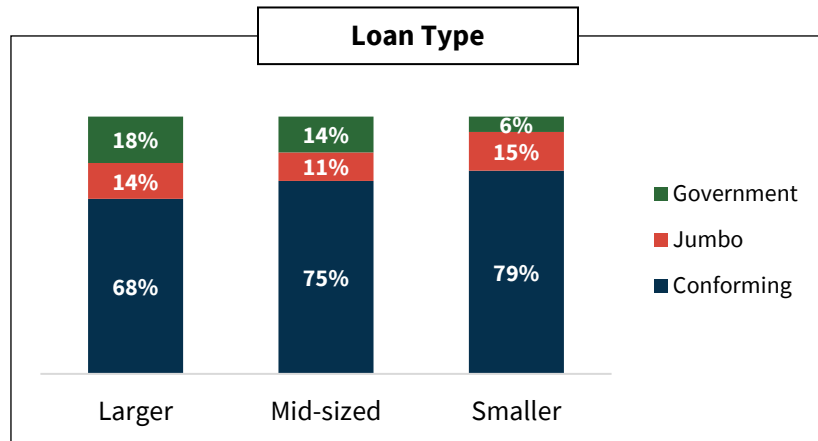
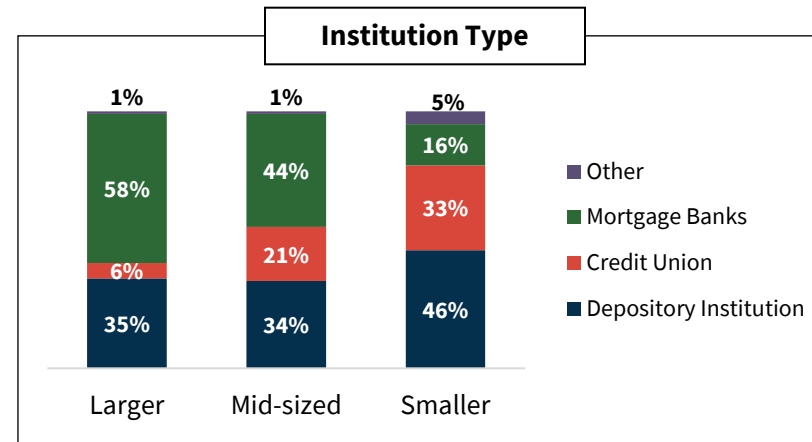
Data Weighting

- 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 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

		Q1 2020		Q2 2020		Q3 2020		Q4 2020		Q1 2021		Q2 2021		Q3 2021		Q4 2021		Q1 2022	
		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		183	±6.70%	229	±5.87%	186	±6.64%	202	±6.63%	214	±6.11%	225	±5.93%	192	±6.52%	205	±6.27%	188	±6.95%
Loan Origination Volume Groups	Larger Institutions	52	±11.65%	71	±9.26%	51	±11.80%	52	±11.62%	61	±10.37%	66	±9.87%	50	±11.98%	58	±10.78%	47	±14.20%
	Mid-sized Institutions	40	±14.19%	62	±10.76%	51	±12.25%	55	±11.66%	60	±11.00%	63	±10.65%	51	±12.22%	54	±11.79%	62	±12.33%
	Smaller Institutions	91	±9.70%	96	±9.42%	84	±10.15%	95	±9.48%	93	±9.59%	96	±9.42%	91	±9.70%	93	±9.59%	79	±10.90%
Institution Type	Mortgage Banks	71	±10.47%	89	±9.07%	66	±10.96%	84	±9.46%	90	±9.04%	103	±8.29%	84	±9.48%	88	±9.23%	83	±10.63%
	Depository Institutions	73	±10.65%	89	±9.46%	73	±10.65%	67	±11.18%	81	±10.01%	72	±10.71%	68	±11.05%	73	±10.60%	62	±12.33%
	Credit Unions	38	±15.03%	46	±13.49%	41	±14.40%	45	±13.65%	39	±14.81%	43	±14.01%	39	±14.80%	39	±14.80%	40	±15.41%

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
 Q3 was fielded between August 3, 2021 and August 16, 2021
 Q4 was fielded between November 1, 2021 and November 15, 2021

2022

Q1 was fielded between February 1, 2022 and February 14, 2022



2022 Q1 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	188	47	62	79
Mortgage Banks (non-depository)	83	32	30	21
Depository Institutions	62	14	18	30
Credit Unions	40	1	14	25



2022 Q1 Sample Sizes: Consumer Demand

Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	186	170	146	187	168	147
Larger Institutions	46	46	44	47	46	46
Mid-sized Institutions	61	55	50	61	55	50
Smaller Institutions	79	69	52	79	68	52

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	182	160	137	182	160	138
Larger Institutions	45	43	44	45	43	44
Mid-sized Institutions	60	52	48	60	52	48
Smaller Institutions	77	64	45	77	64	46



2022 Q1 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	187	170	147	187	170	148
Larger Institutions	47	46	46	47	46	46
Mid-sized Institutions	61	54	50	61	54	50
Smaller Institutions	79	70	52	79	70	53

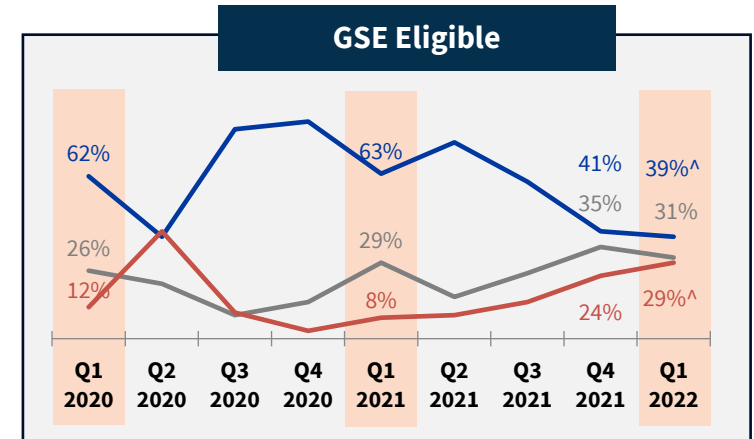


Calculation of the “Total”

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 (Q1 2022)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q4 “Total”
Went up	44%	43%	31%	39% $[(44\% + 43\% + 31\%)/3]$
Stayed the same	35%	28%	30%	31%
Went down	21%	28%	40%	29%





Appendix

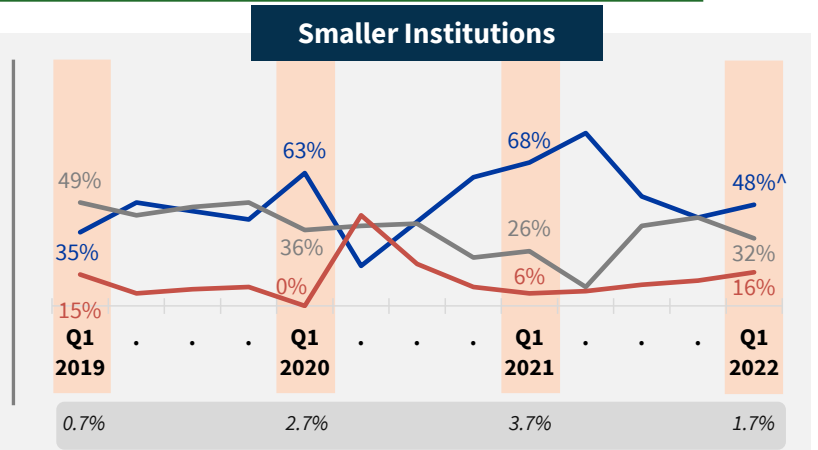
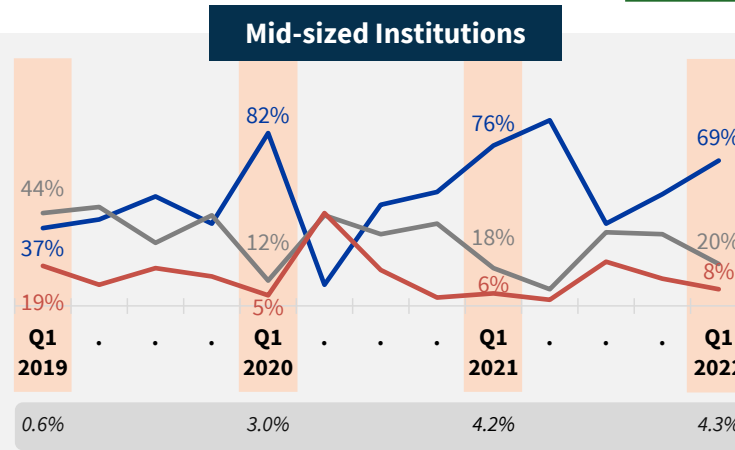
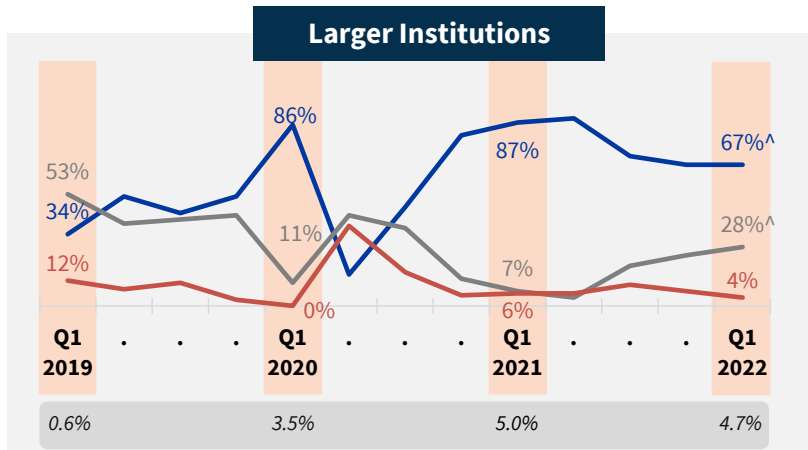
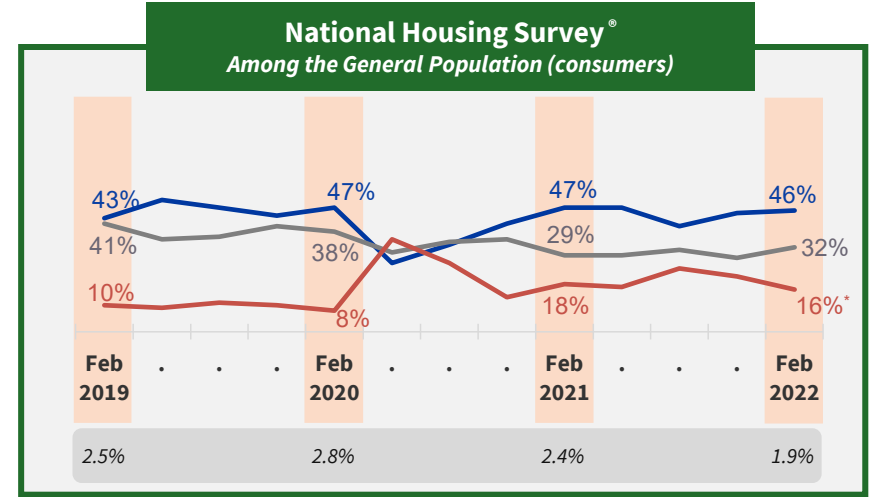
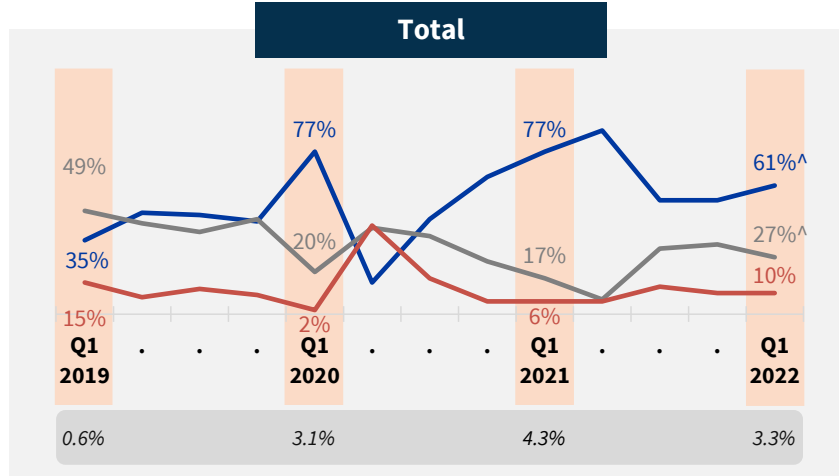
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Home Prices – Next 12 Months

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 Q4 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)

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

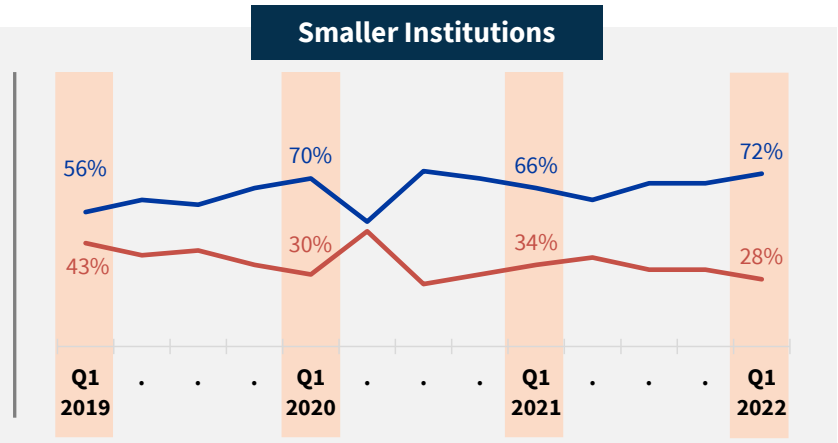
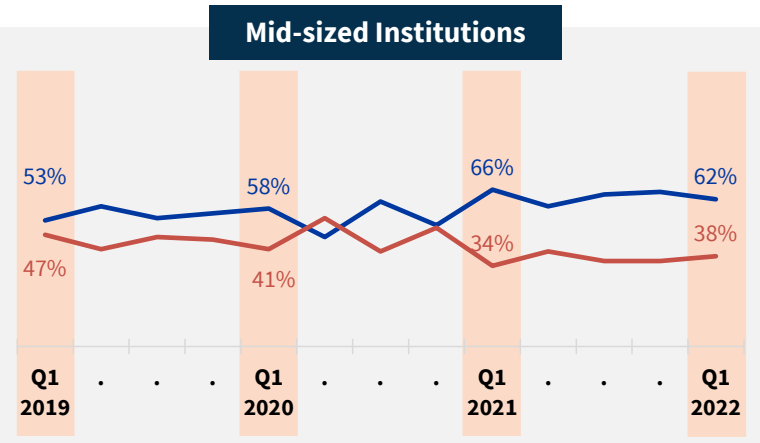
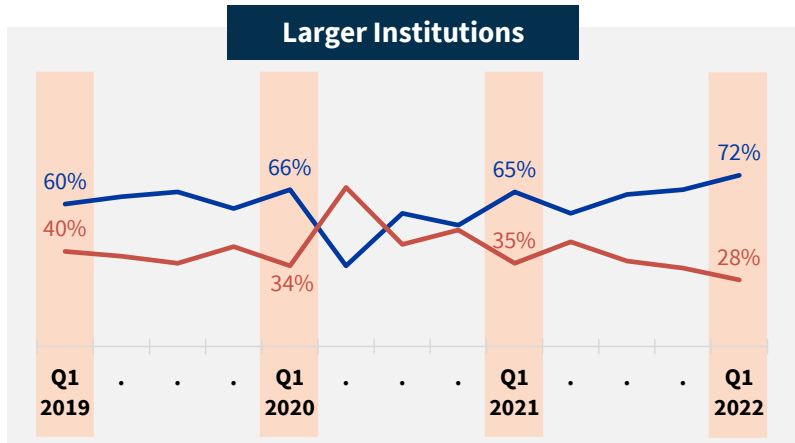
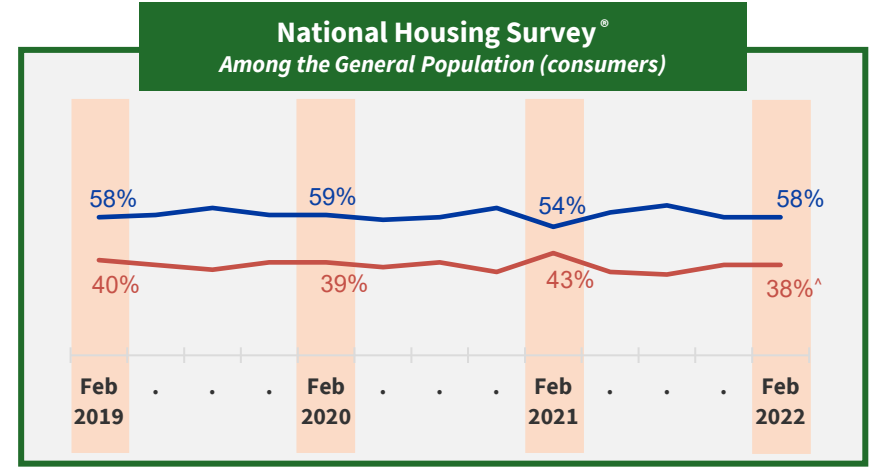
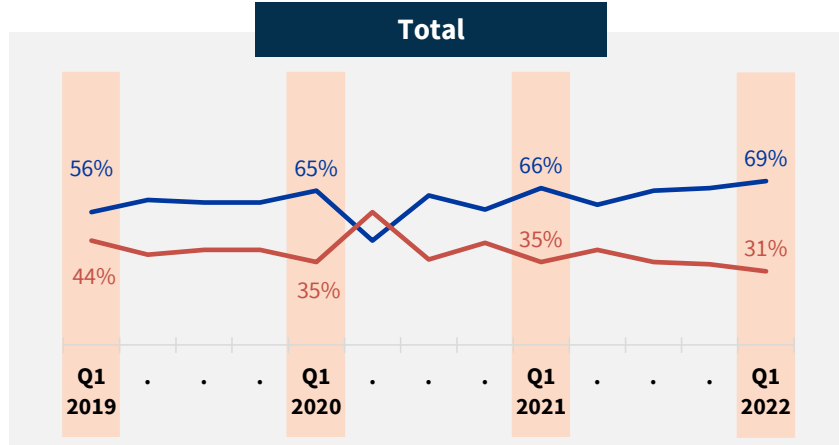


Difficulty of Getting a Mortgage

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 Q4 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)

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

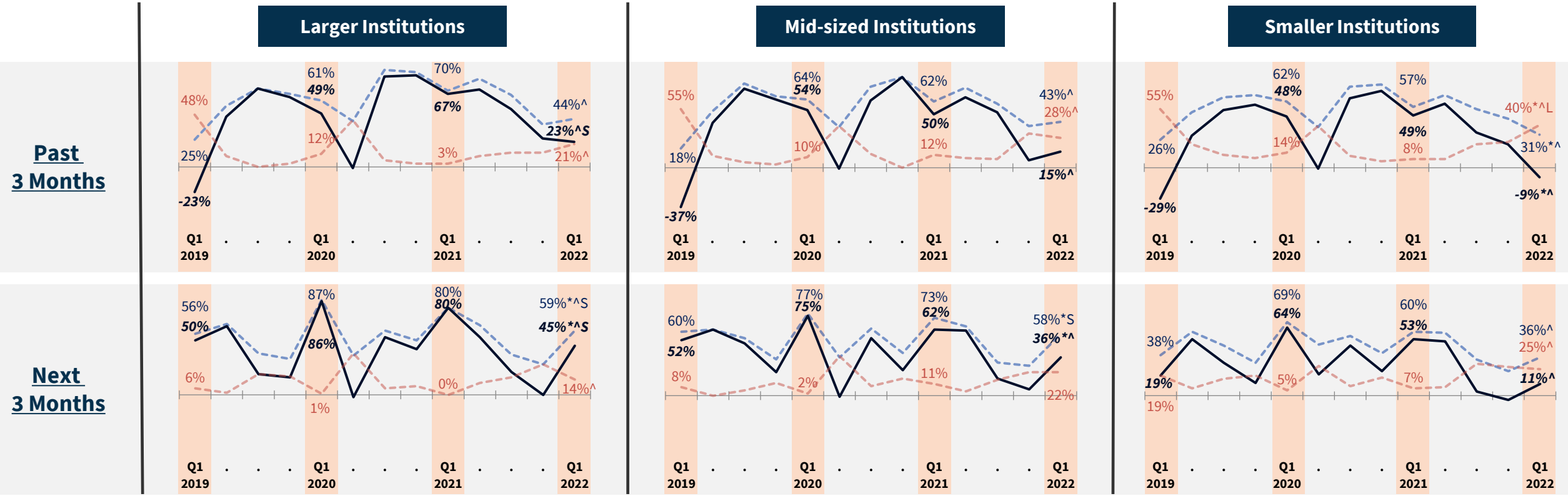




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Purchase Mortgage Demand: GSE-Eligible (by institution size)



--- 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

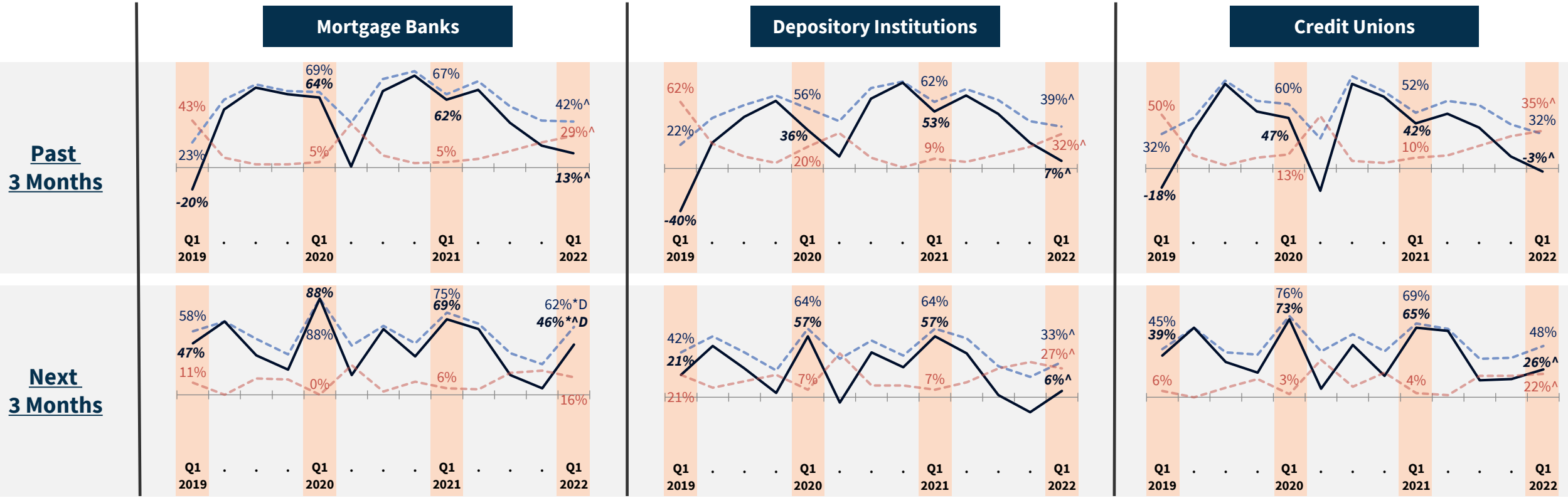
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 ^ Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)

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

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



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



--- Up
--- Down
— Net Up +

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

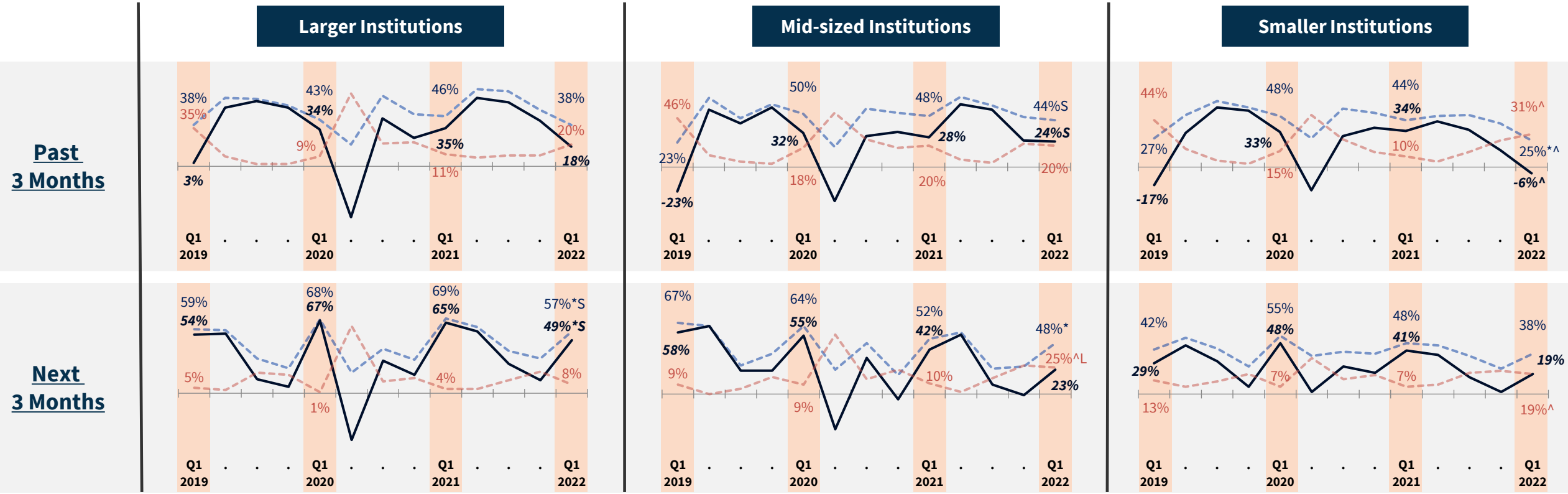
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

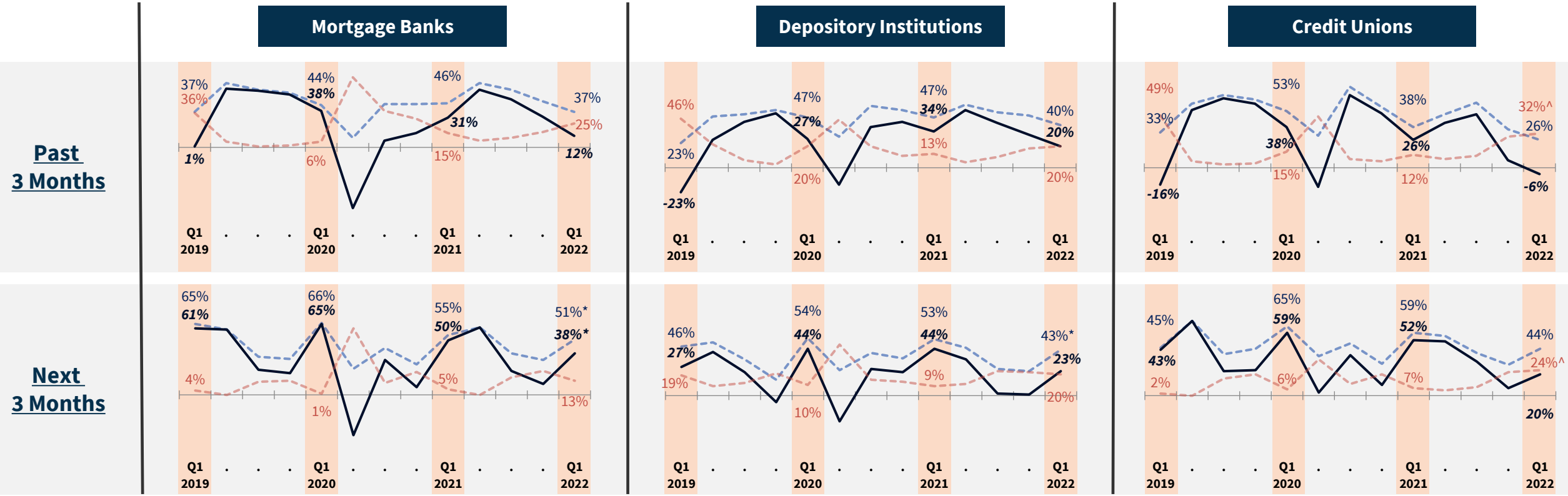
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

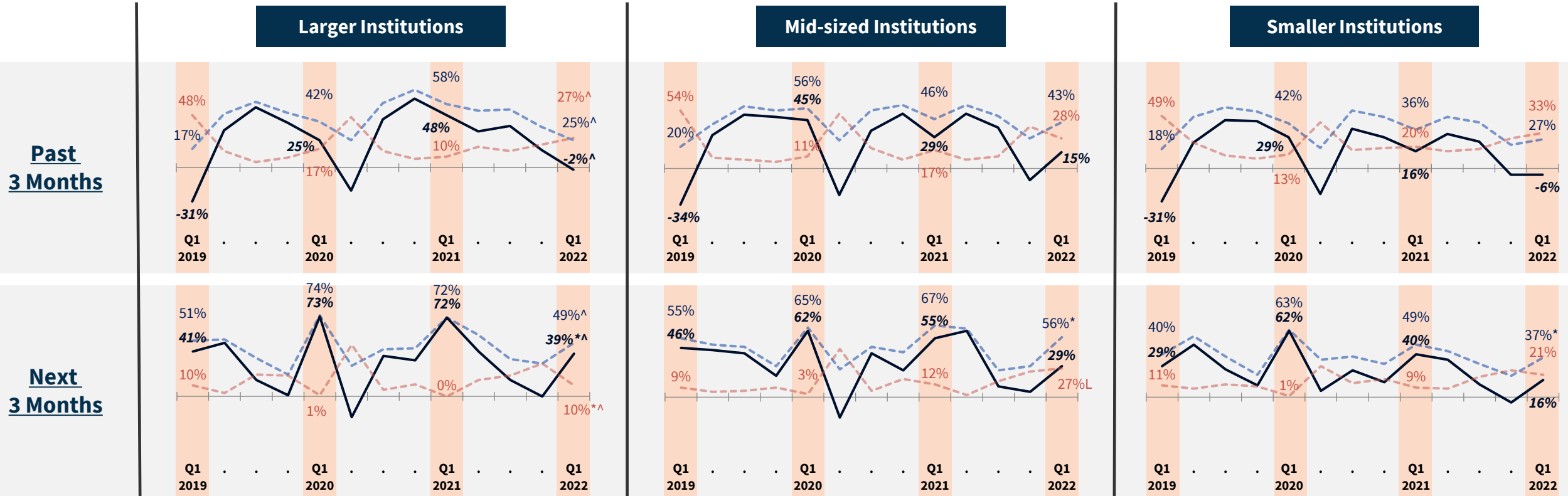
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

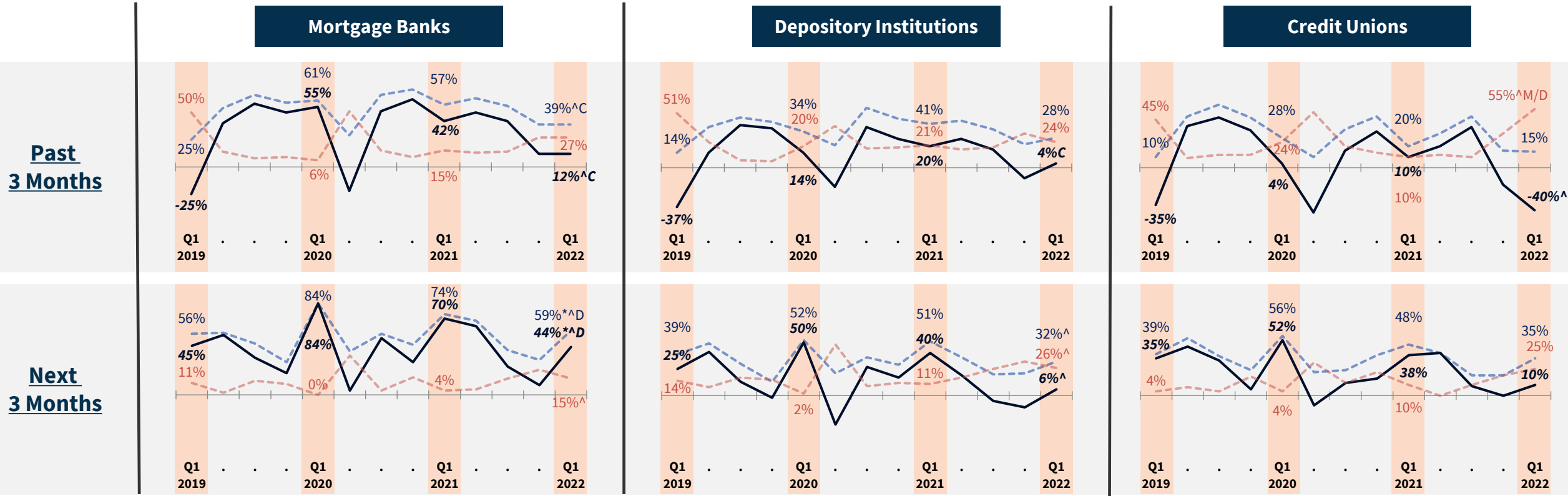
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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



Purchase Mortgage Demand: Government (by institution type)



--- Up
--- Down
— Net Up +

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

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)

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

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



Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=124

- Interest Rates
- Housing Supply
- Consumer Demand
- High Prices

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)

“Low rates and low unemployment.” – *Larger Institution*

“Covid issues relaxing.” – *Mid-sized Institution*

“Pent up demand coupled with stabilizing prices.” – *Mid-sized Institution*

“Borrowers wanted to lock in a lower rate prior to future potential increases.” – *Smaller Institution*

“Rising rates and change in pricing by the agencies for 2nd homes and investment properties.” – *Larger Institution*

“People frustrated with low inventory and high demand creating too much competition for homes.” – *Smaller Institution*

“Lack of affordable inventory. Concern that the market is at it's Peak.” – *Mid-sized 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=	92	28	36	28	
Economic conditions (e.g., employment) overall are favorable	36%	30%	42%	36%	12%
Mortgage rates are favorable	32%	27%	34%	39%	44%
There are many homes available on the market	8%	5%	8%	11%	12%
It is easy to qualify for a mortgage	3%	0%	4%	7%	3%
Home prices are low	0%	0%	0%	0%	11%

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=	40	6	14	20	
There are not many homes available on the market	37%	31%	44%	35%	7%
Mortgage rates are not favorable	32%	31%	19%	45%	3%
Home prices are high	23%	38%	22%	15%	63%
Economic conditions (e.g., employment) overall are not favorable	7%	0%	15%	5%	15%
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=	78	26	26	26	
Mortgage rates are favorable	32%	25%	38%	35%	44%
Economic conditions (e.g., employment) overall are favorable	31%	34%	23%	38%	12%
It is easy to qualify for a mortgage	10%	8%	13%	12%	3%
There are many homes available on the market	8%	6%	8%	12%	12%
Home prices are low	0%	0%	0%	0%	11%

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=	30	4	14	13	
There are not many homes available on the market	43%	100%	44%	15%	7%
Mortgage rates are not favorable	23%	0%	26%	31%	3%
Home prices are high	18%	0%	15%	31%	63%
Economic conditions (e.g., employment) overall are not favorable	15%	0%	15%	23%	15%
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 (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=	70	23	28	19	
Mortgage rates are favorable	34%	29%	36%	42%	44%
Economic conditions (e.g., employment) overall are favorable	32%	28%	36%	32%	12%
There are many homes available on the market	7%	2%	7%	16%	12%
It is easy to qualify for a mortgage	6%	9%	4%	5%	3%
Home prices are low	3%	0%	7%	0%	11%

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=	29	4	14	11	
There are not many homes available on the market	35%	56%	37%	18%	7%
Home prices are high	34%	44%	33%	27%	63%
Mortgage rates are not favorable	24%	0%	15%	55%	3%
Economic conditions (e.g., employment) overall are not favorable	7%	0%	15%	0%	15%
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.



Upward Purchase Demand Outlook Drivers

For the first time over the past three years for GSE-Eligible and Government loans, and since Q1 2020 for Non-GSE-Eligible loans, lenders say favorable economic conditions is the top reason driving increased expected demand, and favorable mortgage rates is now second.

GSE-Eligible	N=	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
		88	128	80	54	139	93	106	85	148	138	64	52	92
Economic conditions (e.g., employment) overall are favorable		76%	73%	82%	76%	84%	29%	27%	51%	50%	79%	58%	63%	74% [^]
Mortgage rates are favorable		79%	89%	98%	90%	96%	99%	97%	98%	95%	92%	95%	87%	73% [^]
It is easy to qualify for a mortgage		6%	8%	7%	6%	4%	19%	27%	13%	17%	5%	15%	23%	16%
There are many homes available on the market		22%	20%	9%	18%	5%	13%	13%	7%	11%	7%	16%	4%	12%
Home prices are low		2%	5%	1%	3%	3%	14%	9%	8%	3%	1%	0%	4%	0%

Non-GSE-Eligible	N=	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
		88	110	59	41	101	55	69	54	106	105	58	50	78
Economic conditions (e.g., employment) overall are favorable		64%	70%	68%	69%	86%	34%	33%	52%	58%	72%	56%	63%	74% [^]
Mortgage rates are favorable		72%	73%	85%	80%	77%	90%	96%	87%	94%	89%	81%	78%	69% [^]
It is easy to qualify for a mortgage		19%	20%	22%	16%	15%	15%	21%	17%	17%	14%	26%	25%	17%
There are many homes available on the market		18%	16%	10%	16%	4%	12%	9%	9%	5%	5%	10%	9%	14%
Home prices are low		2%	6%	4%	2%	5%	22%	16%	5%	3%	1%	3%	8%	1%

Government	N=	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
		74	98	61	32	104	60	64	62	112	100	47	45	70
Economic conditions (e.g., employment) overall are favorable		73%	71%	82%	76%	78%	31%	39%	46%	43%	76%	67%	66%	71% [^]
Mortgage rates are favorable		70%	80%	90%	82%	92%	97%	90%	92%	92%	85%	87%	80%	69% [^]
It is easy to qualify for a mortgage		22%	18%	8%	21%	12%	24%	30%	25%	27%	19%	13%	18%	17%
There are many homes available on the market		14%	19%	8%	14%	5%	6%	11%	2%	7%	5%	11%	7%	16%
Home prices are low		5%	7%	7%	0%	3%	17%	9%	3%	7%	3%	1%	7%	5%

*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 Q4 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)



Downward Purchase Demand Outlook Drivers

This quarter, lenders continue to cite lack of homes available on the market and high home prices as the two most important reasons for driving down expected demand across all loan types.

GSE-Eligible	N=	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
		24	8	25	28	7	76	15	30	12	16	43	52	40
There are not many homes available on the market		57%	75%	71%	72%	85%	33%	66%	68%	65%	78%	72%	72%	64%
Home prices are high		65%	75%	66%	51%	89%	17%	22%	35%	34%	71%	79%	61%	60%
Mortgage rates are not favorable		22%	12%	3%	28%	0%	2%	0%	7%	5%	27%	10%	21%	49%*^
Economic conditions (e.g., employment) overall are not favorable		30%	24%	17%	3%	0%	92%	86%	56%	71%	18%	21%	24%	21%^
It is difficult to qualify for a mortgage		6%	0%	7%	3%	13%	34%	9%	10%	14%	0%	9%	0%	5%
Non-GSE-Eligible	N=	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
17	8	21	26	10	100	22	32	14	10	28	42	30		
There are not many homes available on the market		38%	62%	52%	72%	66%	21%	56%	58%	45%	86%	66%	68%	69%
Home prices are high		70%	80%	75%	45%	61%	12%	20%	27%	35%	75%	76%	61%	69%^
Mortgage rates are not favorable		26%	13%	8%	19%	17%	10%	6%	24%	10%	12%	17%	15%	36%*
Economic conditions (e.g., employment) overall are not favorable		36%	26%	18%	0%	0%	85%	67%	45%	62%	0%	22%	24%	15%^
It is difficult to qualify for a mortgage		17%	0%	6%	19%	32%	46%	28%	26%	30%	19%	10%	6%	7%^
Government	N=	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
16	10	20	18	3	79	13	26	12	16	27	46	29		
There are not many homes available on the market		37%	44%	69%	72%	100%	26%	63%	58%	58%	77%	63%	75%	70%
Home prices are high		51%	72%	60%	48%	100%	16%	28%	33%	25%	48%	85%	65%	60%^
Mortgage rates are not favorable		37%	22%	0%	13%	0%	8%	0%	16%	28%	33%	17%	16%	35%
Economic conditions (e.g., employment) overall are not favorable		17%	17%	21%	5%	0%	93%	85%	59%	48%	4%	17%	22%	23%
It is difficult to qualify for a mortgage		20%	30%	11%	7%	0%	37%	14%	20%	21%	19%	10%	2%	11%

*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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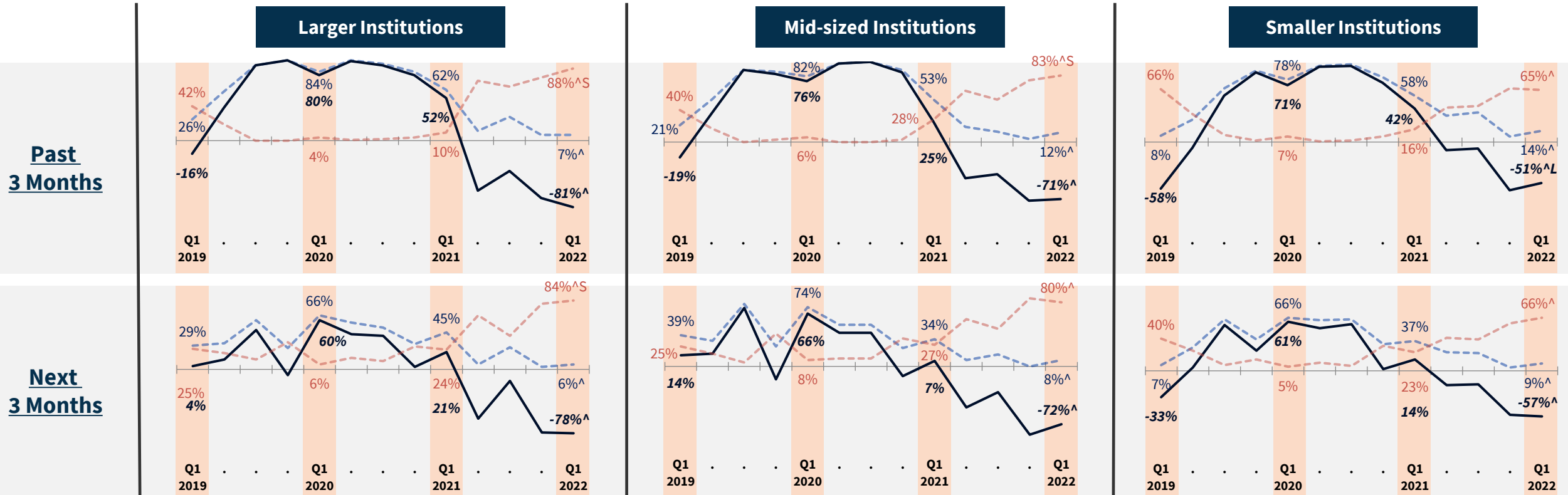




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Refinance Mortgage Demand: GSE-Eligible (by institution size)



--- 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

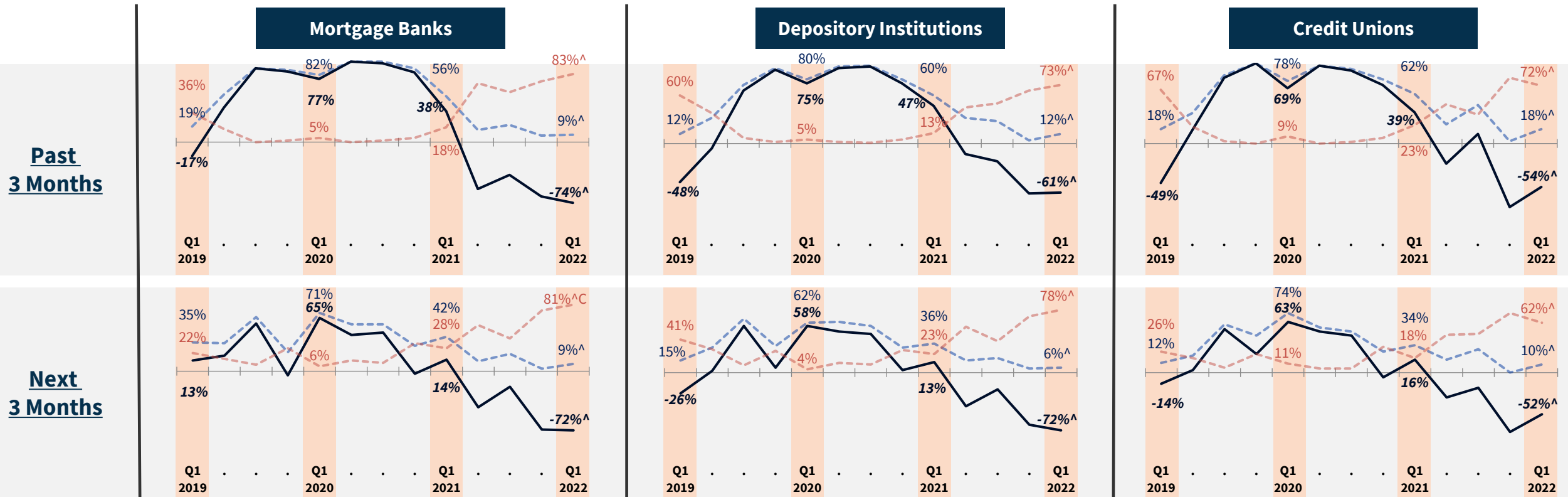
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Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



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
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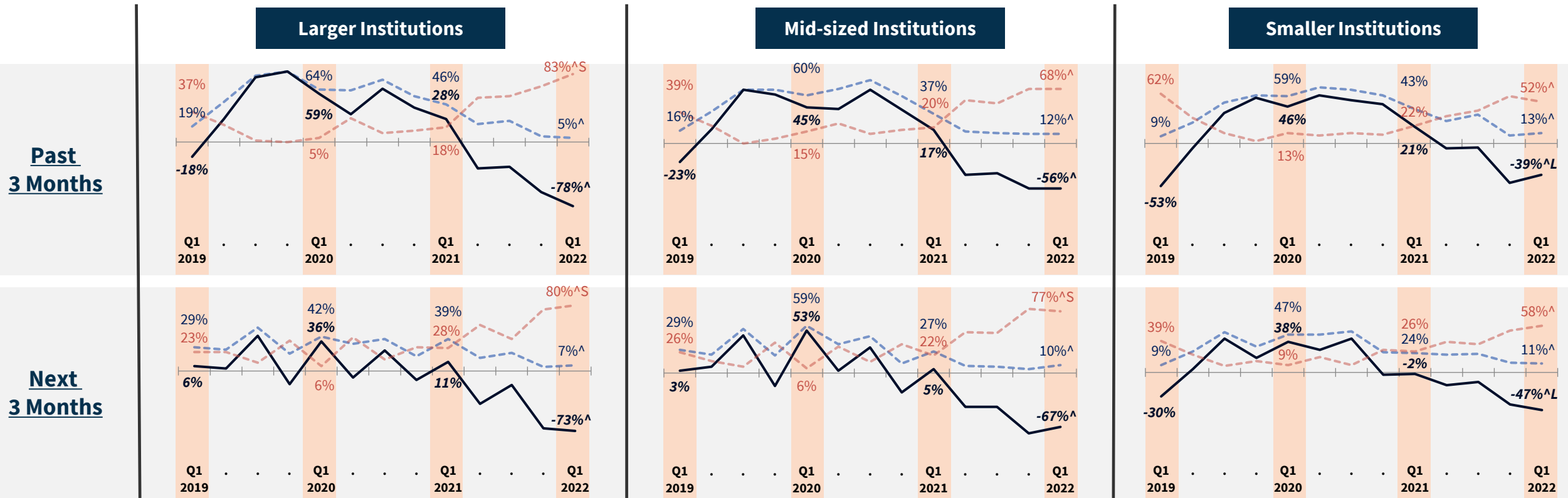
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 The % saying "stay the same" is not shown



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

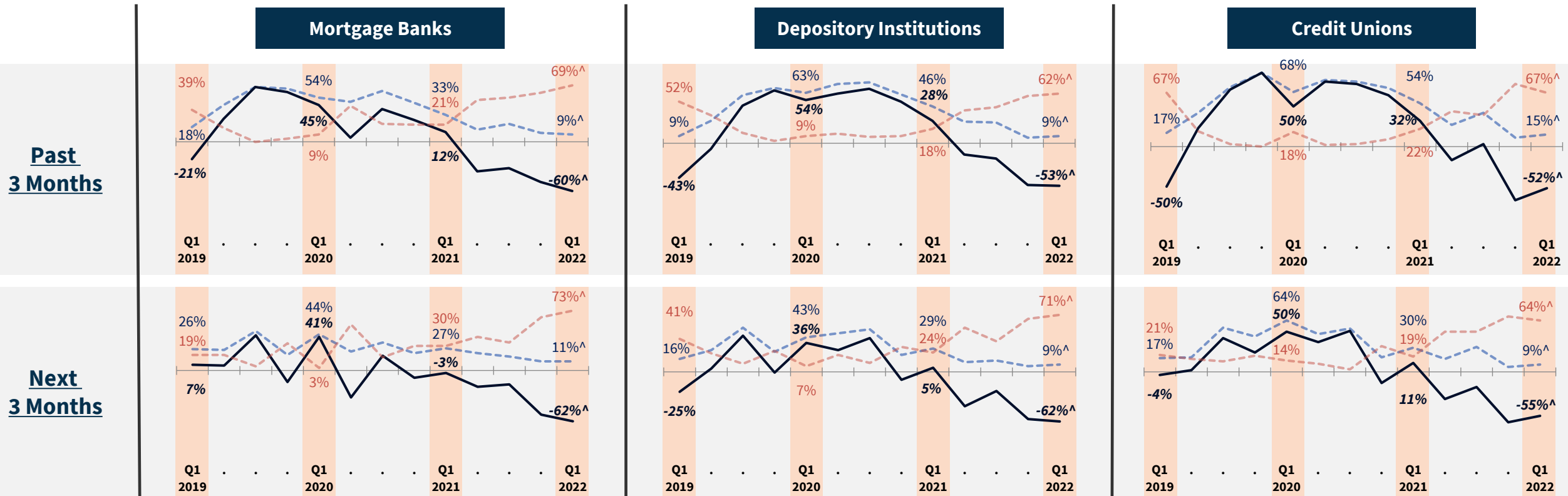
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Refinance Mortgage Demand: Non-GSE-Eligible (by institution type)



--- 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
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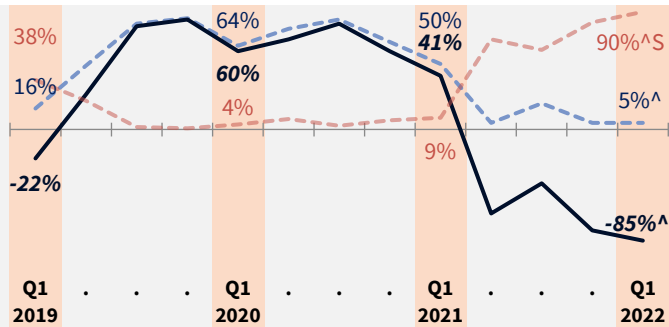
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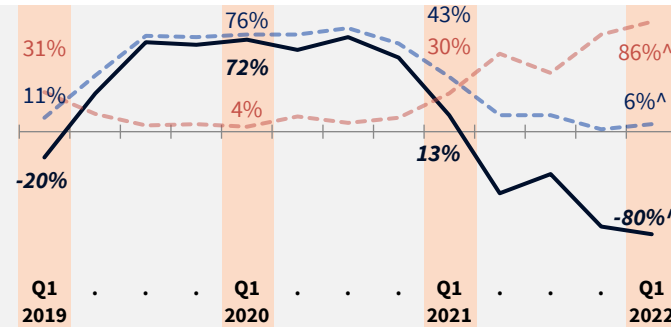
Refinance Mortgage Demand: Government (by institution size)

Past 3 Months

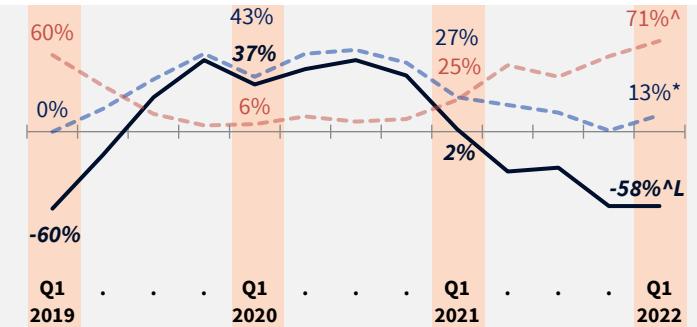
Larger Institutions



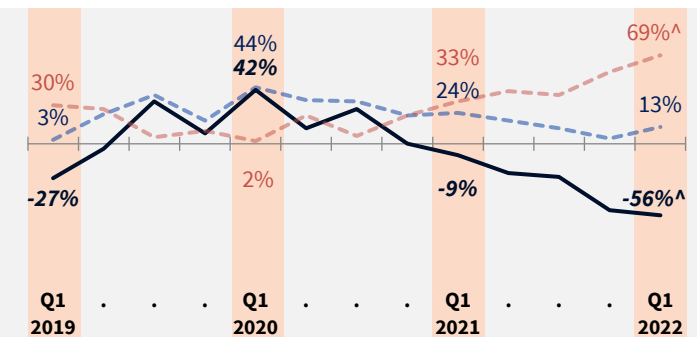
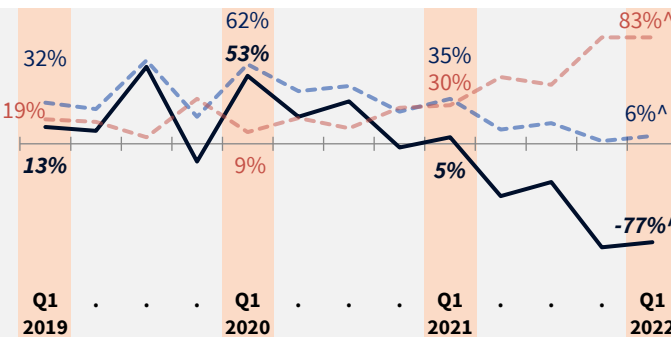
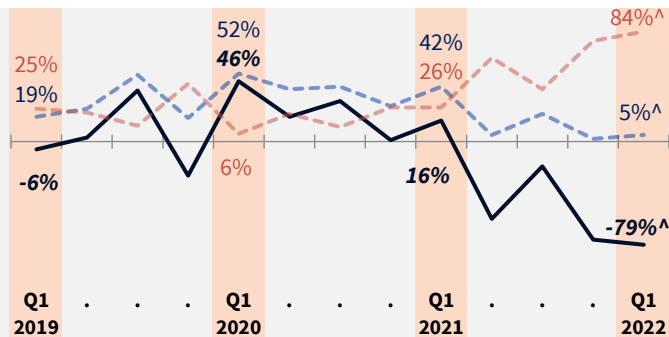
Mid-sized Institutions



Smaller Institutions



Next 3 Months



--- 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

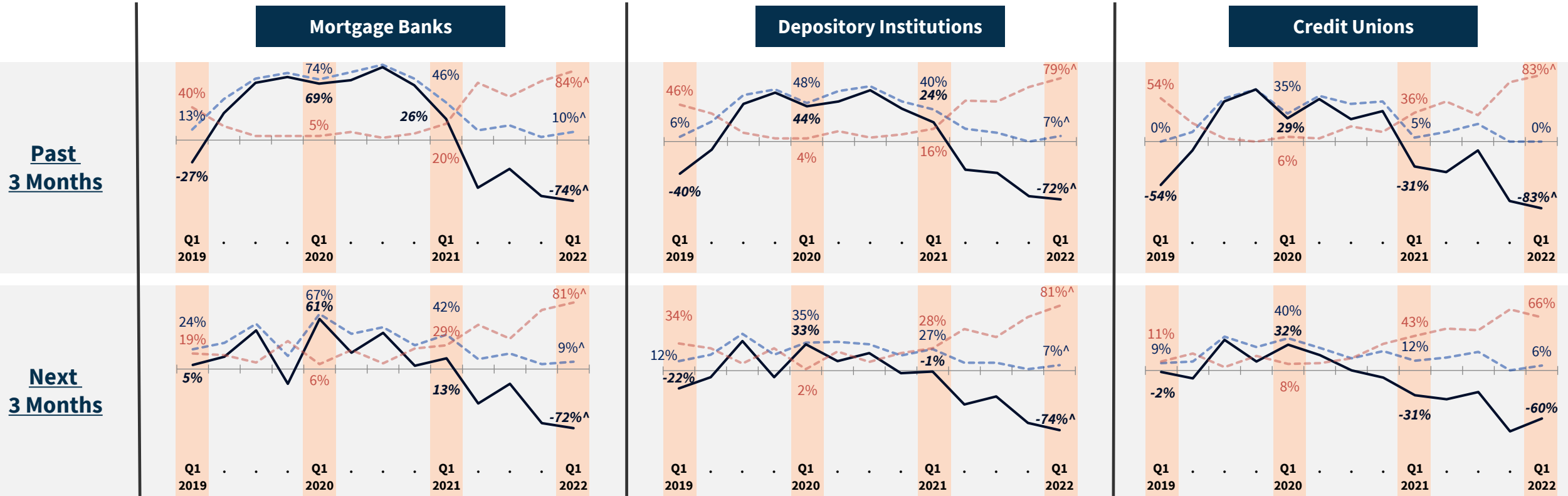
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Refinance Mortgage Demand: Government (by institution type)



--- 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
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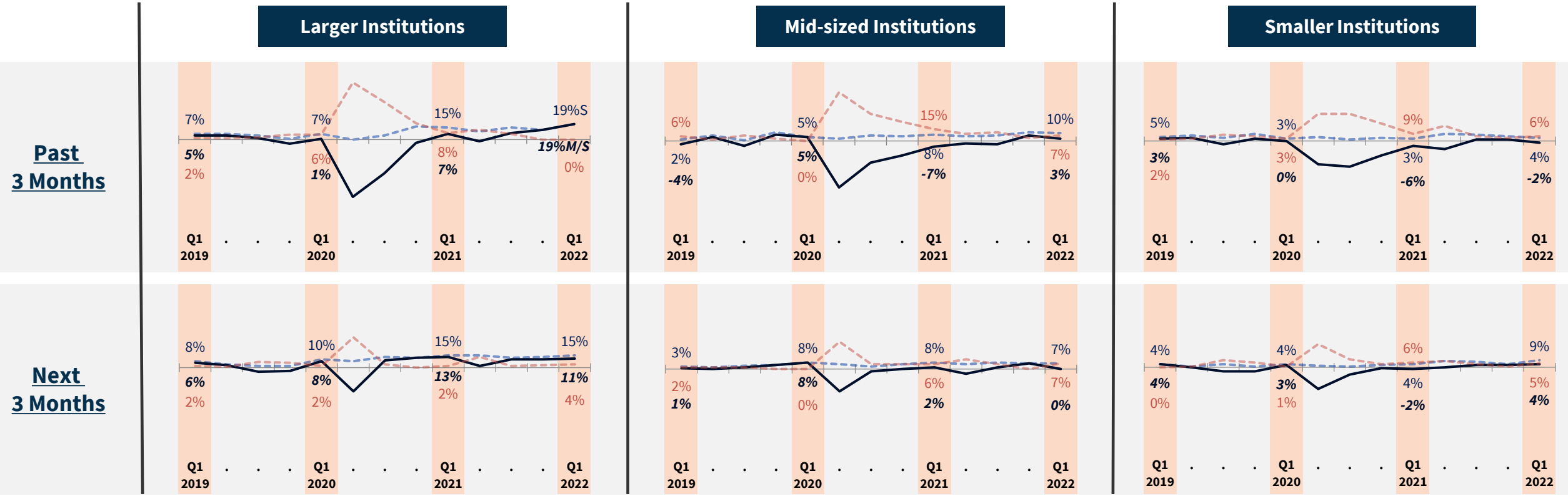




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Credit Standards: GSE-Eligible (by institution size)



--- 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

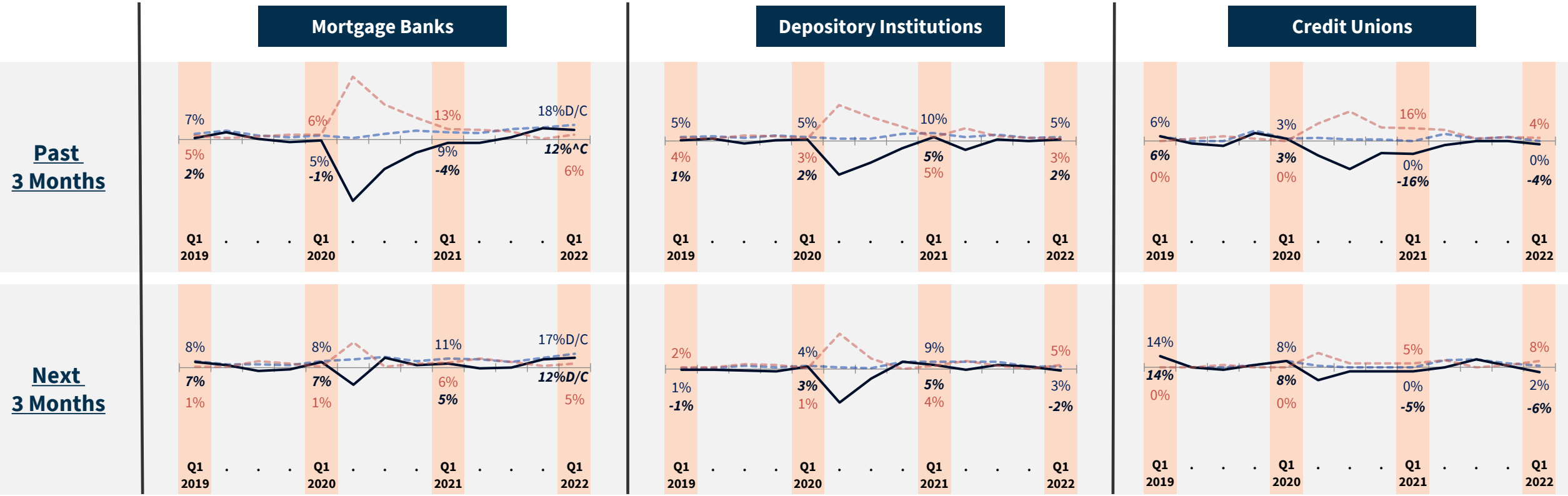
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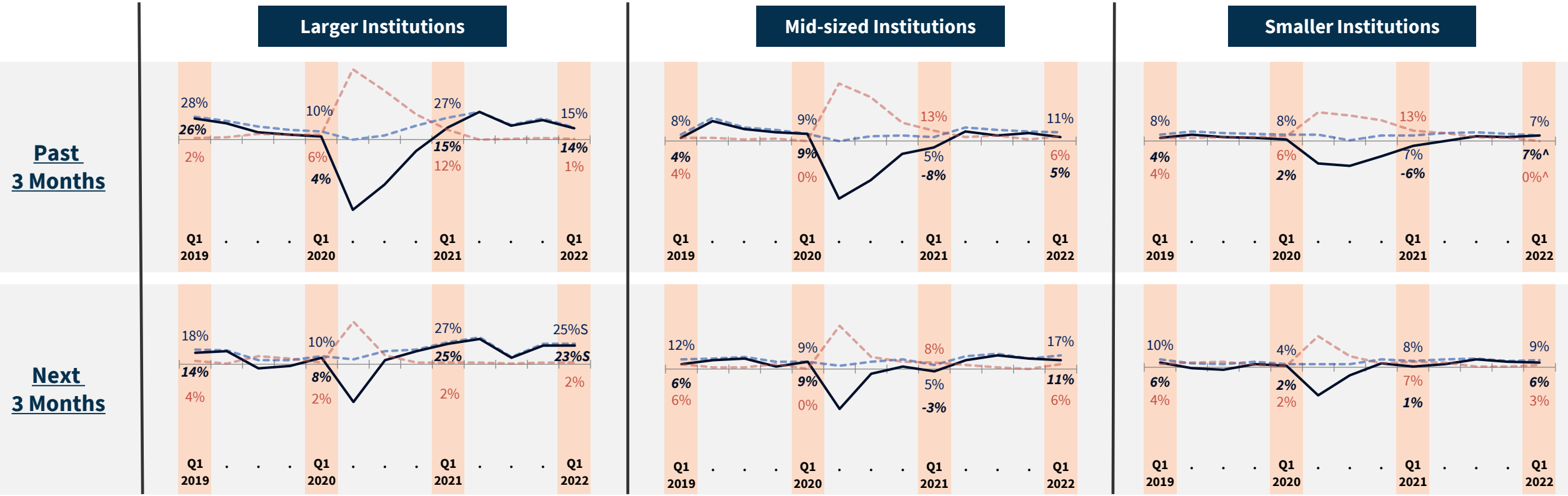
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Credit Standards: Non-GSE-Eligible (by institution size)



--- Ease
--- Tighten
— Net Ease +

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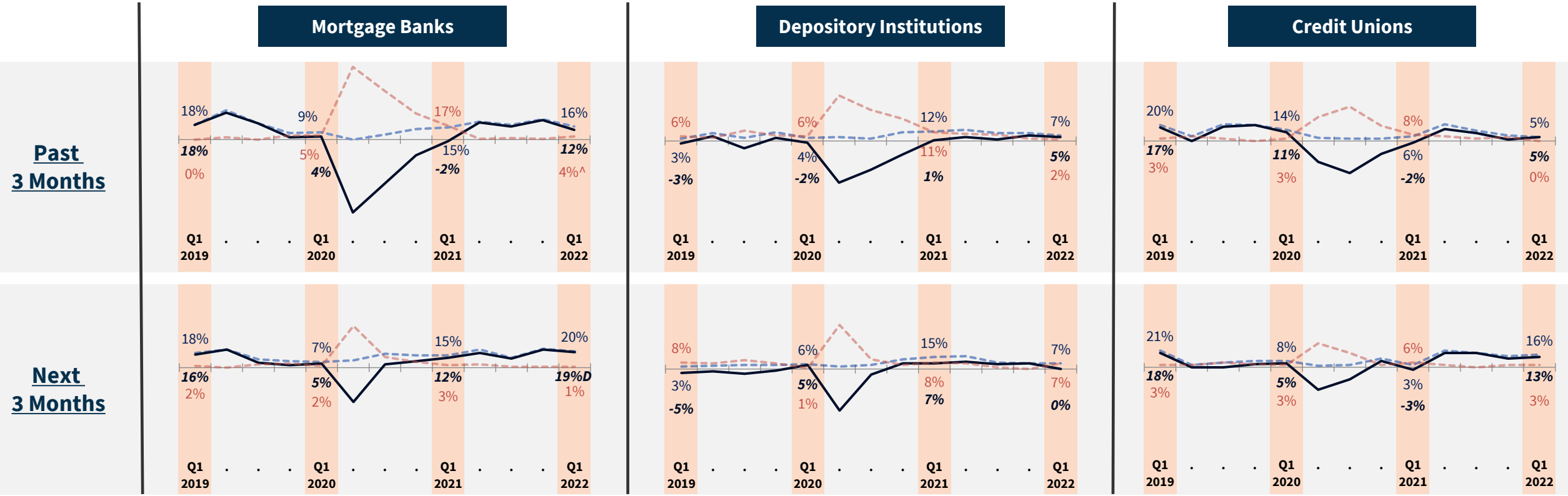
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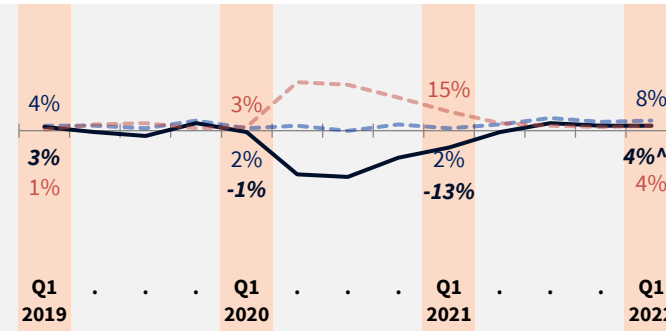
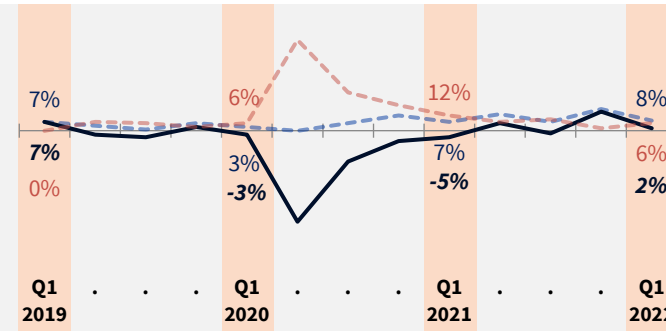
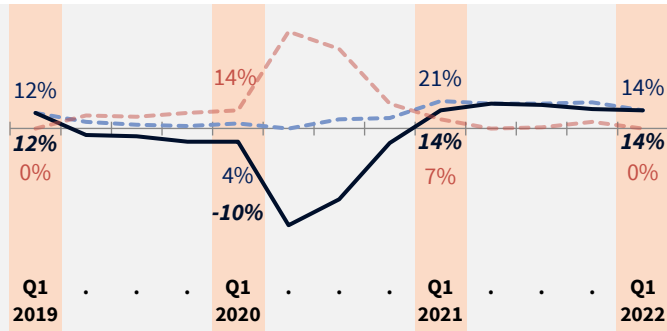
Credit Standards: Government (by institution size)

Larger Institutions

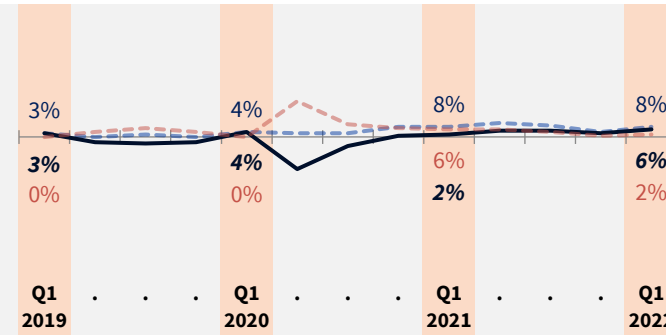
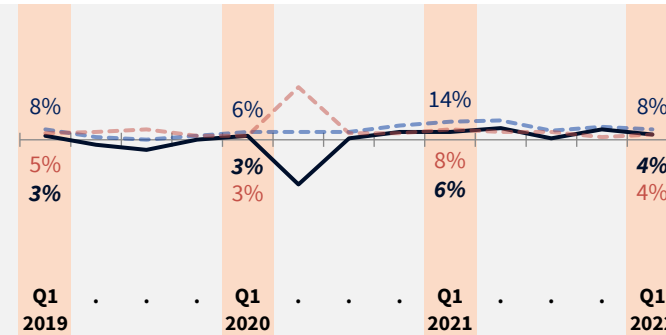
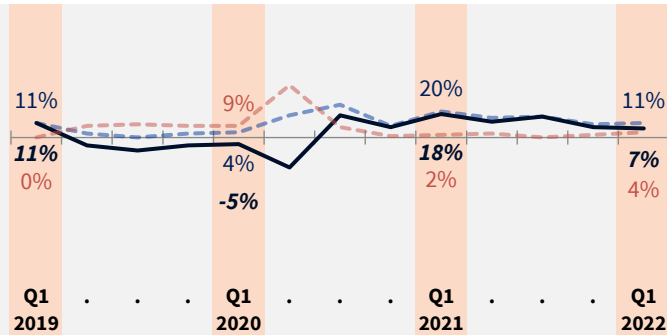
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



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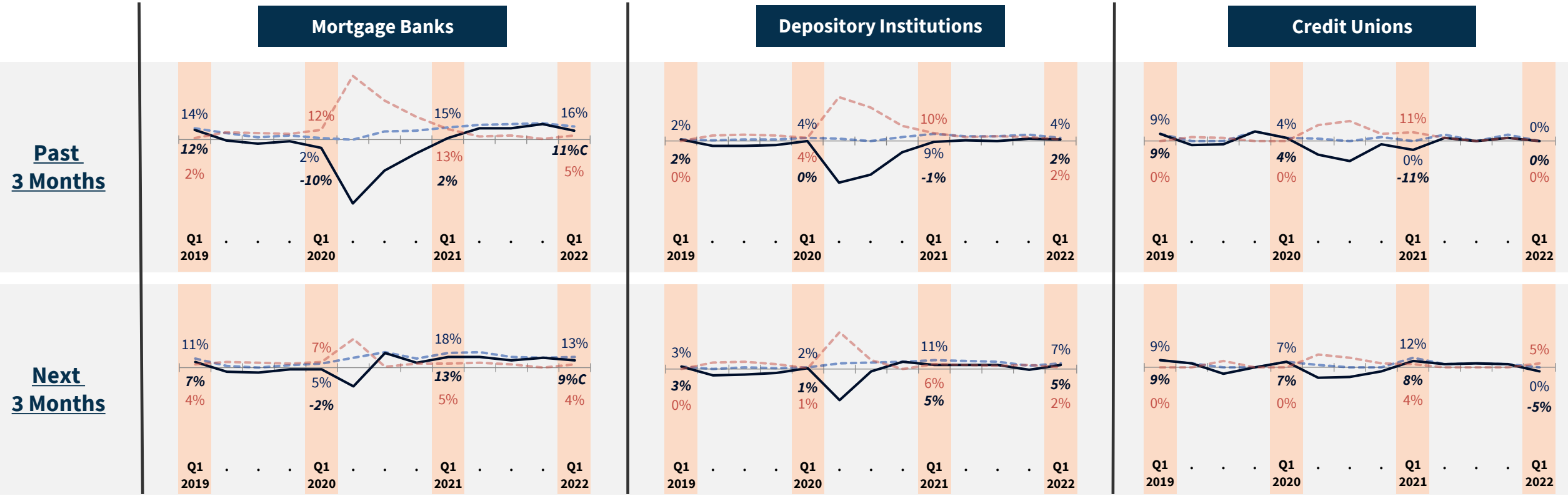
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Credit Standards: Government (by institution type)



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Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=28

- Loosening COVID-19 Restrictions
- 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)

“Removal of COVID related credit overlays.” – *Smaller Institution*

“Need volume to accept lower credit scores.” – *Mid-sized Institution*

“Competitors expanding the credit box to create volume and serve the purchase segment.” – *Larger Institution*

“DU and LP have been tightened by the GSEs as what they will approve.” – *Smaller Institution*

“Concerns about economy and real estate bubble.” – *Mid-sized Institution*

“New condo requirements, more repurchase requests causing us to tighten up credit/income review.” – *Mid-sized Institution*

Next 3 Months

N=32

- 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)

“The belief that the GSE's as well as FHA will make changes in their guidelines that may ease standards.” – *Smaller Institution*

“Reduced volume and loan performance is very good.” – *Mid-sized Institution*

“Investor's/Agency's loosening.” – *Larger Institution*

“Reduced cash flow due to higher rates, out of control gas and grocery prices!” – *Smaller Institution*

“New Underwriting and QC Management.” – *Mid-sized Institution*

“Unsure about Government actions and how it will impact the economy.” – *Larger Institution*

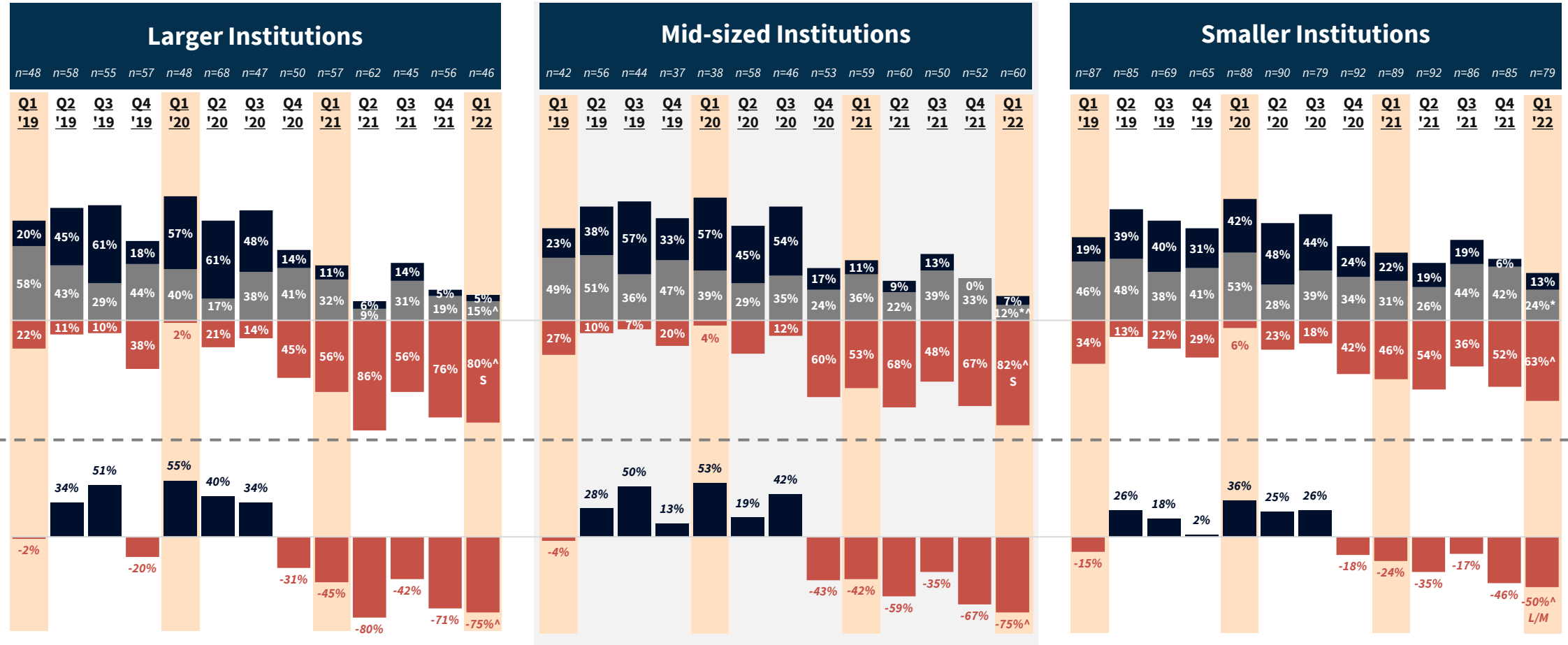




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Profit Margin Outlook – Next 3 Months (by institution size)



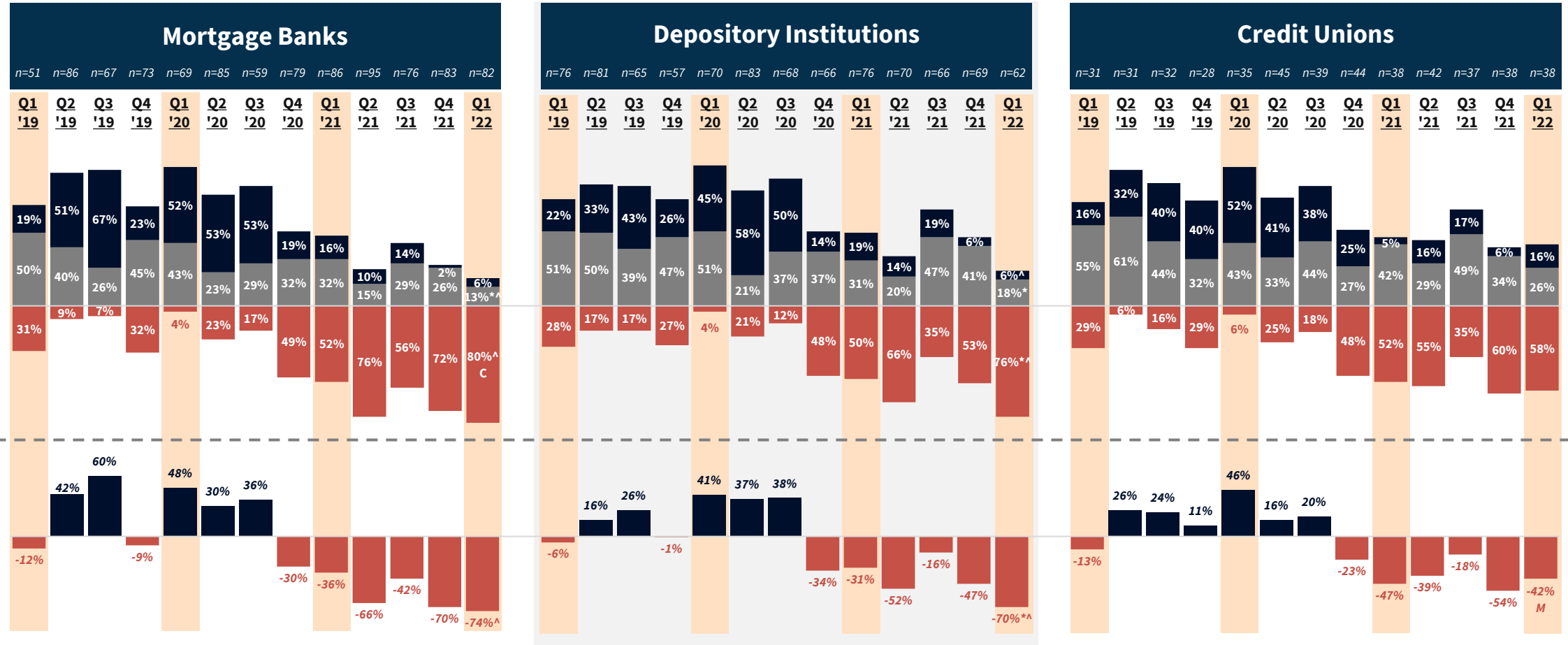
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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



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



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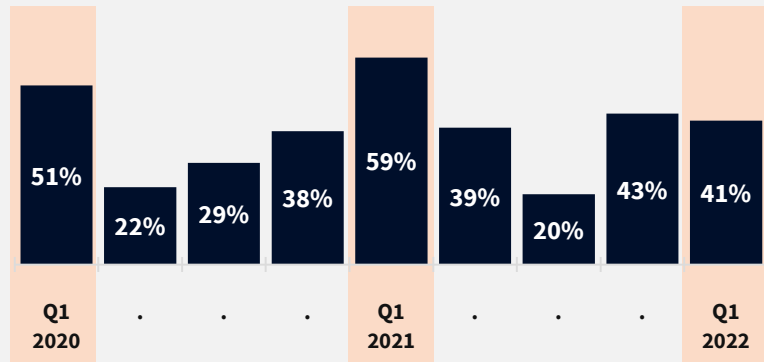
M/D/C - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level



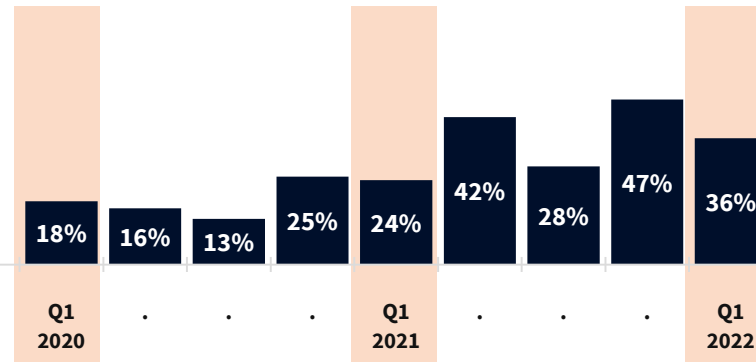
Increased Profit Margin Outlook – Top Drivers (N = 16, small base)

“Operational efficiency” was the top reason cited by lenders who foresee increased profitability. The share citing “market trend changes” fell from last quarter’s survey high to become the second top reason, while the share citing “staffing reduction” is the third most-common reason.

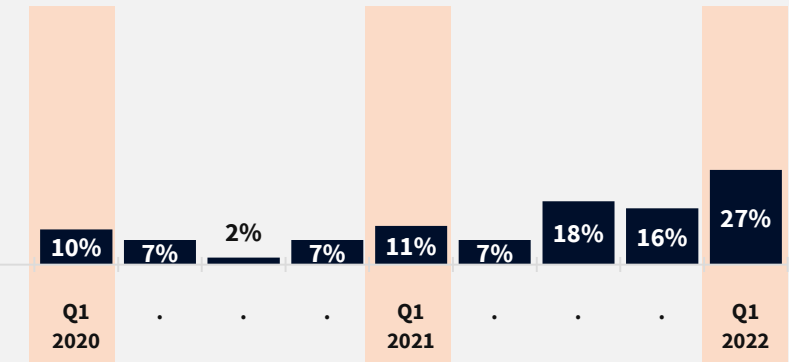
Operational Efficiency



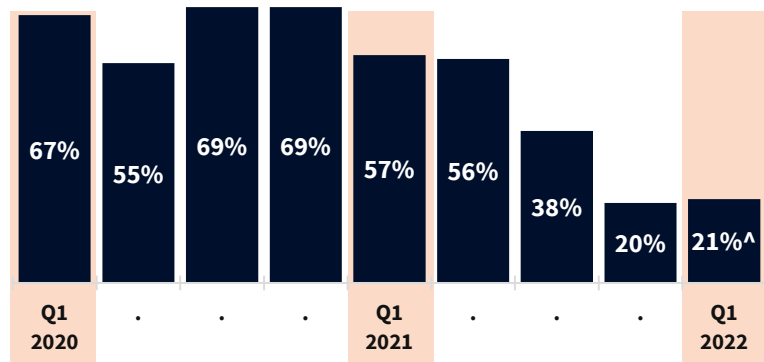
Market Trend Changes



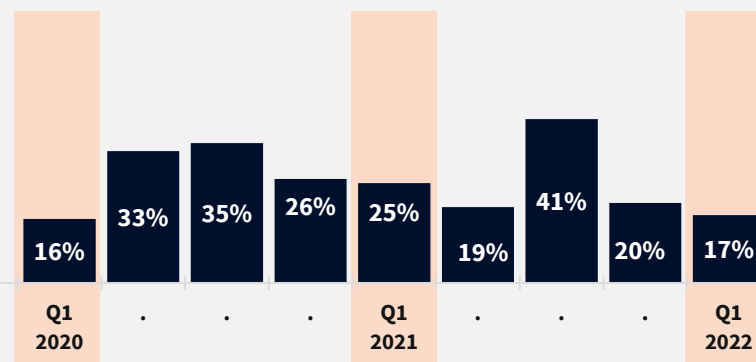
Staffing Reduction



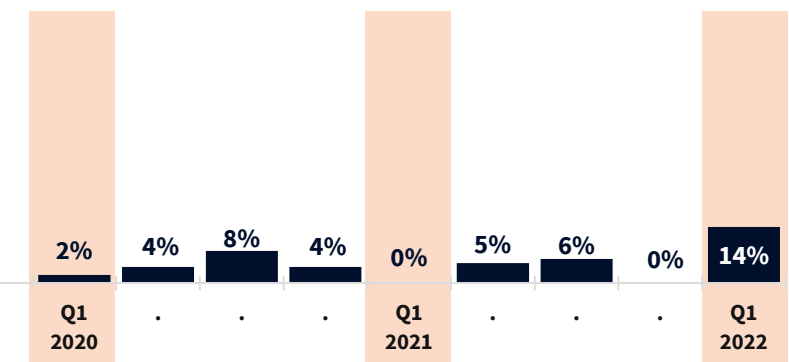
Consumer Demand



GSE Pricing and Policies



Marketing Expense Reduction



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: Q1 2020: N=86; Q2 2020: N=112; Q3 2020: N=82; Q4 2020: N=38; Q1 2021: N=32; Q2 2021: N=27; Q3 2021: N=30; Q4 2021: N=8; Q1 2022: N=16

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)

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



Increased Profit Margin – Drivers

What do you think will drive the increase in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	86	112	82	38	32	27	30	8	16
Operational efficiency (i.e., technology)	51%	22%	29%	38%	57%	39%	20%	43%	41%
Market trend changes (i.e. shift from refinance to purchase)	18%	16%	13%	25%	24%	42%	28%	47%	36%
Staffing (personnel costs) reduction	10%	7%	2%	7%	11%	7%	18%	16%	27%
Consumer demand	67%	55%	69%	69%	57%	56%	38%	20%	21%^
GSE pricing and policies	16%	33%	35%	26%	25%	19%	41%	20%	17%
Marketing expense reduction	2%	4%	8%	4%	0%	5%	6%	0%	14%
Less competition from other lenders	10%	28%	12%	9%	3%	8%	16%	0%	11%
Government monetary or fiscal policy	5%	16%	14%	10%	5%	3%	10%	10%	10%
Non-GSE (other investors) pricing and policies	4%	10%	4%	8%	1%	17%	12%	0%	5%
Servicing cost reduction	3%	2%	2%	4%	13%	3%	7%	16%	0%
Government regulatory compliance	1%	0%	2%	0%	0%	0%	3%	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.

* Denotes a statistically significant change compared with Q4 2021 (previous quarter)
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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								
	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	8	51	26	92	105	144	80	122	136
Competition from other lenders	50%	41%	62%	72%	78%	68%	80%	76%	75%
Market trend changes (i.e. shift from refinance to purchase)	25%	16%	19%	24%	29%	44%	31%	41%	39%
Consumer demand	0%	27%	26%	23%	22%	22%	21%	31%	27%
GSE pricing and policies	20%	34%	31%	41%	19%	34%	15%	10%	21%*
Government monetary or fiscal policy	9%	21%	13%	8%	8%	7%	7%	8%	16%
Staffing (personnel costs)	42%	12%	32%	20%	17%	10%	23%	15%	8%
Non-GSE (other investors) pricing and policies	0%	15%	3%	2%	3%	4%	8%	6%	2%
Operational efficiency (i.e. technology)	0%	3%	3%	2%	6%	3%	7%	5%	2%
Government regulatory compliance	10%	5%	0%	2%	9%	3%	5%	3%	2%^
Marketing expenses	12%	0%	0%	0%	1%	2%	1%	3%	2%
Servicing costs	0%	15%	3%	1%	3%	1%	1%	1%	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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 ^ Denotes a statistically significant change compared with Q1 2021 (same quarter of last year)





Appendix

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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)

