

Mortgage Lender Sentiment Survey[®]

Providing Insights Into Current Lending Activities and Market Expectations

Q2 2020 Full Report – published June 11, 2020



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Key Findings – Q2 2020

As expectations around the larger economy have become more pessimistic, lenders' expectations of consumer demand for purchase mortgages fell significantly but remained relatively stable for refinance mortgages. Lenders reported survey-high levels of credit tightening, though their profit margin outlook, on net, is still positive.

Economic Outlook

- For the first time in survey history (since 2014), more lenders believe that the U.S. economy is on the wrong track instead of the right track.

Mortgage Demand

- For purchase mortgages, the net share of lenders reporting demand growth for both the prior three months and the next three months fell significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government). For non-GSE-eligible mortgages, the net share reporting demand growth for both the prior three months and the next three months reached survey lows.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months remained strong, and reached a survey high for GSE-eligible loans. Demand growth expectations on net for the next three months fell from last quarter but remain high across all loan types.

Credit Standards

- After years of stability, this quarter, the majority of lenders reported tightening of credit standards. Across all loan types, the net share of lenders reporting easing credit standards for both the prior three months and the next three months significantly decreased, reaching survey lows.

Profit Margin Outlook

- Lenders' net profit margin outlook fell from last quarter's survey high but still remained positive and similar to the profit margin outlook seen last year in Q2.



Research Objectives

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

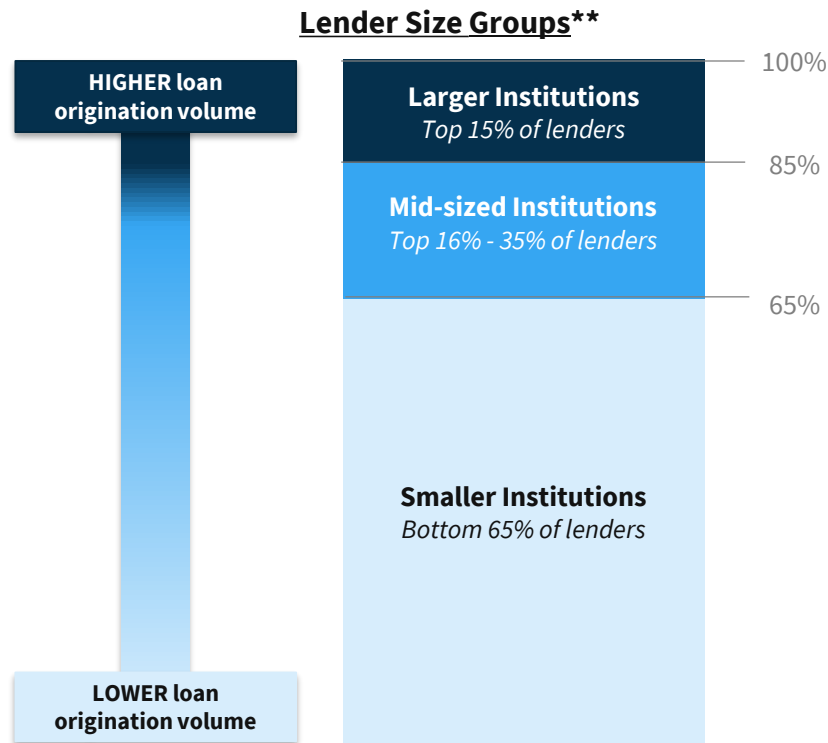
- **Lender Customer-Acquisition and Retention Strategies**
- **Digital Transformation Efforts: Front End vs. Back End**
- **Lenders' Business Priorities to Remain Competitive**
- **APIs and Mortgage Lending**
- **Housing Affordability**
- **Artificial Intelligence for Mortgage Lending**

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



Q2 2020 Respondent Sample and Groups

The current analysis is based on second quarter 2020 data collection. For Q2 2020, a total of 254 senior executives completed the survey between May 5-18, representing 229 lending institutions.*



Sample Q2 2020		Sample Size
Total Lending Institutions The "Total" data throughout this report is an average of the means of the three lender-size groups listed below.		229
Lender Size Groups	Larger Institutions Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2019 loan origination volume (above \$1.25 billion)	71
	Mid-sized Institutions Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2019 loan origination volume (between \$379 million and \$1.25 billion)	62
	Smaller Institutions Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2019 loan origination volume (less than \$379 million)	96
Institution Type***	Mortgage Banks (non-depository)	89
	Depository Institutions	89
	Credit Unions	46

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

** The 2019 total loan volume per lender used here includes the best available annual origination information from Fannie Mae, Freddie Mac, and Marketrac. Lenders in the Fannie Mae database are sorted by their firm's total 2019 loan origination volume and then assigned into the size groups, with the top 15% of lenders being the "larger" group, the next 20% of lenders being the "mid-sized" group and the rest being the "small" group.

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



Loan Type Definition

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

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



U.S. Economy and Consumer Demand

- For the first time in survey history (since 2014), more lenders believe that the U.S. economy is on the wrong track instead of the right track. And, this quarter, lenders became as pessimistic as consumers regarding the economy, overturning the historical trend of being more optimistic than consumers.
- For purchase mortgages, the net share of lenders reporting demand growth for both the prior three months and the next three months fell significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government). GSE-eligible purchase demand outlook remains positive on net and remains significantly above the Q4 2018 reading, a period with accelerated continuous declines. For non-GSE-eligible mortgages, the net share reporting demand growth for both the prior three months and the next three months reached survey lows.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months remained strong and reached a survey high for GSE-eligible loans. Demand growth expectations on net for the next three months fell from last quarter but remained high across all loan types.

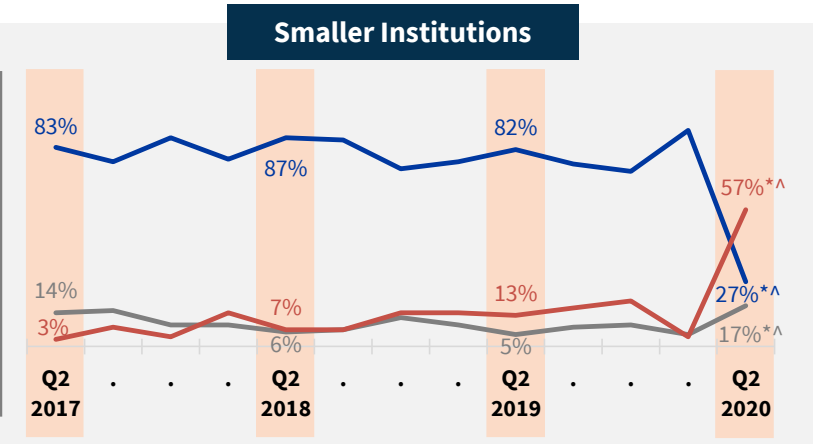
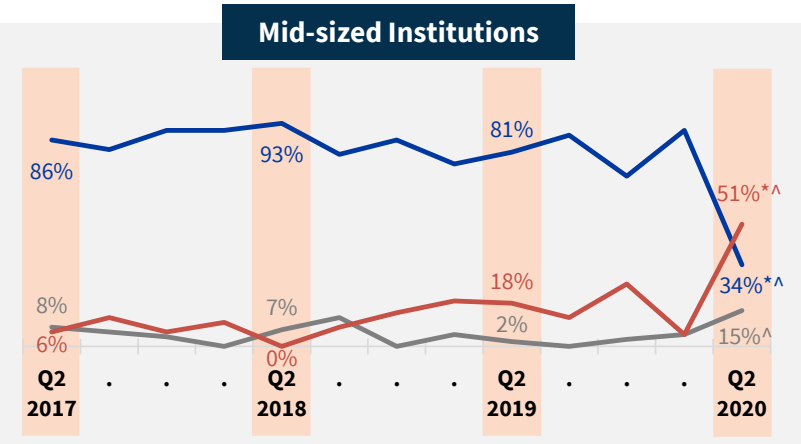
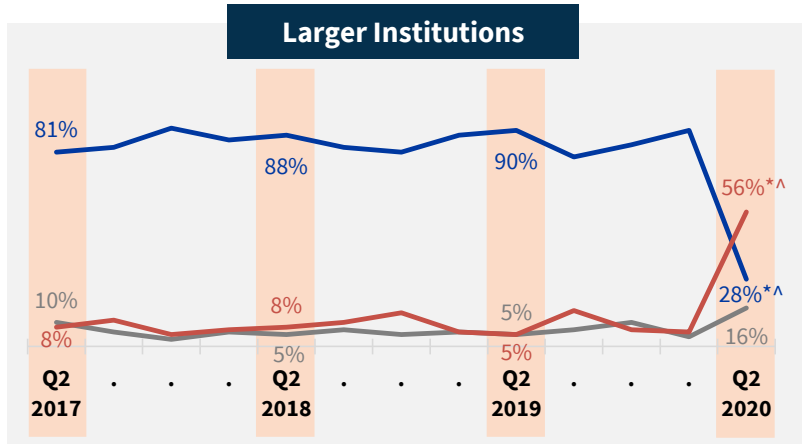
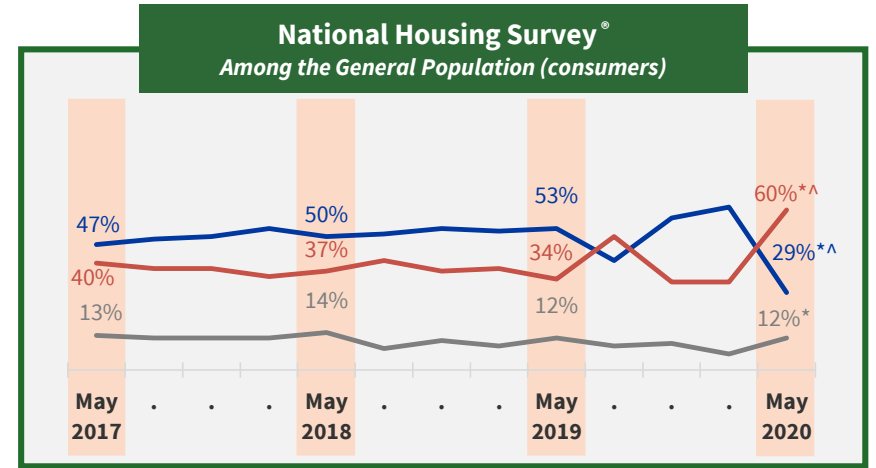
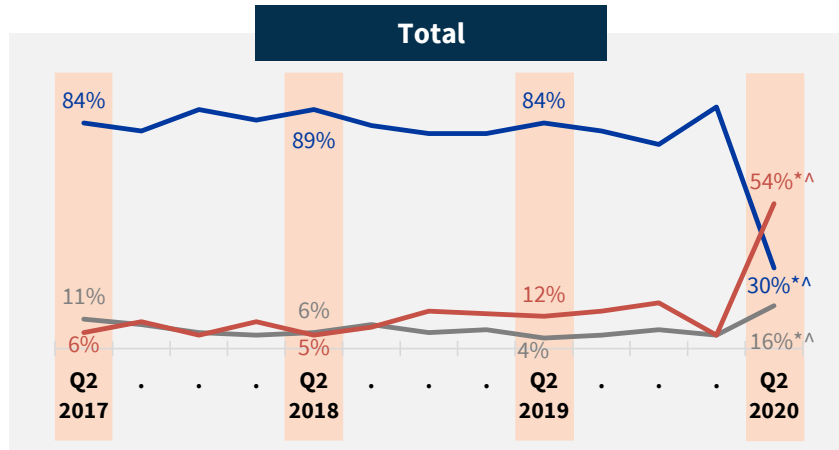


U.S. Economy Overall

For the first time in survey history (since 2014), more lenders believe that the U.S. economy is on the wrong track instead of the right track. And, this quarter, lenders become as pessimistic as consumers regarding the economy, overturning the historical trend of being more optimistic than consumers.

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

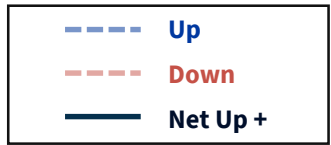


* Denotes a statistically significant change compared with Q1 2020 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)

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



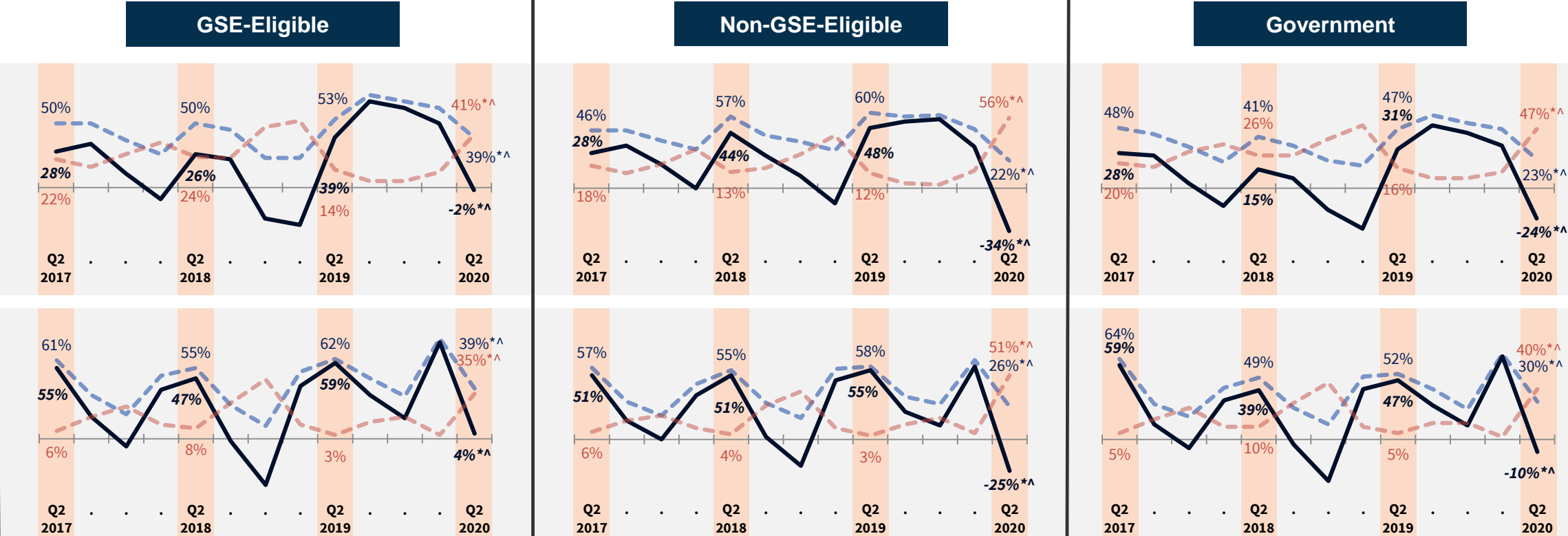
Purchase Mortgage Demand



The net share of lenders reporting demand growth for both the prior three months and the next three months fell significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government). GSE-eligible purchase demand outlook remains positive on net and remains significantly above the Q4 2018 reading, a period with accelerated continuous declines. For non-GSE-eligible mortgages, the net share reporting demand growth for both the prior three months and the next three months reached survey lows.

Past 3 Months

Next 3 Months

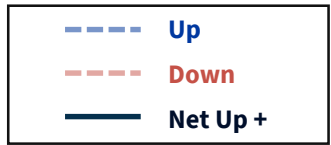


Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

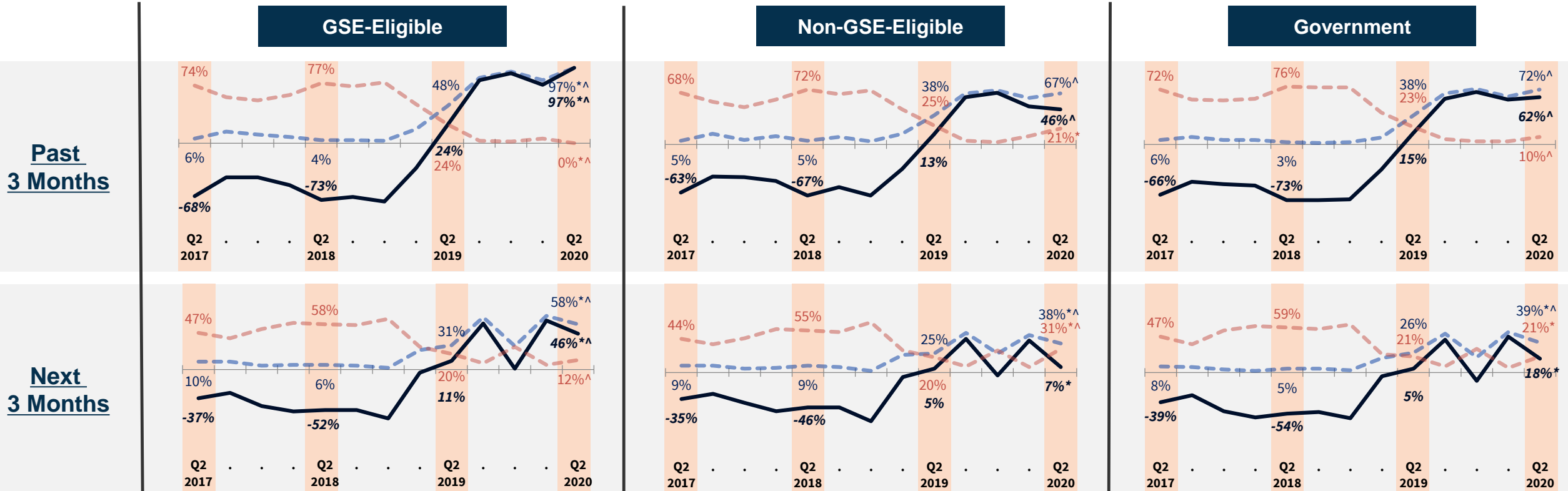
* Denotes a statistically significant change compared with Q1 2020 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)

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

Refinance Mortgage Demand



The net share of lenders reporting demand growth over the prior three months remained strong and reached a survey high for GSE-eligible loans. Demand growth expectations on net for the next three months fell from last quarter but remained high across all loan types.



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

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



Credit Standards

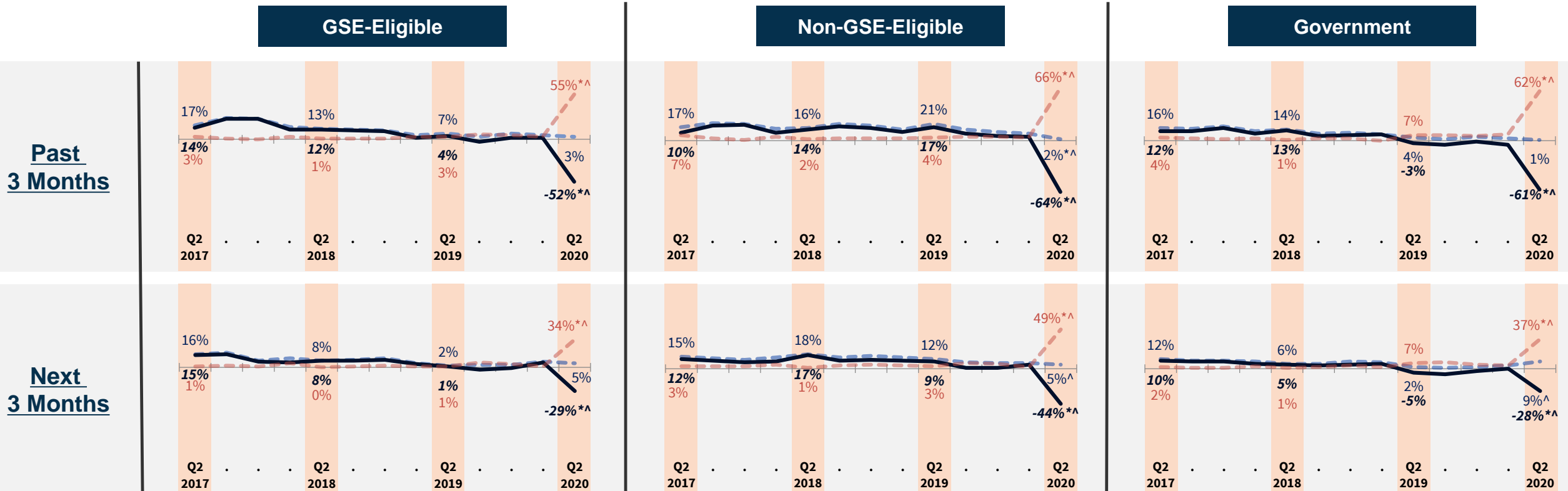
- After years of stability, this quarter, the majority of lenders reported a tightening of credit standards. Across all loan types, the net share of lenders reporting easing credit standards for both the prior three months and the next three months significantly decreased, reaching survey lows.



Credit Standards



After years of stability, this quarter, the majority of lenders reported a tightening of credit standards. Across all loan types, the net share of lenders reporting easing credit standards for both the prior three months and the next three months significantly decreased, reaching survey lows.



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 Q1 2020 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

Profit Margin Outlook

- Lenders' net profit margin outlook fell from last quarter's survey high but remained positive and similar to the profit margin outlook seen in Q2 2019.
- “Consumer demand” remains the top reason cited by lenders for the increased profitability outlook, with “GSE Pricing and Policies” now the second top reason. The share of lenders who cited “Operational Efficiency” as a top reason fell to a survey low after growing for the past three quarters.
- “Competition from other lenders” continued to be cited by lenders who expect lower profit margins as the top reason; however, the share of lenders citing pricing and policies-related reasons significantly increased, reaching survey highs. The share of lenders citing “servicing costs” jumped to 15 percent this quarter, a survey high, after remaining historically low and in single digits.

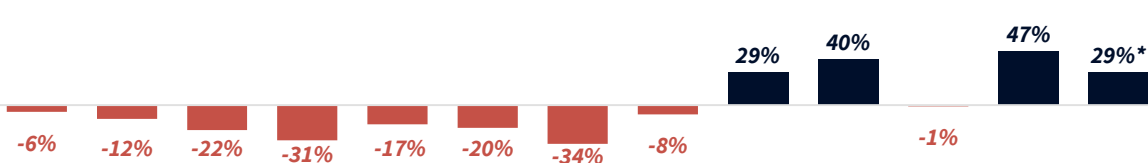
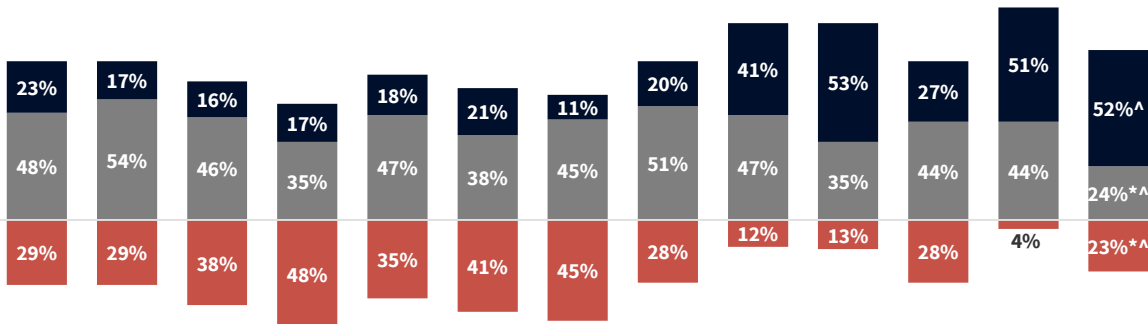


Lenders' Profit Margin Outlook – Next 3 Months

Lenders' net profit margin outlook fell from last quarter's survey high but remained positive and similar to the profit margin outlook seen in Q2 2019. "Consumer demand" remains the top reason cited by lenders for the increased profit margin outlook, and this quarter, "GSE pricing and policies" jumped to become the second most popular reason cited.

Profit Margin Outlook

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



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

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

Key Reasons for Expected Increase – Q2 2020

Consumer demand	55%
GSE pricing and policies	33%
Less competition from other lenders	28%
Operational efficiency (i.e. technology)	22%
Government monetary or fiscal policy	16%

Showing data for selected answer choices only. n=112

Key Reasons for Expected Decrease – Q2 2020

Competition from other lenders	41%
GSE pricing and policies	34%
Consumer demand	27%
Government monetary or fiscal policy	21%
Servicing costs	15%

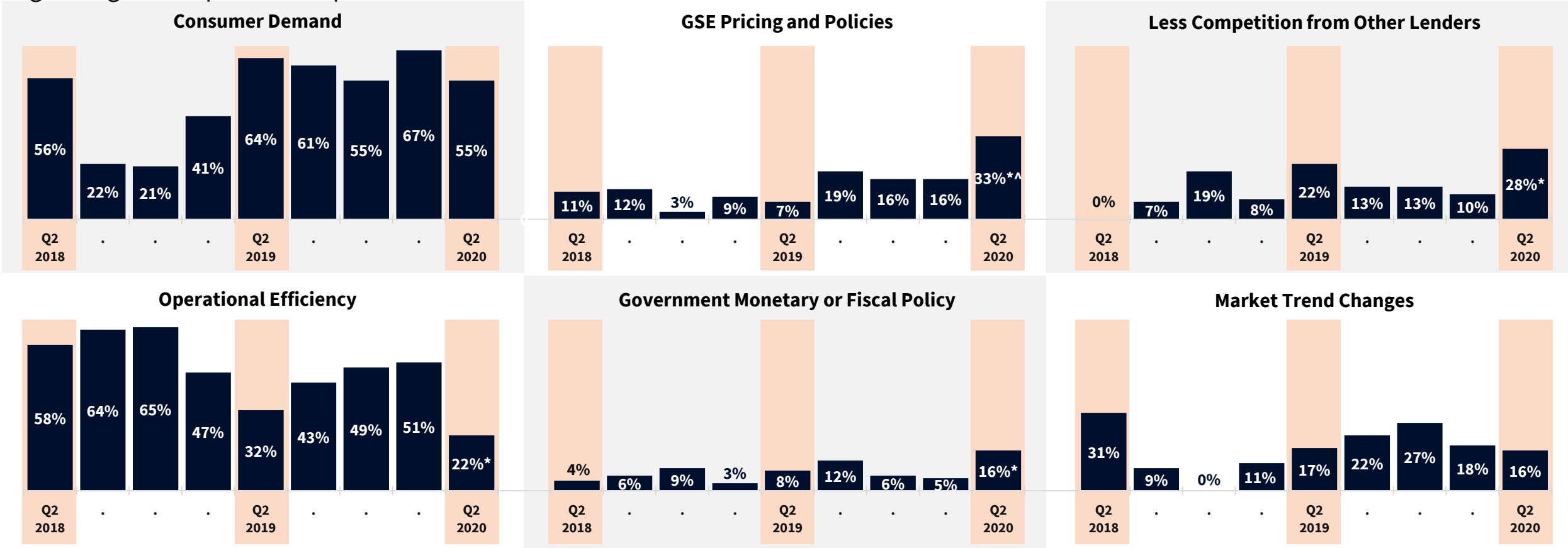
Showing data for selected answer choices only. n=51

^{*} Denotes a statistically significant change compared with Q1 2020 (previous quarter)
[^] Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)



Increased Profit Margin Outlook – Top Drivers

“Consumer demand” remained the top reason cited by lenders for their increased profitability outlook, with “GSE Pricing and Policies” now the second top reason. The share who cited “Operational Efficiency” as a top reason fell to a survey low after growing for the past three quarters.



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)

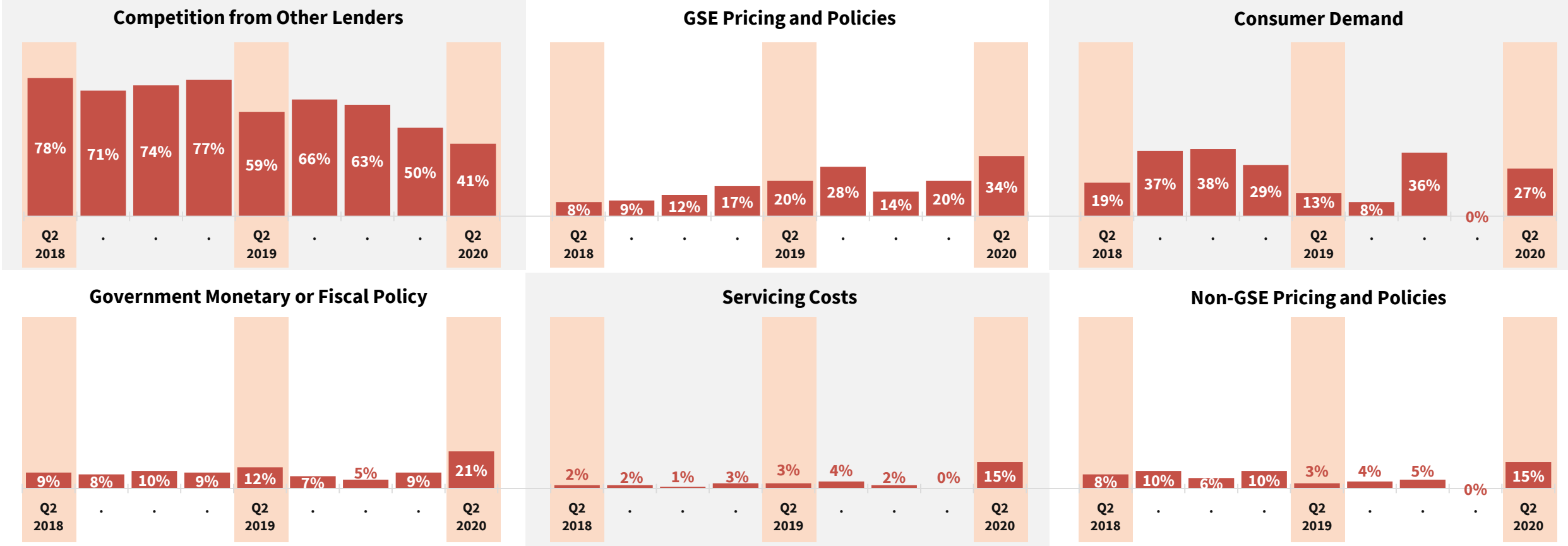
Total: Q2 2018: N=30 ; Q3 2018: N=38 ; Q4 2018: N=22 ; Q1 2019: N=36; Q2 2019: N=81; Q3 2019: N=86; Q4 2019: N=42; Q1 2020: N=86; Q2 2020: N=112

* Denotes a statistically significant change compared with Q1 2020 (previous quarter)
 ^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)



Decreased Profit Margin Outlook – Top Drivers

“Competition from other lenders” continued to be cited by lenders who expect lower profit margins as the top reason; however, the share of lenders citing pricing and policies-related reasons significantly increased, reaching survey highs. The share of lenders citing “servicing costs” jumped to 15 percent this quarter, a survey high, after remaining historically low and in single digits.



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

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

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





Appendix





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Mortgage Lender Sentiment Survey[®]

Survey Methodology

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

Sample Design

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

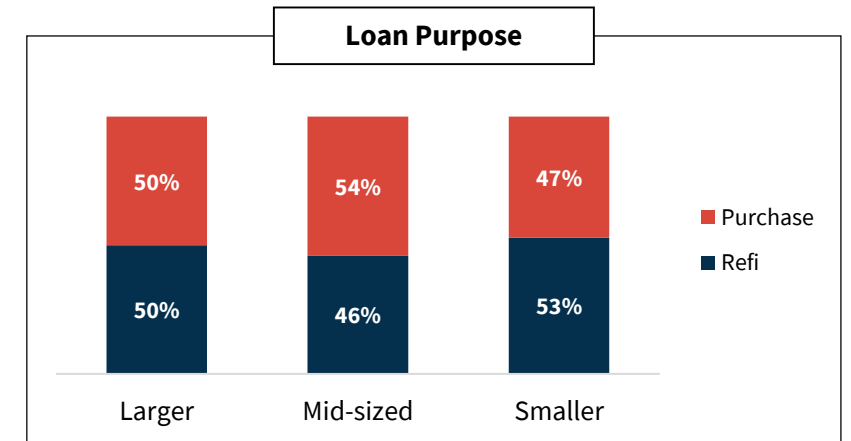
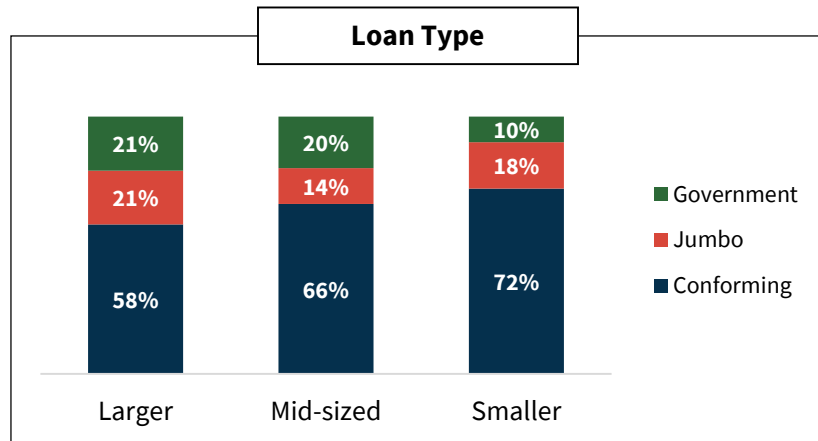
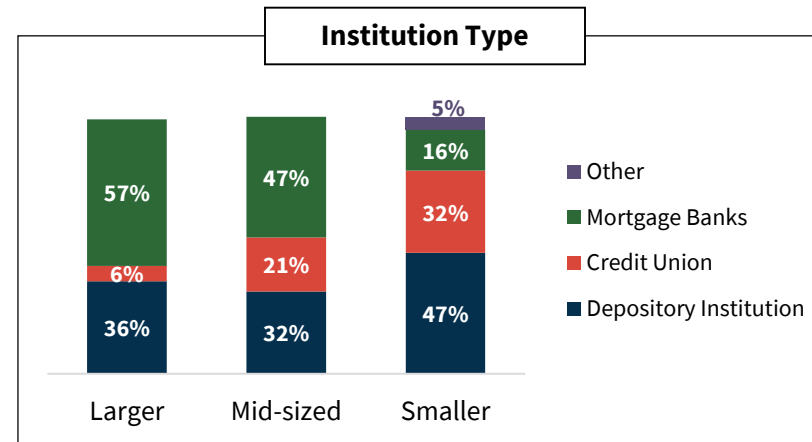
Data Weighting

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



Lending Institution Characteristics

Fannie Mae’s customers invited to participate in the Mortgage Lender Sentiment Survey represent a broad base of different lending institutions that conducted business with Fannie Mae in 2019. Institutions were divided into three groups based on their 2019 total industry loan volume – Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describe the composition and loan characteristics of the three groups of institutions.



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



Sample Sizes

		Q2 2018		Q3 2018		Q4 2018		Q1 2019		Q2 2019		Q3 2019		Q4 2019		Q1 2020		Q2 2020	
		Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error
Total Lending Institutions		170	±7.04%	184	±6.78%	212	±6.52%	184	±7.03%	211	±6.19%	179	±6.82%	168	±7.08%	183	±6.70%	229	±5.87%
Loan Origination Volume Groups	Larger Institutions	40	±13.79%	45	±12.83%	59	±12.36%	49	±13.62%	61	±10.50%	60	±10.64%	60	±10.63%	52	±11.65%	71	±9.26%
	Mid-sized Institutions	36	±15.07%	42	±13.73%	58	±12.47%	43	±14.59%	57	±11.43%	45	±13.25%	38	±14.67%	40	±14.19%	62	±10.76%
	Smaller Institutions	94	±9.60%	97	±9.51%	95	±9.74%	92	±9.92%	93	±9.62%	74	±10.92%	70	±11.26%	91	±9.70%	96	±9.42%
Institution Type	Mortgage Banks	56	±11.87%	66	±10.89%	76	±10.80%	53	±13.05%	91	±8.92%	72	±10.37%	76	±10.05%	71	±10.47%	89	±9.07%
	Depository Institutions	67	±11.29%	68	±11.31%	88	±10.15%	79	±10.72%	85	±9.80%	70	±10.98%	60	±11.98%	73	±10.65%	89	±9.46%
	Credit Unions	34	±16.05%	39	±14.96%	38	±15.48%	33	±16.69%	34	±16.05%	33	±16.32%	30	±17.19%	38	±15.03%	46	±13.49%

2018

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

2019

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

2020

Q1 was fielded between February 5, 2020 and February 17, 2020
 Q2 was fielded between May 5, 2020 and May 18, 2020



2020 Q2 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	229	71	62	96
Mortgage Banks (non-depository)	89	39	32	18
Depository Institutions	89	30	17	42
Credit Unions	46	2	13	31



2020 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	227	205	200	227	204	200
Larger Institutions	71	68	70	71	68	70
Mid-sized Institutions	61	56	54	61	56	54
Smaller Institutions	95	80	77	95	80	77

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	223	197	188	223	196	190
Larger Institutions	70	65	68	70	65	68
Mid-sized Institutions	59	53	51	59	52	51
Smaller Institutions	94	79	70	94	79	70



2020 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	228	200	196	228	198	198
Larger Institutions	71	64	69	71	64	70
Mid-sized Institutions	62	56	53	62	56	53
Smaller Institutions	95	79	74	95	79	76

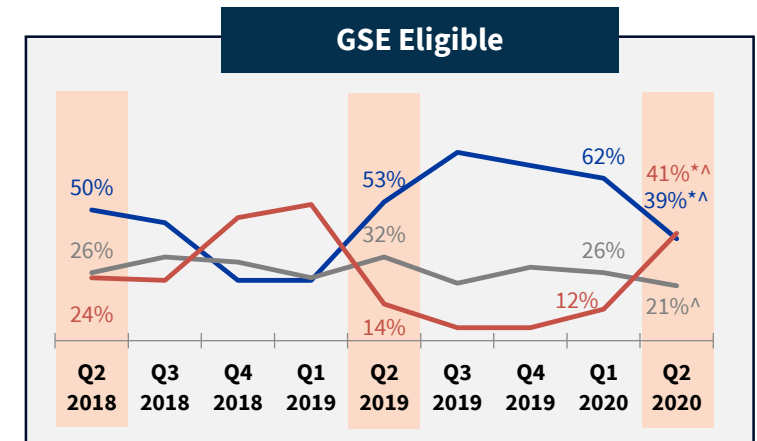


Calculation of the “Total”

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 <u>consumer demand for single-family <u>purchase</u> mortgages</u> go up, go down, or stay the same? GSE Eligible (Q2 2020)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q2 “Total”
Go up	42%	38%	38%	39% $[(42\% + 38\% + 38\%)/3]$
Stayed the same	15%	23%	24%	21%
Go down	43%	39%	39%	41%





Appendix

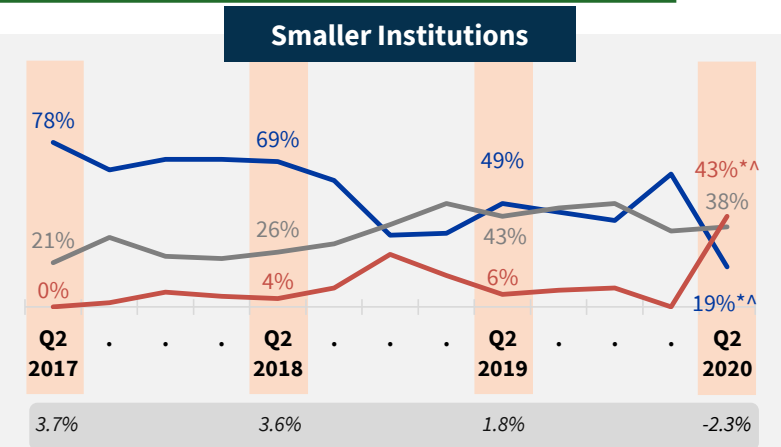
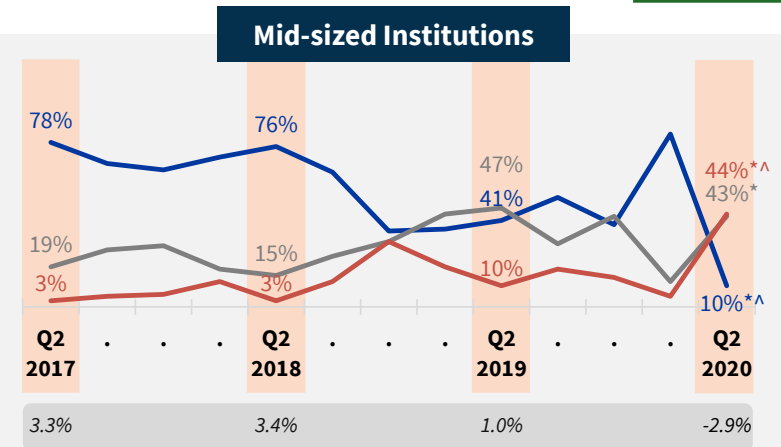
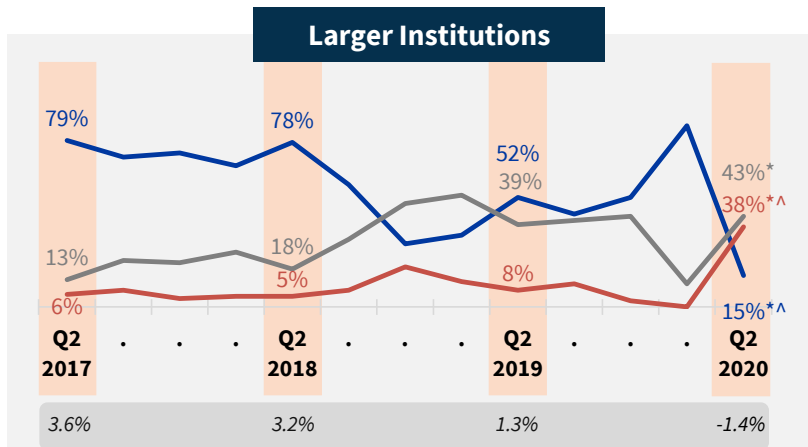
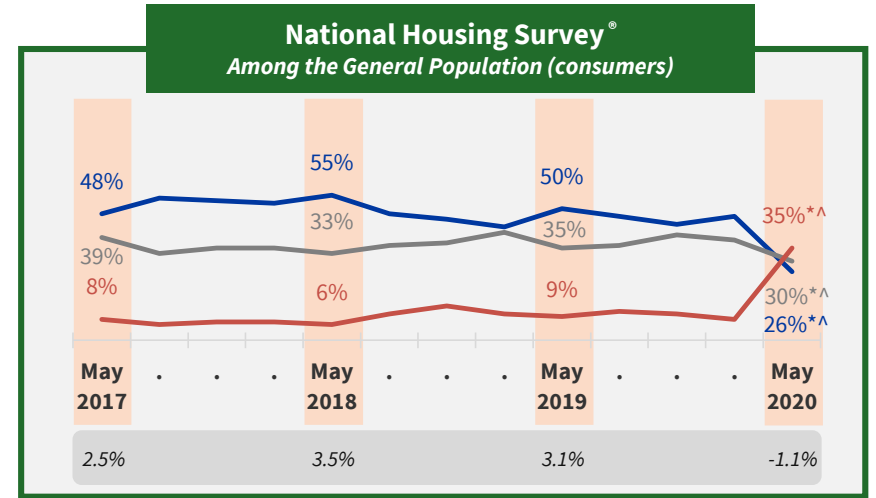
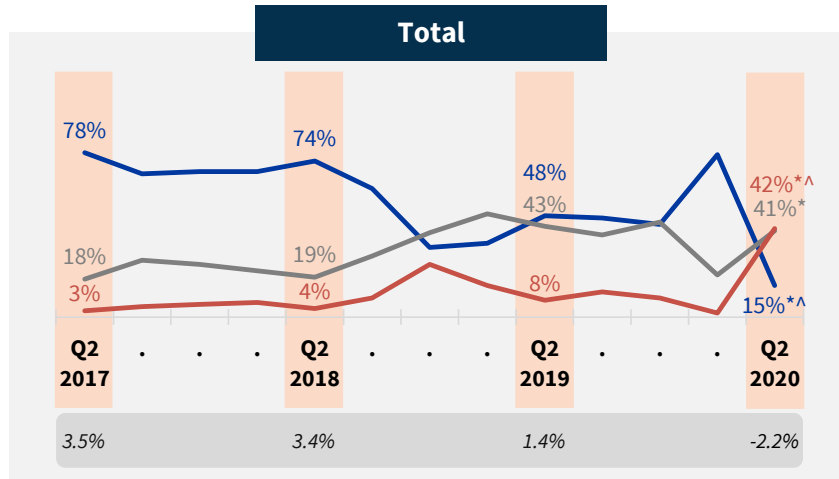
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Home Prices – Next 12 Months

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

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

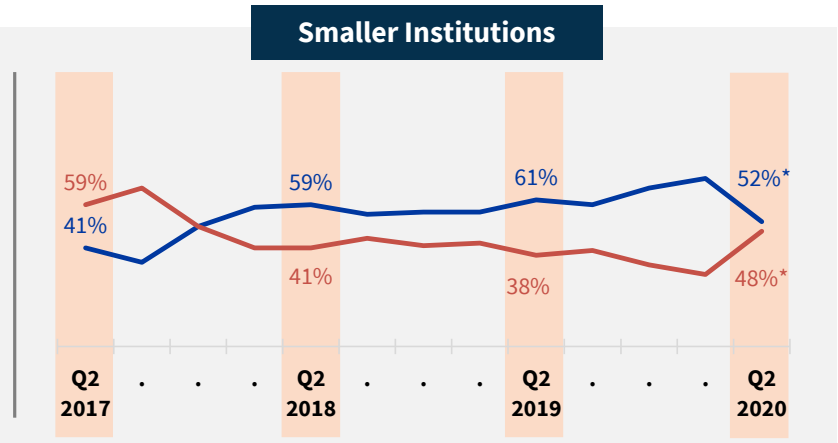
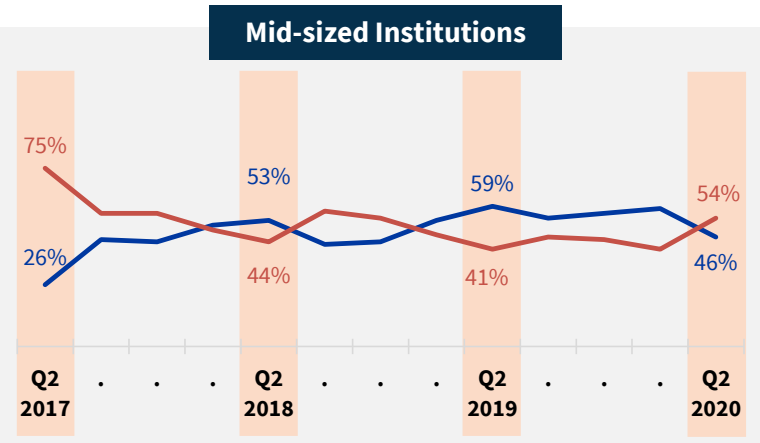
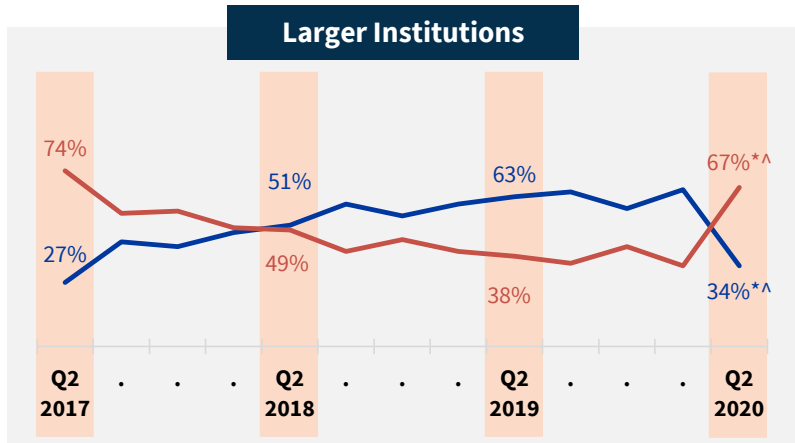
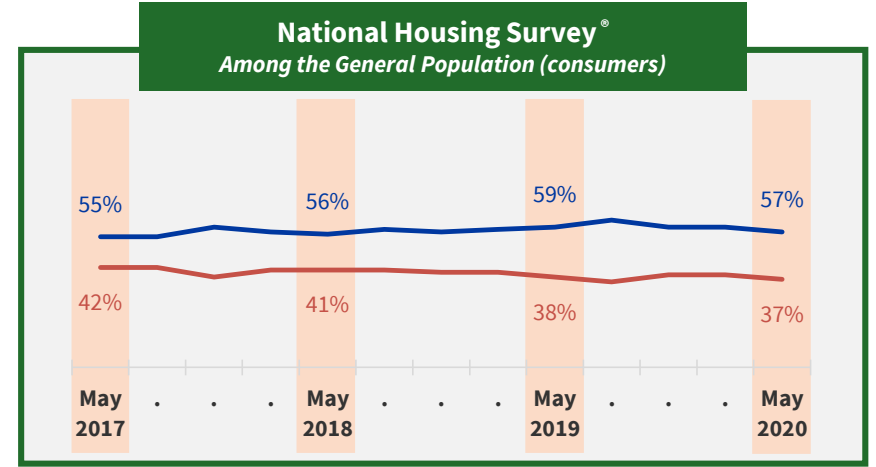
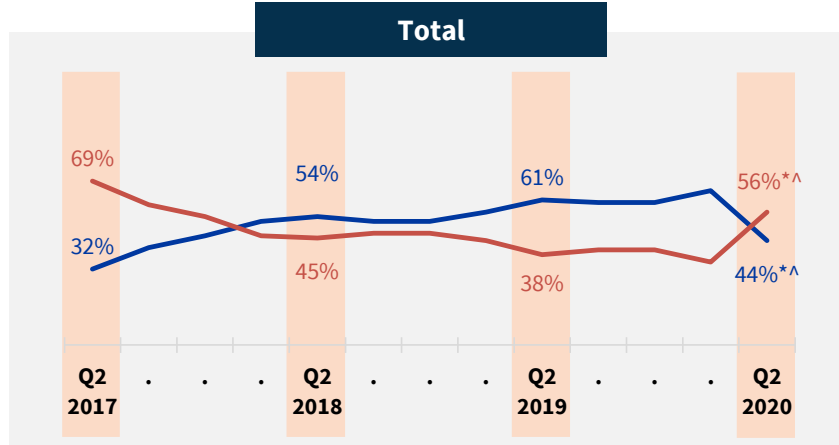


Difficulty of Getting a Mortgage

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

Easy
(Very easy + Somewhat easy)

Difficult
(Very difficult + Somewhat difficult)



* Denotes a statistically significant change compared with Q1 2020 (previous quarter)
^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)

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

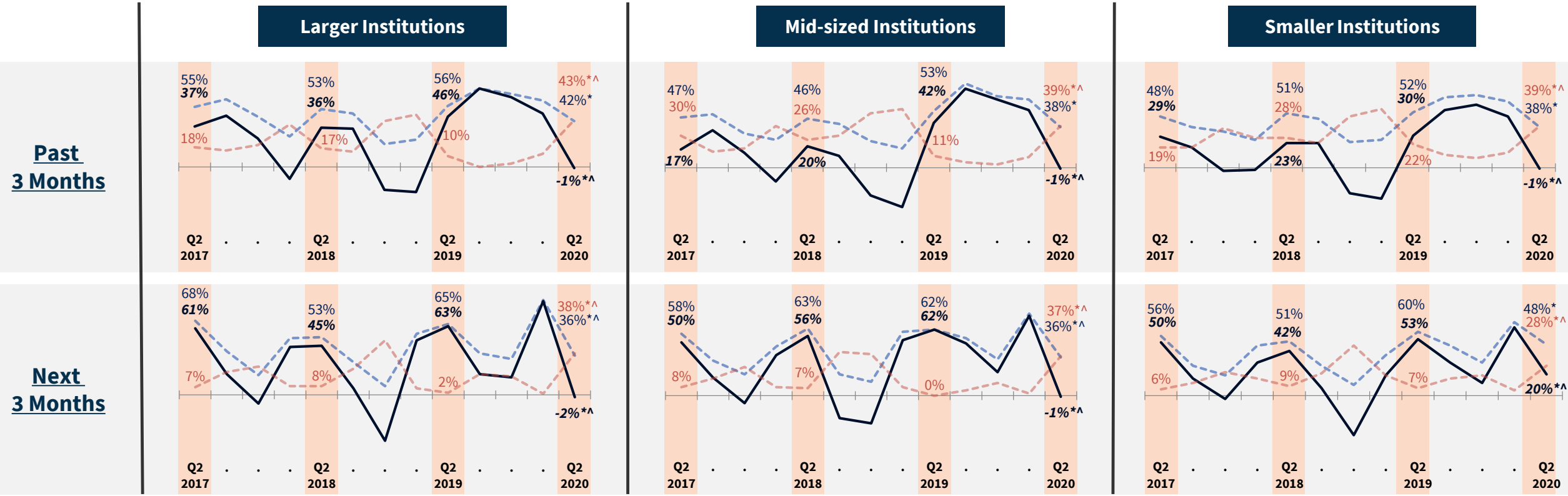




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Purchase Mortgage Demand: GSE-Eligible (by institution size)



--- Up
--- Down
— Net Up +

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

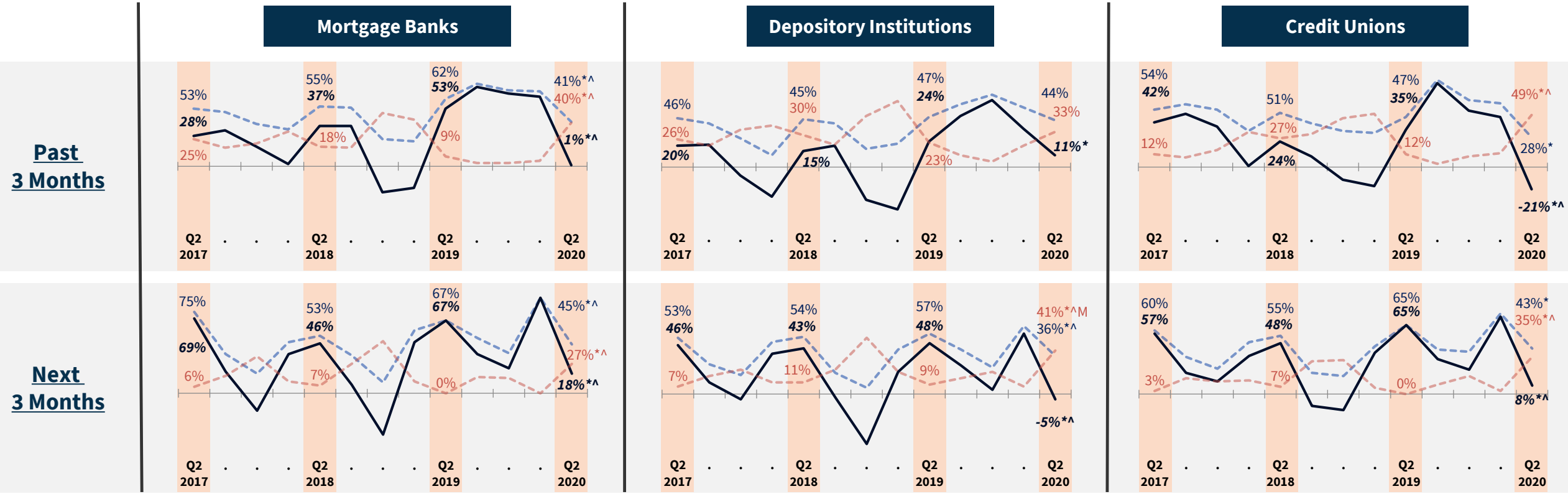
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 ^ Denotes a statistically significant change compared with Q2 2019 (same quarter of last year)

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

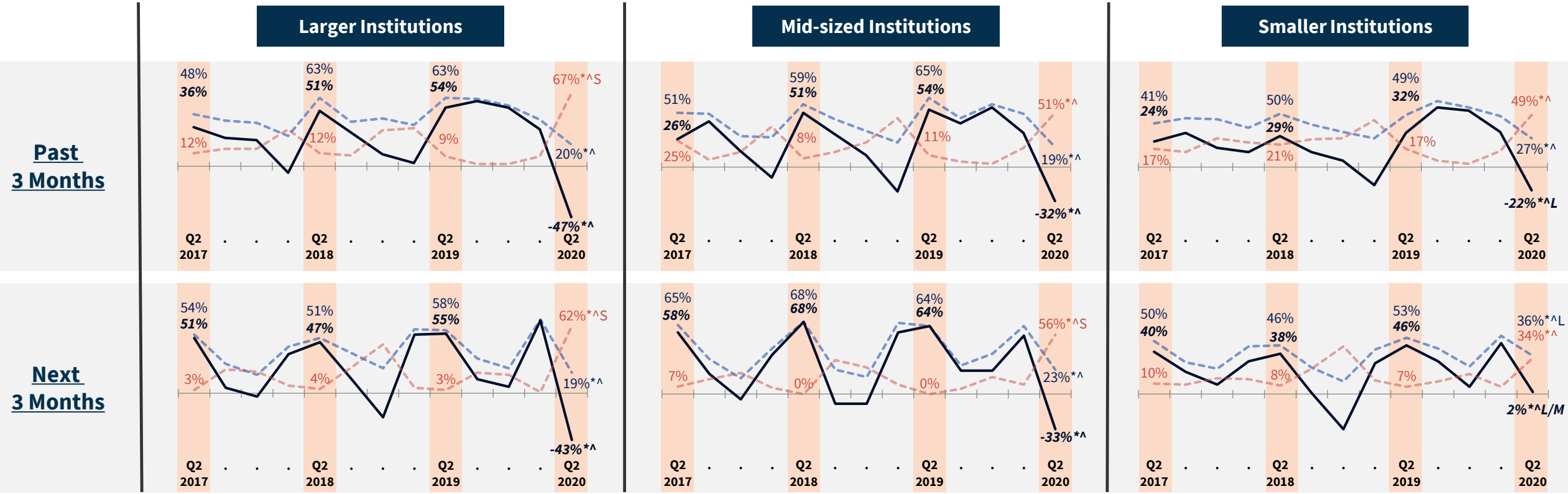
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

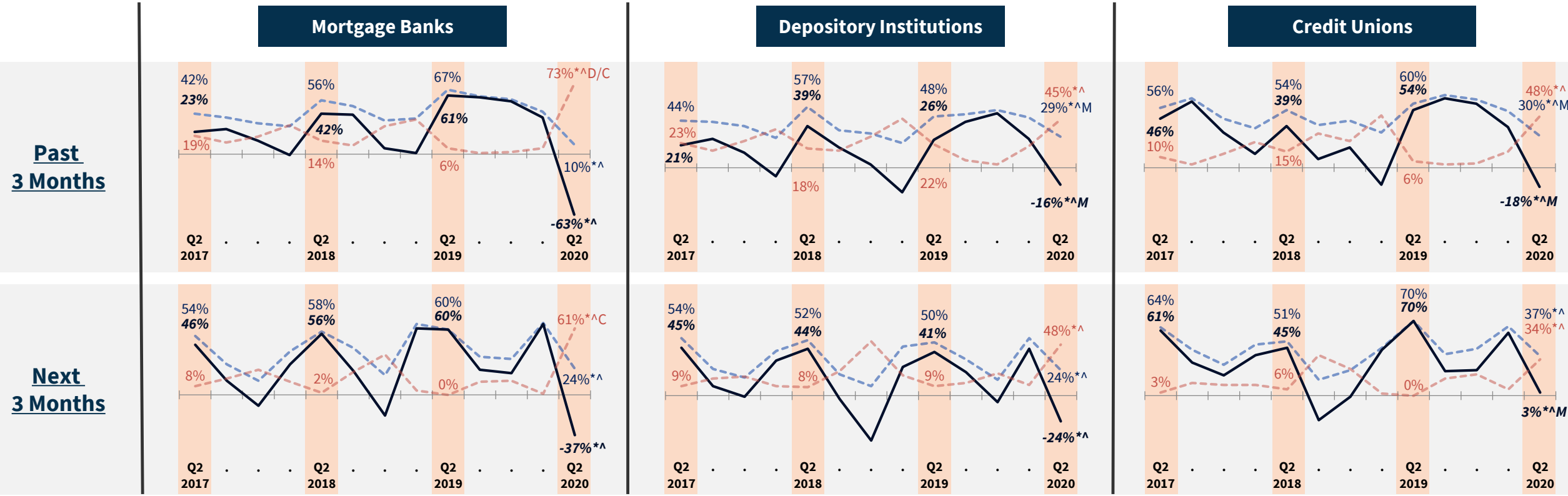
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

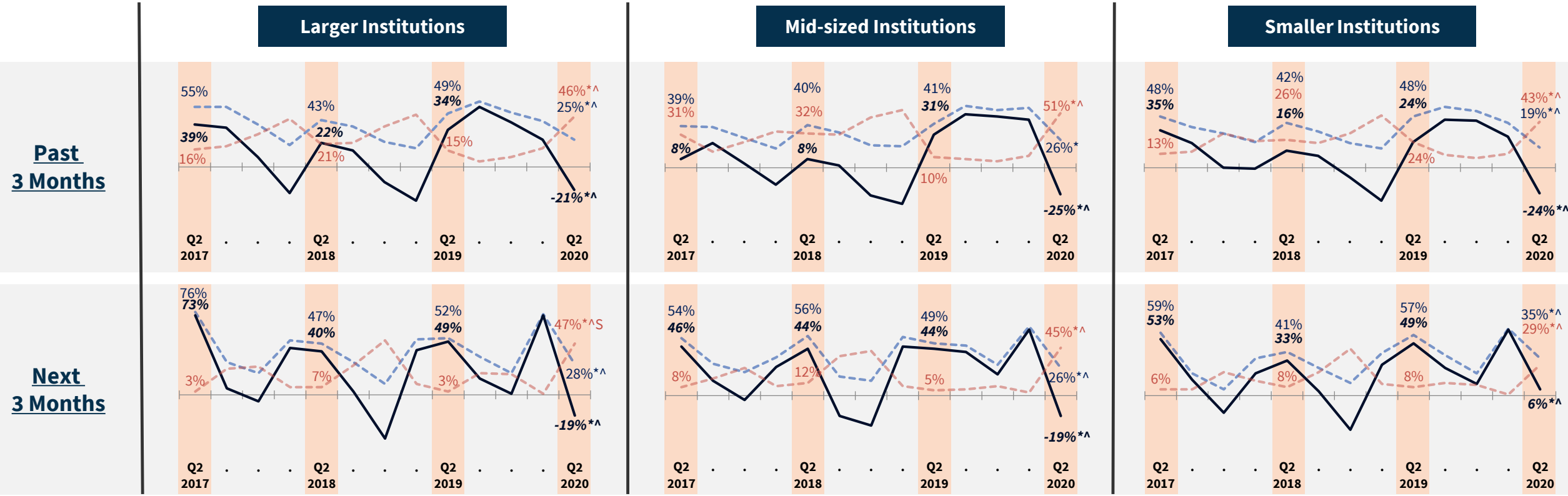
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

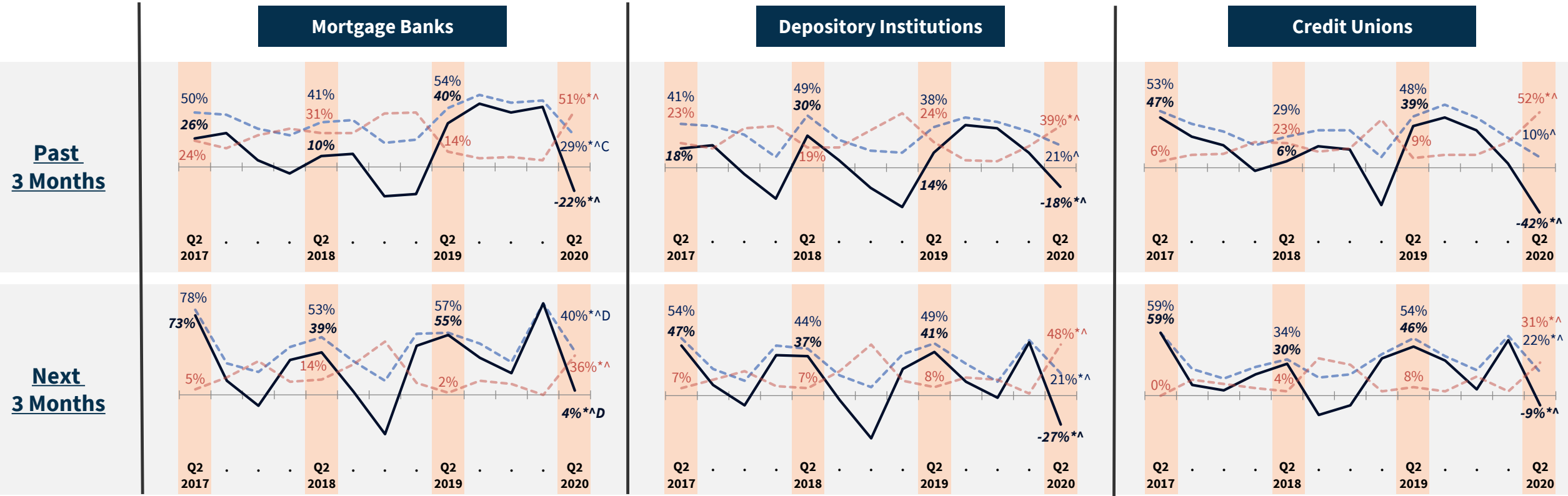
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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 Q1 2020 (previous quarter)
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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



Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=187

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

Drivers of Demand Up

Drivers of Demand Down

Q: What do you think drove the change in your firm's consumer demand for single-family purchase mortgages over the past three months? Please be as specific as possible. (Optional)

“Interest rates, a favorable economy prior to the pandemic, and the traditional buying season was approaching.” – *Larger Institution*

“Up YOY during Jan, Feb and 1st 1/2 of March. Down from 2nd half of March and in April due to COVID.” – *Larger Institution*

“Favorable rate environment along with lax credit standards.” – *Mid-sized Institution*

“Jumbo secondary market dried up which led to increased portfolio opportunities.” – *Smaller Institution*

“Limitations associated with the COVID environment including policy changes, resource availability (business, government closures or limitations), customer fear of market, customers losing employment or uncertainty of employment and inventory levels continue to remain low.” – *Larger Institution*

“Lower inventory, price uncertainty related to the pandemic.” – *Mid-sized Institution*

“Closed economy and high unemployment due to COVID-19.” – *Smaller Institution*

“COVID impact on employment, limited inventory and lender concerns regarding the restrictions and additional fees to deliver loans. Several lenders have ceased utilizing HFA programs due to temporary requirements for loan delivery.” – *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=	93	26	22	46	
Mortgage rates are favorable	82%	88%	79%	80%	50%
Economic conditions (e.g., employment) overall are favorable	8%	8%	9%	7%	14%
Home prices are low	2%	0%	2%	2%	12%
There are many homes available on the market	1%	0%	5%	0%	8%
It is easy to qualify for a mortgage	1%	0%	0%	2%	2%

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=	76	27	22	26	
Economic conditions (e.g., employment) overall are not favorable	86%	80%	87%	92%	43%
Home prices are high	2%	6%	0%	0%	12%
There are not many homes available on the market	2%	0%	4%	0%	6%
Mortgage rates are not favorable	1%	0%	0%	4%	4%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	11%

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

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



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

You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)		Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	55	13	13	29		
Mortgage rates are favorable		69%	77%	62%	69%	50%
Economic conditions (e.g., employment) overall are favorable		14%	15%	12%	14%	14%
It is easy to qualify for a mortgage		6%	0%	15%	3%	2%
Home prices are low		3%	8%	4%	0%	12%
There are many homes available on the market		2%	0%	8%	0%	8%

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=	100	42	31	28		
Economic conditions (e.g., employment) overall are not favorable		65%	60%	63%	78%	43%
It is difficult to qualify for a mortgage		18%	15%	27%	7%	11%
Mortgage rates are not favorable		4%	8%	0%	0%	4%
Home prices are high		1%	2%	0%	0%	12%
There are not many homes available on the market		1%	0%	0%	4%	6%

*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=	60	20	14	27	
Mortgage rates are favorable	80%	82%	89%	70%	50%
Economic conditions (e.g., employment) overall are favorable	8%	10%	0%	11%	14%
There are many homes available on the market	2%	0%	7%	0%	8%
Home prices are low	2%	0%	4%	4%	12%
It is easy to qualify for a mortgage	1%	3%	0%	0%	2%

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=	79	32	24	22	
Economic conditions (e.g., employment) overall are not favorable	77%	80%	75%	73%	43%
It is difficult to qualify for a mortgage	5%	8%	2%	4%	11%
There are not many homes available on the market	4%	3%	4%	4%	6%
Mortgage rates are not favorable	4%	0%	6%	9%	4%
Home prices are high	1%	0%	4%	0%	12%

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

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



Upward Purchase Demand Outlook Drivers

Lenders now say favorable mortgage rates are the top reason driving increased expected future demand, reaching new survey highs among all loan types.

GSE-Eligible	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		111	63	37	96	91	48	21	88	128	80	54	139	93
Mortgage rates are favorable		82%	80%	83%	57%	54%	57%	16%	79%	89%	98%	90%	96%	99% [^]
Economic conditions (e.g., employment) overall are favorable		80%	76%	90%	90%	84%	81%	88%	76%	73%	82%	76%	84%	29%* [^]
It is easy to qualify for a mortgage		8%	2%	5%	17%	15%	9%	28%	6%	8%	7%	6%	4%	19%* [^]
Home prices are low		5%	7%	3%	3%	6%	7%	6%	2%	5%	1%	3%	3%	14%* [^]
There are many homes available on the market		15%	16%	9%	9%	13%	21%	24%	22%	20%	9%	18%	5%	13%

Non-GSE-Eligible	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		91	51	33	77	76	48	31	88	110	59	41	101	55
Mortgage rates are favorable		64%	74%	59%	53%	58%	49%	24%	72%	73%	85%	80%	77%	90%* [^]
Economic conditions (e.g., employment) overall are favorable		75%	76%	73%	88%	79%	74%	63%	64%	70%	68%	69%	86%	34%* [^]
Home prices are low		8%	8%	3%	3%	3%	4%	4%	2%	6%	4%	2%	5%	22%* [^]
It is easy to qualify for a mortgage		17%	12%	23%	22%	23%	34%	40%	19%	20%	22%	16%	15%	15%
There are many homes available on the market		15%	10%	16%	4%	9%	12%	17%	18%	16%	10%	16%	4%	12%

Government	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		99	44	27	67	65	41	21	74	98	61	32	104	60
Mortgage rates are favorable		76%	79%	69%	46%	50%	57%	28%	70%	80%	90%	82%	92%	97% [^]
Economic conditions (e.g., employment) overall are favorable		75%	72%	77%	79%	79%	69%	65%	73%	71%	82%	76%	78%	31%* [^]
It is easy to qualify for a mortgage		19%	13%	23%	28%	32%	27%	55%	22%	18%	8%	21%	12%	24%*
Home prices are low		8%	6%	2%	3%	4%	8%	0%	5%	7%	7%	0%	3%	17%*
There are many homes available on the market		12%	16%	12%	13%	10%	19%	20%	14%	19%	8%	14%	5%	6% [^]

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



Downward Purchase Demand Outlook Drivers

This quarter, lenders are citing economic conditions as the top reason driving down expected future demand for all loan types, reaching survey highs for Non-GSE-Eligible and Government loans.

GSE-Eligible	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		12	31	48	22	13	47	95	24	8	25	28	7	76
Economic conditions (e.g., employment) overall are not favorable		7%	12%	15%	13%	5%	8%	11%	30%	24%	17%	3%	0%	92%*^
It is difficult to qualify for a mortgage		30%	16%	12%	4%	0%	1%	3%	6%	0%	7%	3%	13%	34%^
There are not many homes available on the market		73%	82%	74%	64%	83%	69%	45%	57%	75%	71%	72%	85%	33%*^
Home prices are high		48%	47%	41%	47%	74%	66%	62%	65%	75%	66%	51%	89%	17%*^
Mortgage rates are not favorable		25%	20%	23%	67%	26%	44%	64%	22%	12%	3%	28%	0%	2%

Non-GSE-Eligible	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		11	25	32	17	7	44	76	17	8	21	26	10	100
Economic conditions (e.g., employment) overall are not favorable		26%	15%	11%	18%	10%	9%	9%	36%	26%	18%	0%	0%	85%*^
It is difficult to qualify for a mortgage		28%	12%	23%	16%	25%	8%	6%	17%	0%	6%	19%	32%	46%^
There are not many homes available on the market		41%	84%	65%	61%	79%	61%	41%	38%	62%	52%	72%	66%	21%*^
Home prices are high		44%	53%	37%	27%	54%	65%	60%	70%	80%	75%	45%	61%	12%*^
Mortgage rates are not favorable		43%	19%	21%	64%	21%	47%	70%	26%	13%	8%	19%	17%	10%

Government	N=	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
		8	25	38	16	12	43	81	16	10	20	18	3	79
Economic conditions (e.g., employment) overall are not favorable		12%	27%	15%	19%	4%	9%	15%	17%	17%	21%	5%	0%	93%*^
It is difficult to qualify for a mortgage		37%	13%	8%	13%	0%	10%	8%	20%	30%	11%	7%	0%	37%
There are not many homes available on the market		65%	81%	72%	66%	73%	54%	46%	37%	44%	69%	72%	100%	26%*
Home prices are high		53%	47%	40%	36%	45%	65%	51%	51%	72%	60%	48%	100%	16%*^
Mortgage rates are not favorable		22%	18%	22%	56%	31%	44%	64%	37%	22%	0%	13%	0%	8%

*Q: You mentioned that you expect your firm's consumer demand for GSE Eligible/Non-GSE Eligible/government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please **select up to two of the most important reasons** and rank them in order of importance. (Showing Total, % rank 1+2)

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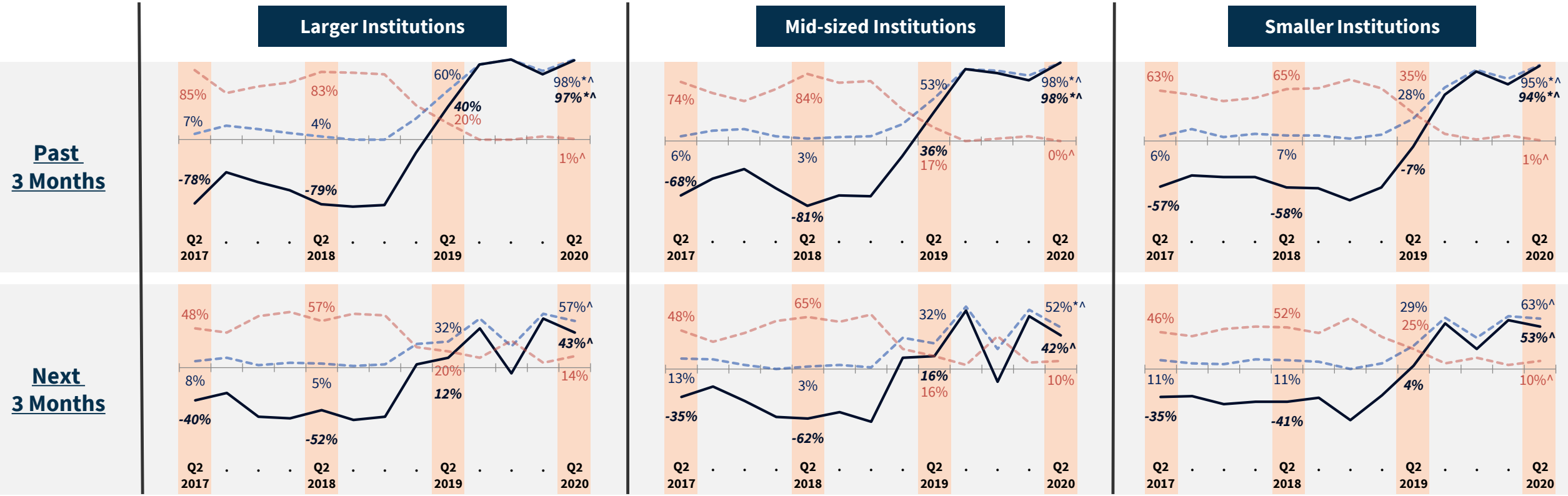




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Refinance Mortgage Demand: GSE-Eligible (by institution size)



--- 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

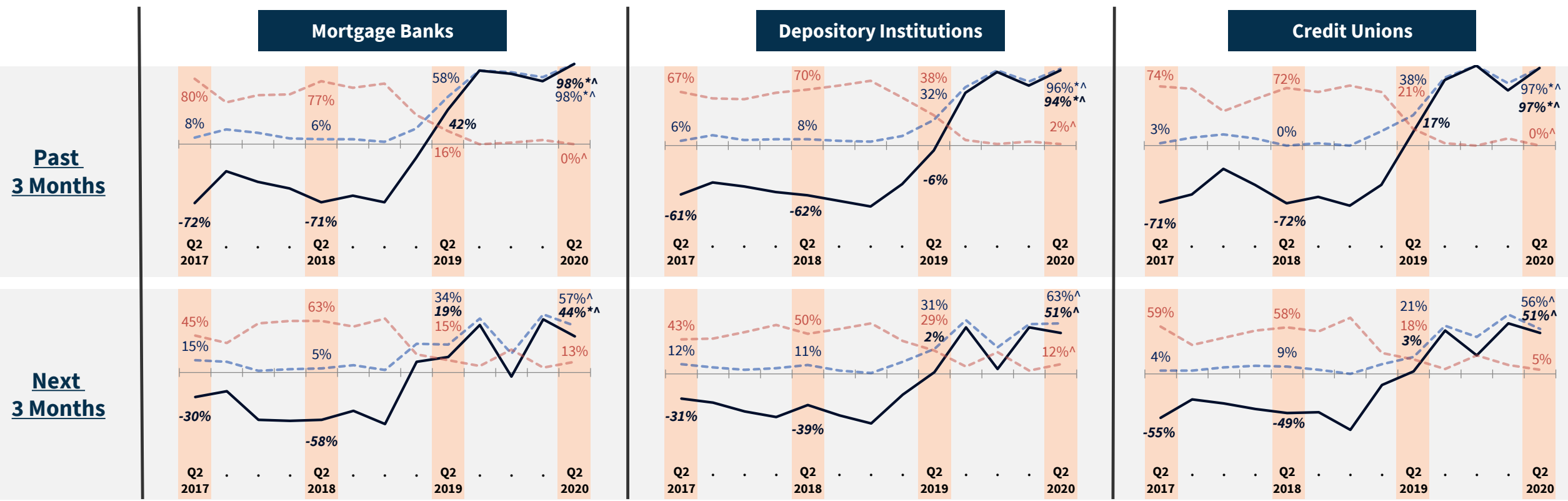
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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

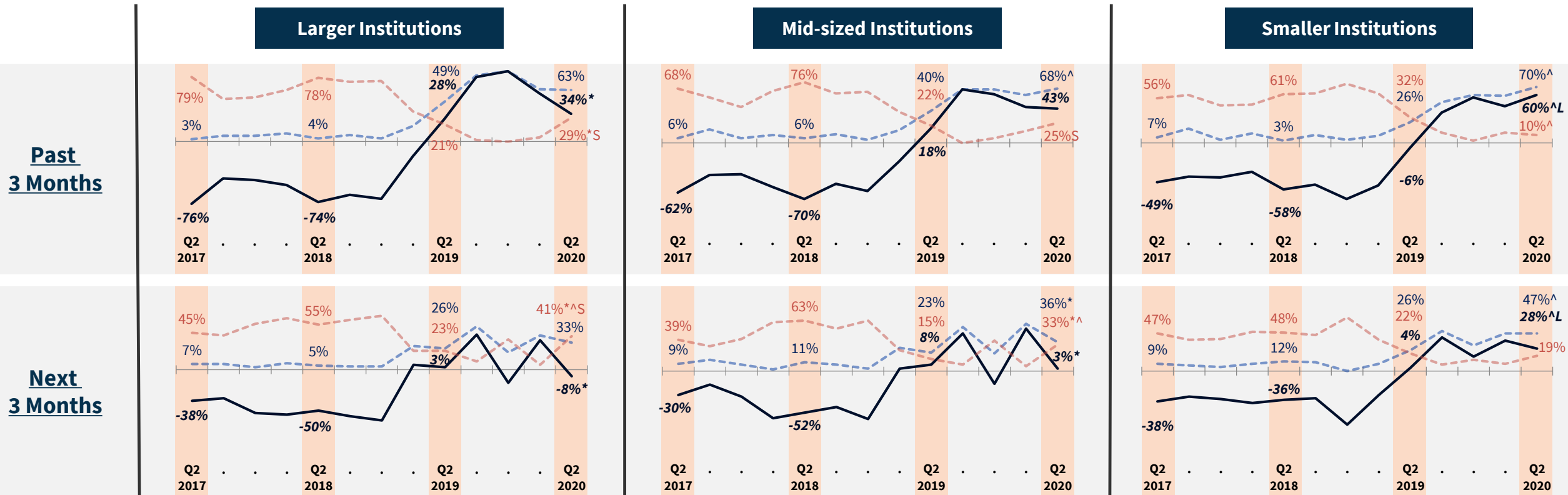
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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

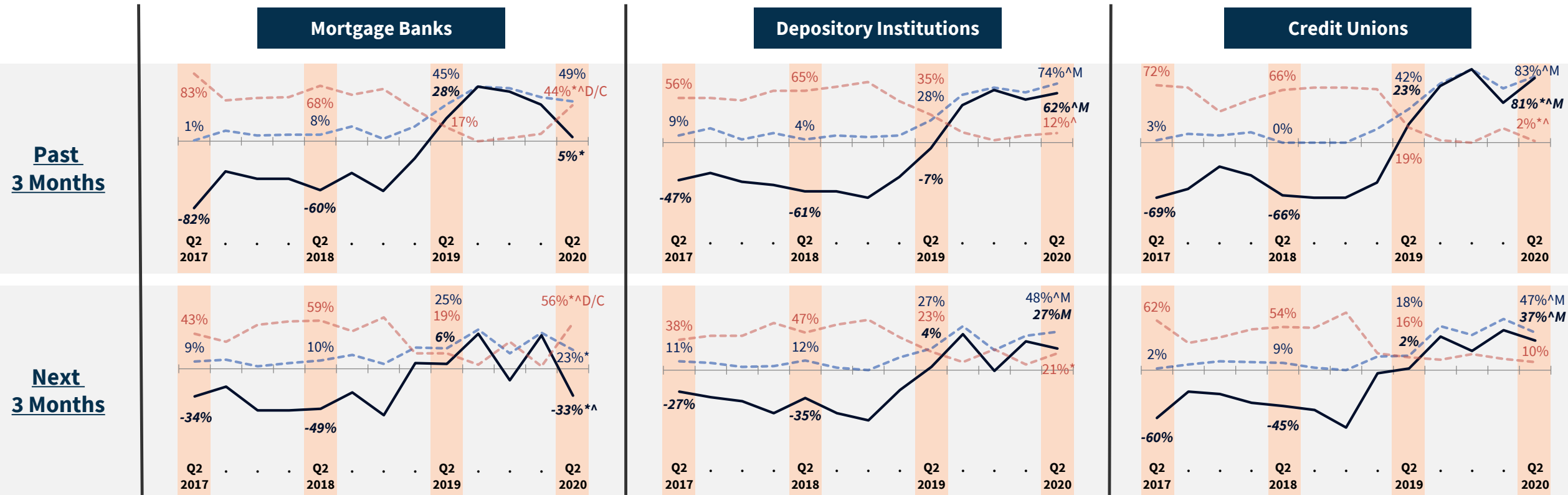
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Refinance Mortgage Demand: Non-GSE-Eligible (by institution type)



--- Up
--- Down
— Net Up +

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

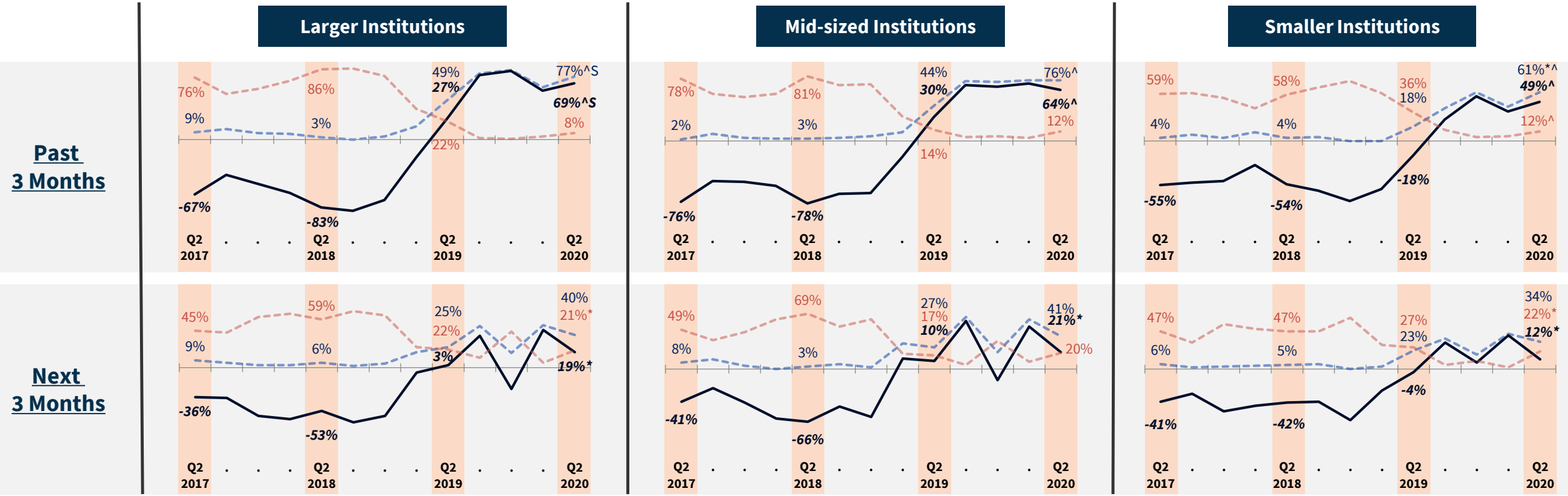
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 The % saying "stay the same" is not shown



Refinance Mortgage Demand: Government (by institution size)



--- Up
--- Down
— Net Up +

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

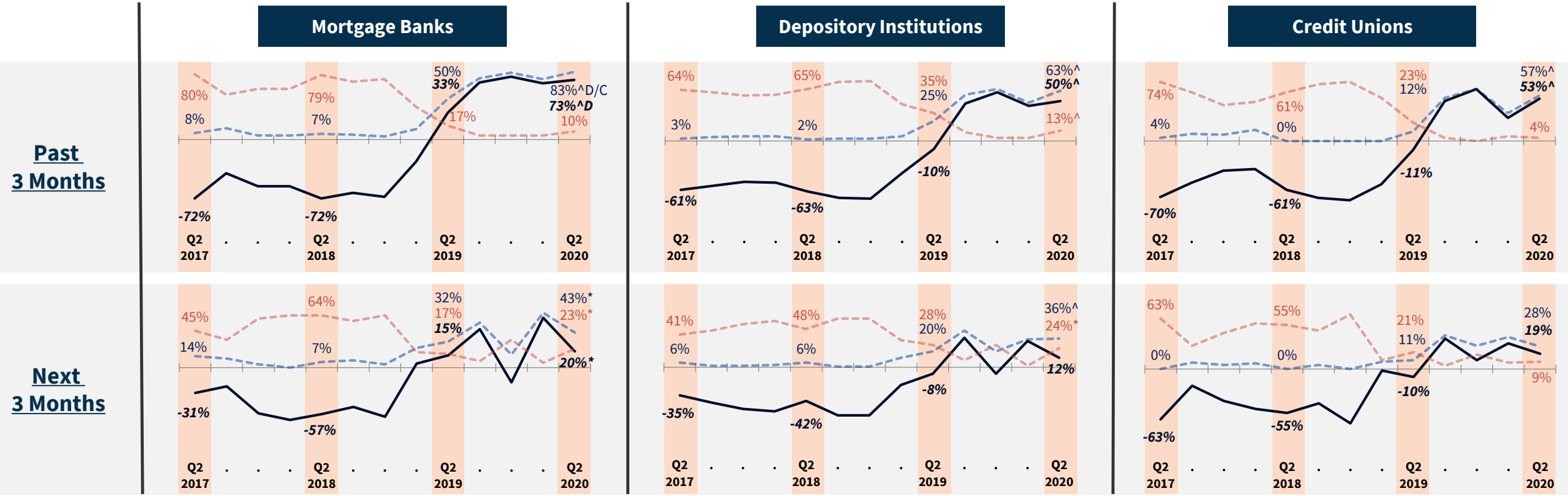
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Refinance Mortgage Demand: Government (by institution type)



--- Up
--- Down
— Net Up +

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

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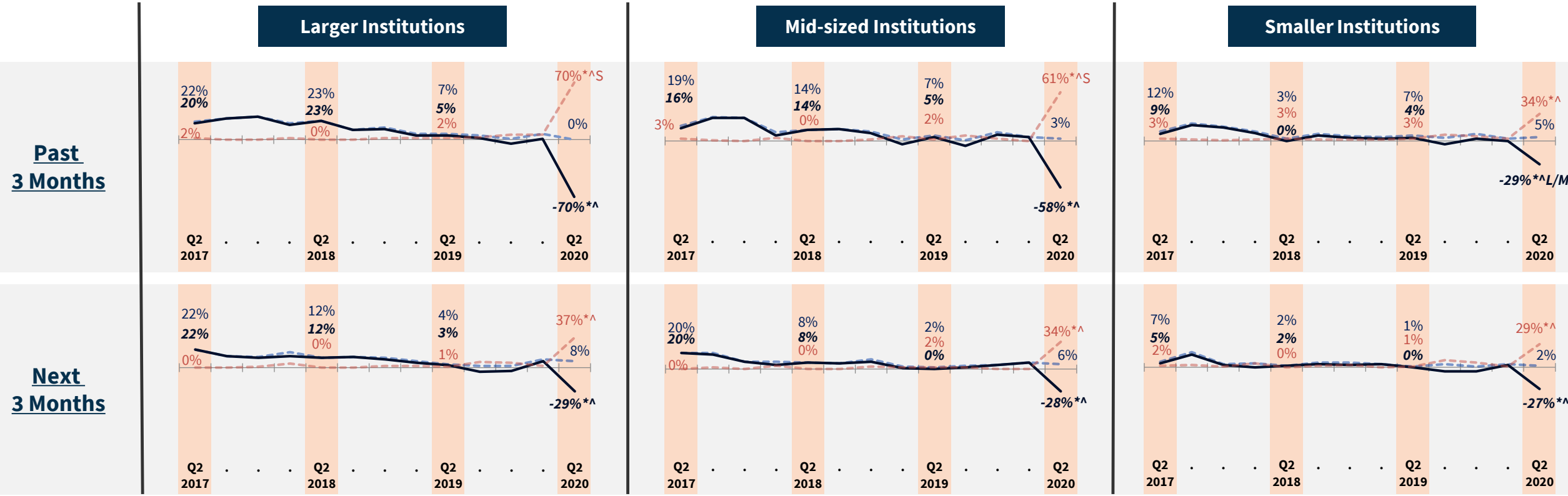




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Credit Standards: GSE-Eligible (by institution size)



- - - 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

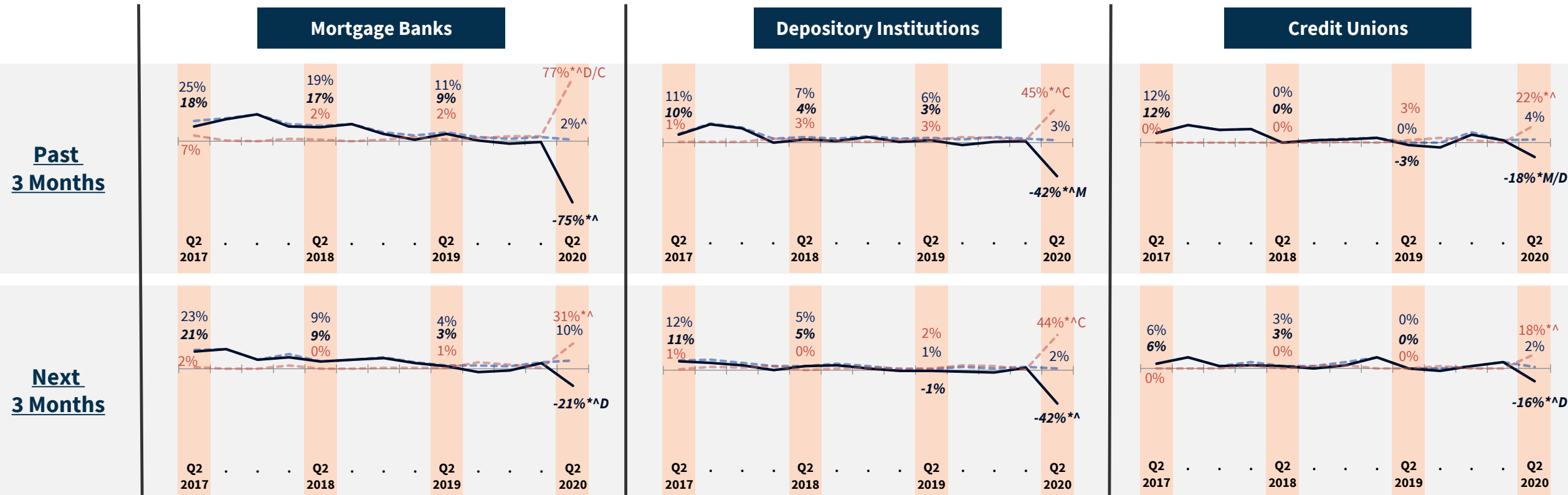
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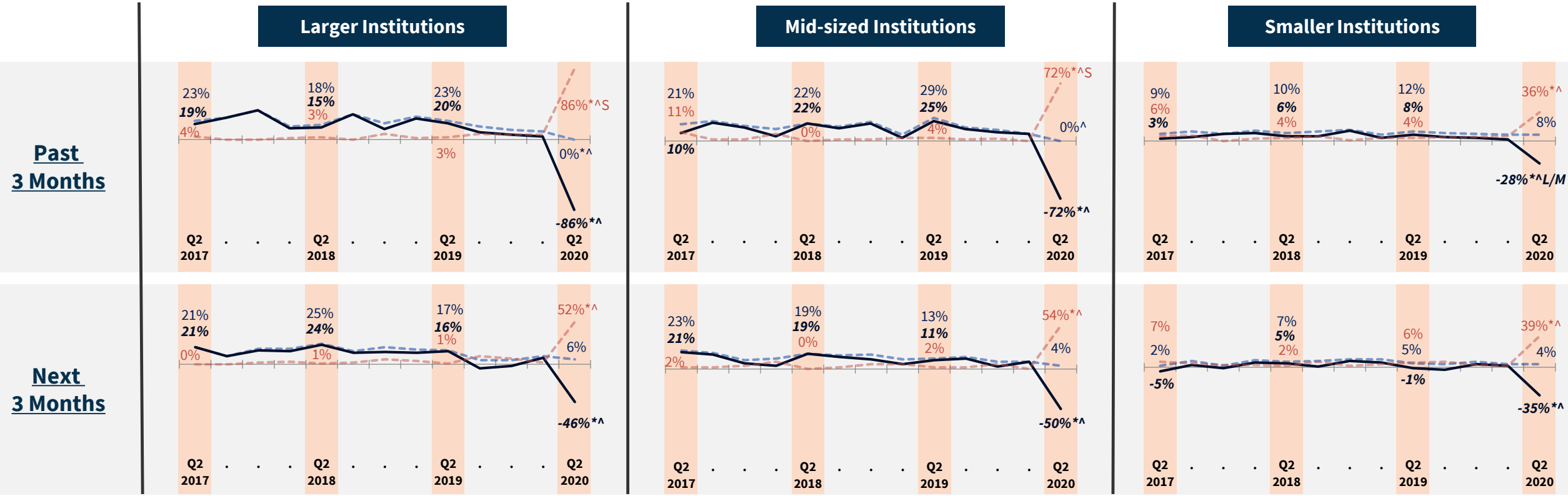
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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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

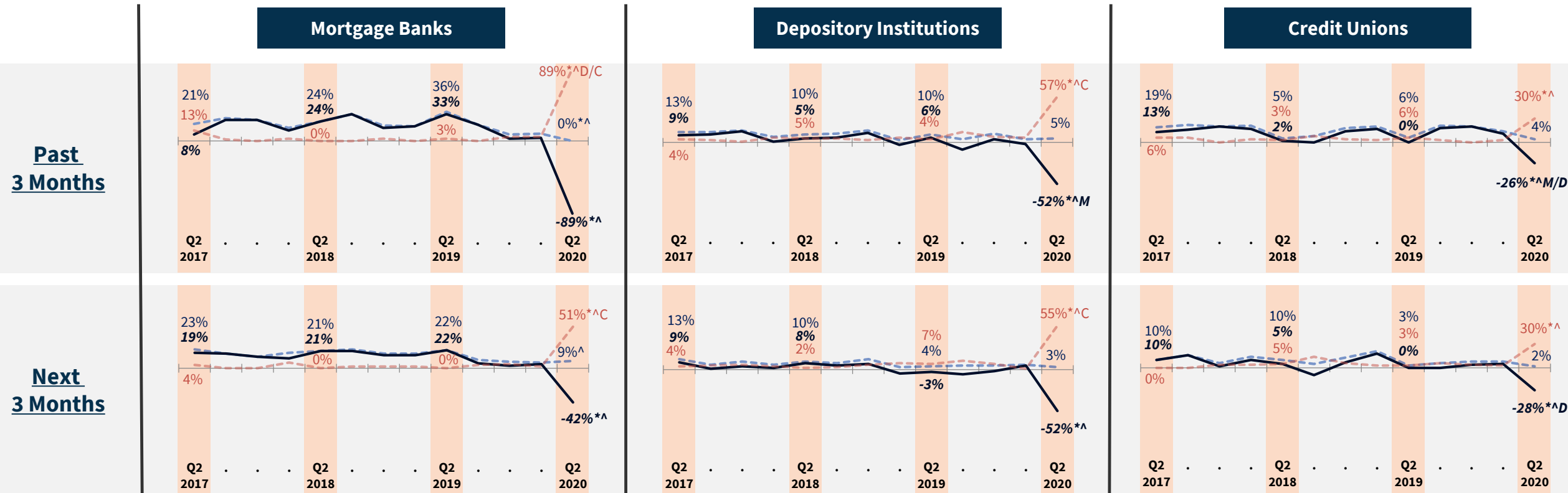
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Credit Standards: Non-GSE-Eligible (by institution type)



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

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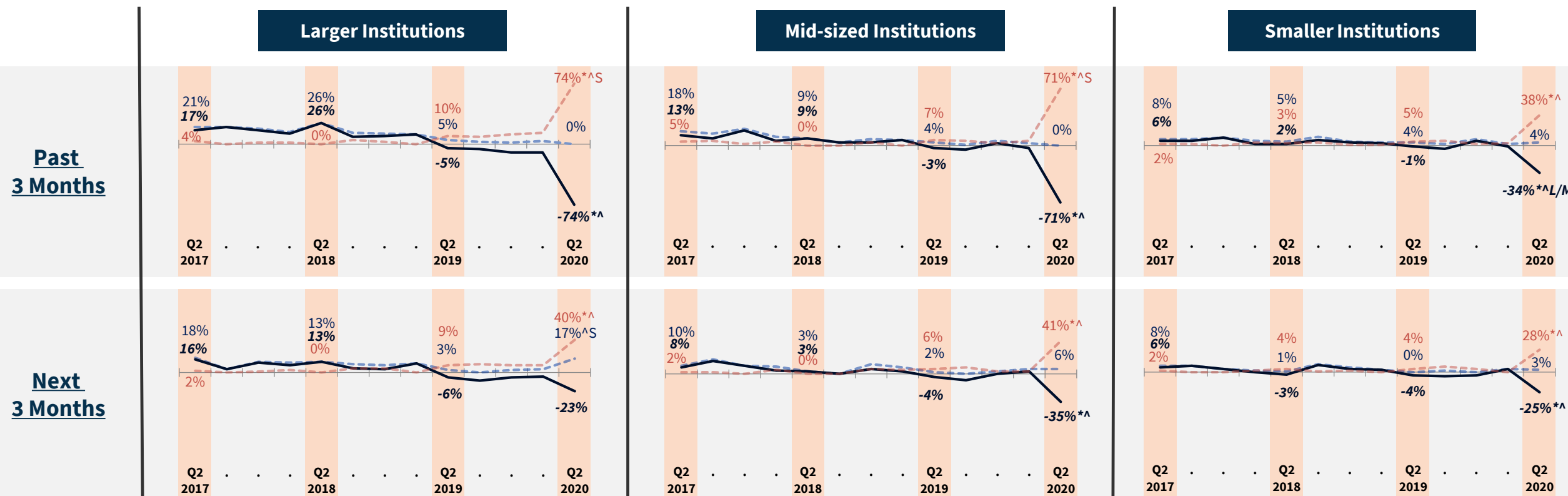
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Credit Standards: Government (by institution size)



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

Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
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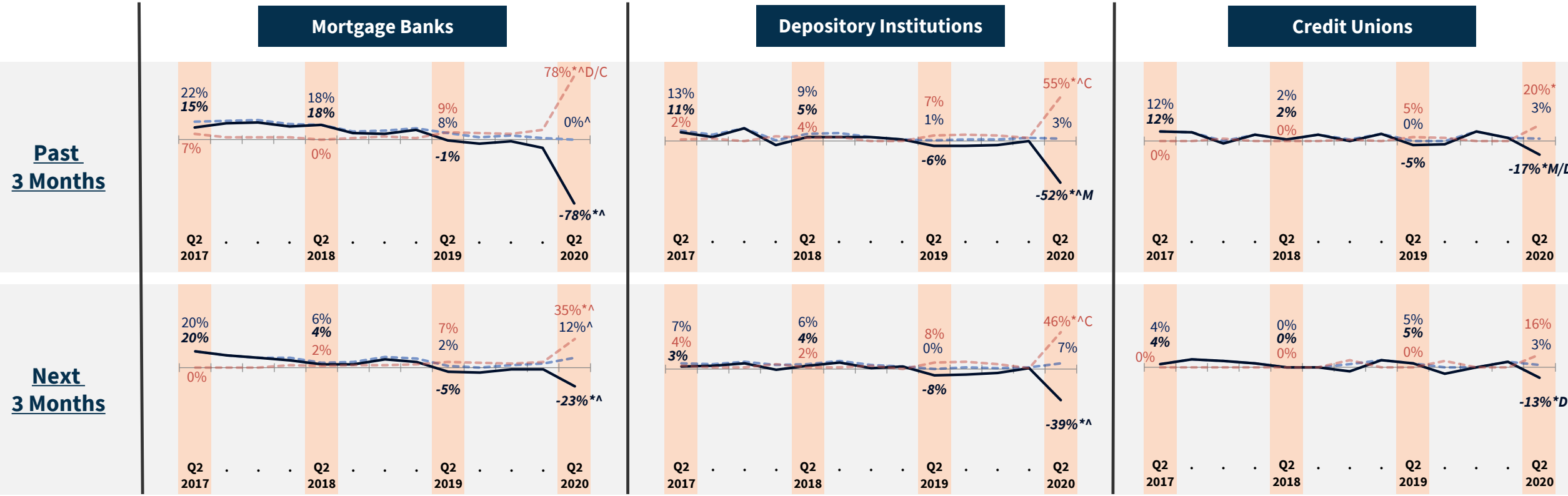
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Credit Standards: Government (by institution type)



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

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



Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=150

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

Q: What do you think drove the change in your firm's credit standards for approving consumer applications for purchase mortgage loans over the **last three months**? Please be as specific as possible. (Optional)

Next 3 Months

N=120

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

Q: What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase mortgage loans over the **next three months**? Please be as specific as possible. (Optional)

"We had to be more flexible while still maintaining compliance and regulations."
– Smaller Institution

"Covid-19 related issues." – Larger Institution

"Economic conditions and the uncertainty of the depth and length of current environment."
–Larger Institution

"Credit tightening by investors due to threat of forbearance." –Mid-sized Institution

"Market conditions caused by Corona and government response caused multiple outlets/lenders/warehouse lines to exit the market and tighten their policy due to fear of risk increasing mainly associated with job loss, deferred payments etc." – Mid-sized Institution

"Changes required by GSEs, GNMA and the master servicer our HFA uses."
– Smaller Institution

"Improving outlook for Covid 19." – Larger Institution

"Balancing out changes made in reaction to COVID." – Larger Institution

"Economic comeback from COVID-19 Crisis. Our view is that the recovery will take much time and the consumer's confidence to purchase a large asset (Home) will be shaken."
– Larger Institution

"Investor guidelines tightening and fewer investors aggressively in the market."
– Larger Institution

"Any additional deterioration in employment levels, and the spread of the impact to industries currently not materially affected, and housing prices are a big uncertainty."
– Mid-sized Institution

"Increased unemployment and unintended consequences of COVID-19 response."
– Smaller Institution

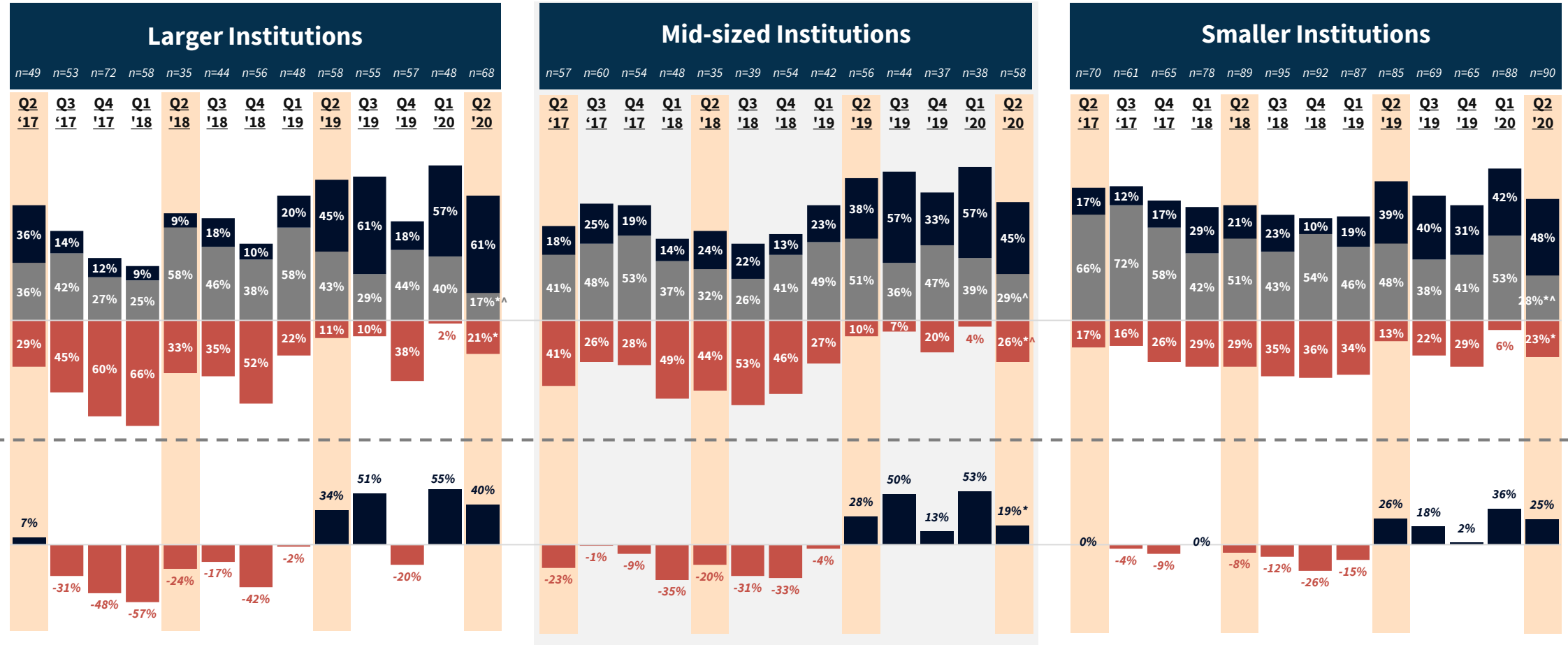




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Profit Margin Outlook – Next 3 Months (by institution size)



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

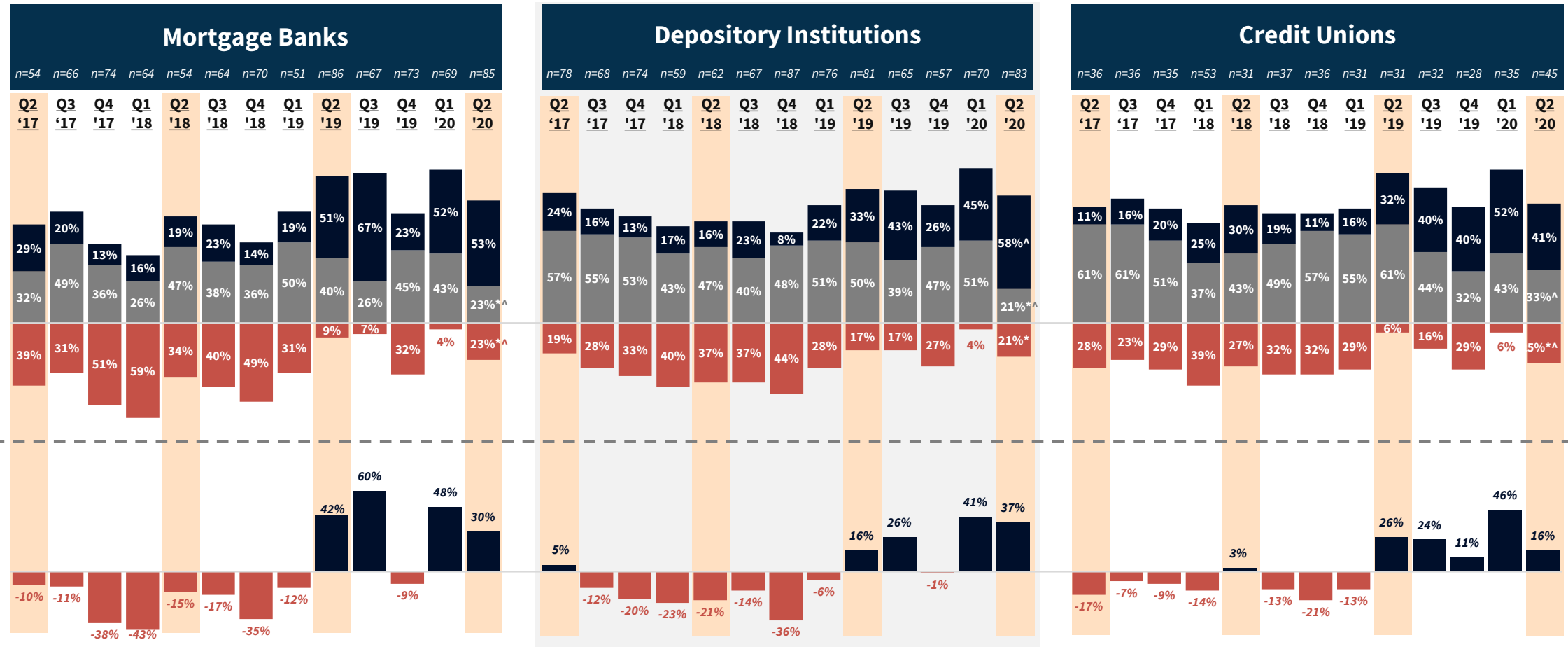
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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



Increase

About the same

Decrease

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

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

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



Increased Profit Margin – Drivers

What do you think will drive the increase in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2018			2019				2020	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	30	38	22	36	81	86	42	86	112
Consumer demand	56%	22%	21%	41%	64%	61%	55%	67%	55%
GSE pricing and policies	11%	12%	3%	9%	7%	19%	16%	16%	33%*^
Less competition from other lenders	0%	7%	19%	8%	22%	13%	13%	10%	28%*
Operational efficiency (i.e., technology)	58%	64%	65%	47%	32%	43%	49%	51%	22%*
Market trend changes (i.e. shift from refinance to purchase)	31%	9%	0%	11%	17%	22%	27%	18%	16%
Government monetary or fiscal policy	4%	6%	9%	3%	8%	12%	6%	5%	16%*
Non-GSE (other investors) pricing and policies	15%	6%	21%	19%	6%	10%	10%	4%	10%
Staffing (personnel costs) reduction	13%	44%	32%	42%	25%	8%	6%	10%	7%^
Marketing expense reduction	0%	4%	0%	1%	9%	2%	0%	2%	4%
Servicing cost reduction	4%	2%	0%	3%	2%	1%	4%	3%	2%
Government regulatory compliance	0%	7%	0%	0%	2%	2%	0%	1%	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. <i>(Showing % rank 1 + 2)</i>	Total								
	2018			2019				2020	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	52	69	87	52	24	23	47	8	51
Competition from other lenders	78%	71%	74%	77%	59%	66%	63%	50%	41%
GSE pricing and policies	8%	9%	12%	17%	20%	28%	14%	20%	34%
Consumer demand	19%	37%	38%	29%	13%	8%	36%	0%	27%
Government monetary or fiscal policy	9%	8%	10%	9%	12%	7%	5%	9%	21%
Market trend changes (i.e. shift from refinance to purchase)	31%	23%	16%	16%	3%	19%	39%	25%	16%
Non-GSE (other investors) pricing and policies	8%	10%	6%	10%	3%	4%	5%	0%	15%
Servicing costs	2%	2%	1%	3%	3%	4%	2%	0%	15%
Staffing (personnel costs)	19%	15%	19%	18%	28%	21%	12%	42%	12%*
Government regulatory compliance	9%	14%	5%	7%	18%	20%	4%	10%	5%
Operational efficiency (i.e. technology)	12%	9%	7%	5%	13%	12%	10%	0%	3%
Marketing expenses	0%	1%	4%	3%	14%	7%	5%	12%	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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Question Text

Economic and Housing Sentiment

q1. In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?

q1a. Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?

q2. Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?

q4a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go up on average over the next 12 months?

q5a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go down on average over the next 12 months?

Consumer Demand

q6. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q7. What do you think drove the change in your firm's consumer demand for single family purchase mortgages over the past three months? Please be as specific as possible. (Optional)

q14. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q46. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q47. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

q49. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q50. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

q51. You mentioned that you expect your firm's consumer demand for government loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q52. You mentioned that you expect your firm's consumer demand for government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.



Question Text Continued

- q10. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q18. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

Profit Margin Outlook

- q22. Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production?
- q24. What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.
- q26. What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.
- Q53a. You mentioned earlier that "market trend changes" is an important factor for your firm's profit margin to decrease. What market trend changes are you seeing? Please share details with us. (Optional)
- Q53b. You mentioned earlier that "market trend changes" is an important factor for your firm's profit margin to increase. What market trend changes are you seeing? Please share details with us. (Optional)

Credit Standards

- q27. Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q28. What do you think drove the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the last three months? Please be as specific as possible. (Optional)
- q31. Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and government mortgages.
- q32. What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the next three months? Please be as specific as possible. (Optional)

