

Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

Q3 2021 Full Report



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Key Findings – Q3 2021

Despite fewer mortgage lenders this quarter expecting profitability to decline, many expressed greater caution. In general, lender confidence in the economy fell – though a majority still believe the U.S. economy to be on the right track – and they expect mortgage demand growth to slow amid tougher competition and higher personnel costs.

Profit Margin Outlook

- Lenders' net-up profit margin outlook remained negative for the fourth consecutive quarter but improved significantly from the previous quarter, with fewer lenders reporting a declining profitability outlook.
- “Competition from other lenders” continued to be the top cited reason by lenders who expect lower profit margins, and the percentage citing it reached a new survey high. “Market trend changes” remained the second top reason, and the share citing “staffing (personnel costs)” increased significantly from last quarter, reaching its highest level since Q4 2020.

U.S. Economy

- Lender sentiment toward the U.S. economy turned significantly more negative compared to the previous quarter (Q2 2021), but a majority of lenders still believe that the economy is “on the right track”.
- For purchase mortgages, demand growth expectations over the next three months reached the lowest reading across all loan types for any third quarter in the last two years.

Mortgage Demand

- For refinance mortgages, the net share of lenders reporting refinance demand growth over the prior three months, as well as the net share expecting demand growth for the next three months, ticked up across all loan types compared to last quarter, although both shares remained net negative.



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

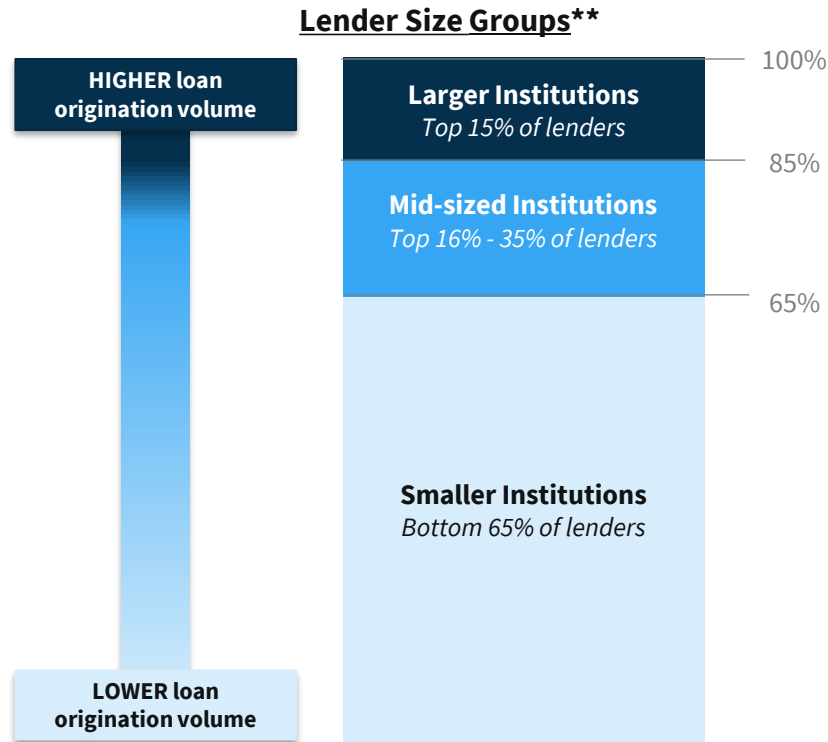
- **Lenders' 2021 Business Priorities**
- **COVID-19 & Remote Working**
- **Mortgage Servicing Challenges**
- **CONDO Mortgage Lending Opportunities**
- **COVID-19 Challenges and Lender Business Priorities**
- **Impact of Technology on Lender Workforce Management**

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



Q3 2021 Respondent Sample and Groups

The current analysis is based on third quarter 2021 data collection. For Q3 2021, a total of 211 senior executives completed the survey between August 3-16, representing 192 lending institutions.*



| Sample Q3 2021 | | Sample Size |
|---|---|-------------|
| Total Lending Institutions The "Total" data throughout this report is an average of the means of the three lender-size groups listed below. | | 192 |
| 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) | 50 |
| | 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) | 51 |
| | 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) | 91 |
| Institution Type*** | Mortgage Banks (non-depository) | 84 |
| | Depository Institutions | 68 |
| | Credit Unions | 39 |

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

** The 2020 total loan volume per lender used here includes the best available annual origination information from Fannie Mae, Freddie Mac, and Marketrac. Lenders in the Fannie Mae database are sorted by their firm's total 2020 loan origination volume and then assigned into the size groups, with the top 15% of lenders being the "larger" group, the next 20% of lenders being the "mid-sized" group and the rest being the "small" group.

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



Loan Type Definition

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

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



U.S. Economy and Consumer Demand

- Lender sentiment toward the U.S. economy turned significantly more negative compared to the previous quarter (Q2 2021), though a majority of lenders continue to believe that the economy is “on the right track.”
- For purchase mortgages, the net share of lenders reporting demand growth over the prior three months has fallen for GSE-eligible and Government loans, when compared with Q3 2020 and Q3 2019, reaching the lowest reading for any third quarter in the last two years. Similarly, looking ahead, the net share of lenders expecting demand growth over the next three months reached the lowest reading across all loan types for any third quarter in the last two years.
- For refinance mortgages, the net share of lenders reporting refinance demand growth over the prior three months, as well as the net share expecting demand growth for the next three months, ticked up from last quarter across all loan types, although both shares remained net negative.

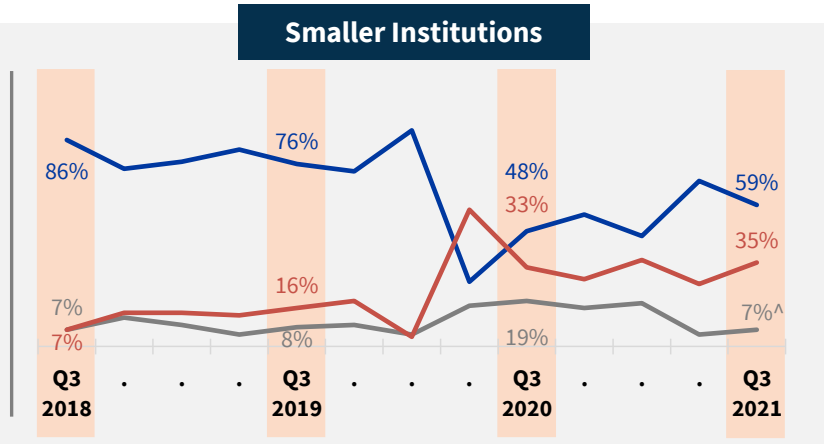
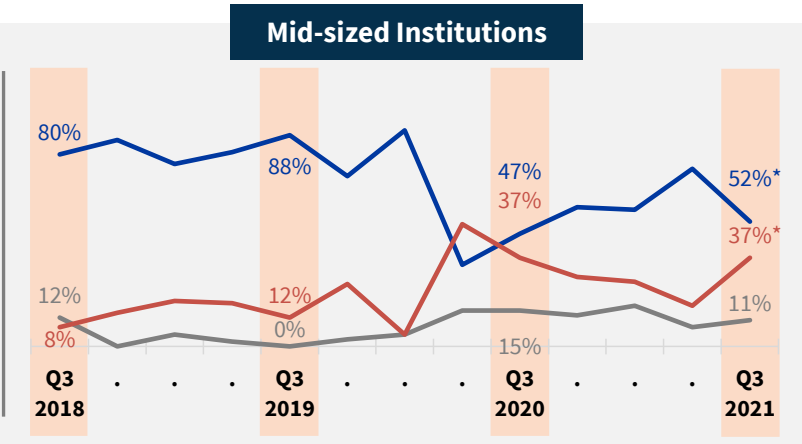
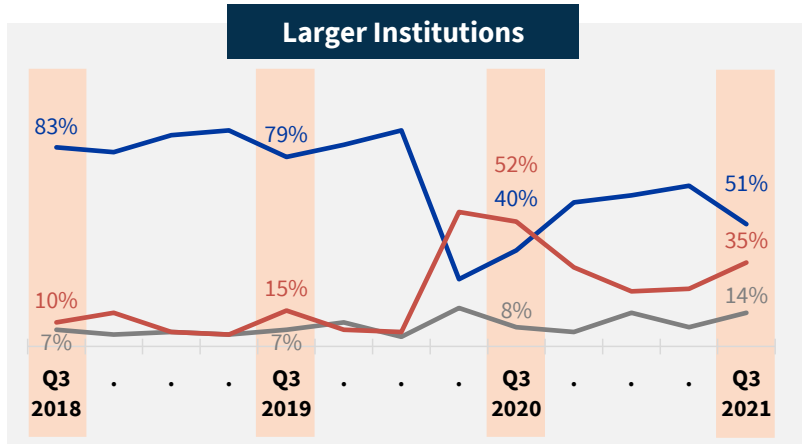
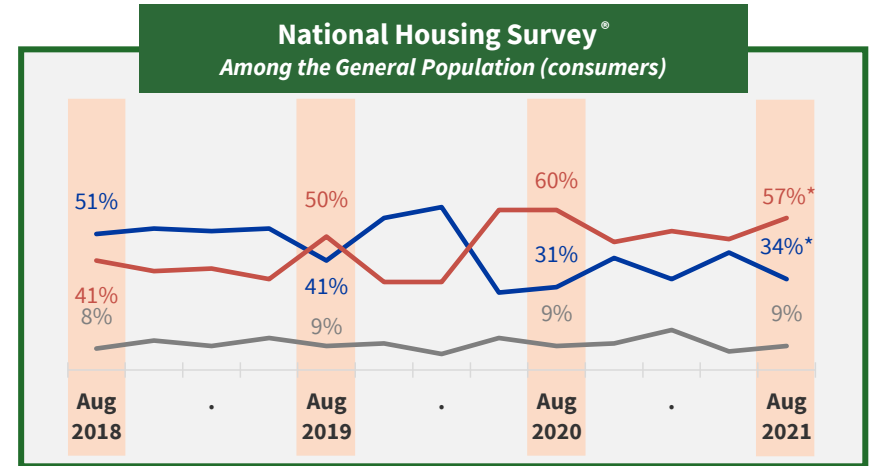
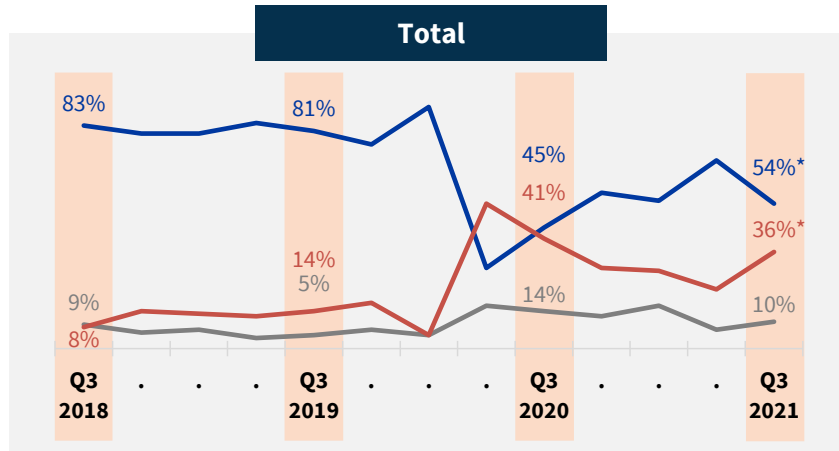


U.S. Economy Overall

Lender sentiment toward the U.S. economy turned significantly more negative compared to the previous quarter (Q2 2021), though a majority of lenders continue to believe the economy is “on the right track.”

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

- Right Track
- Don't know
- Wrong Track

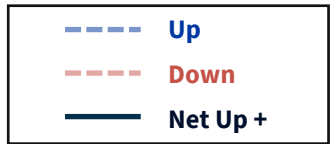


* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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



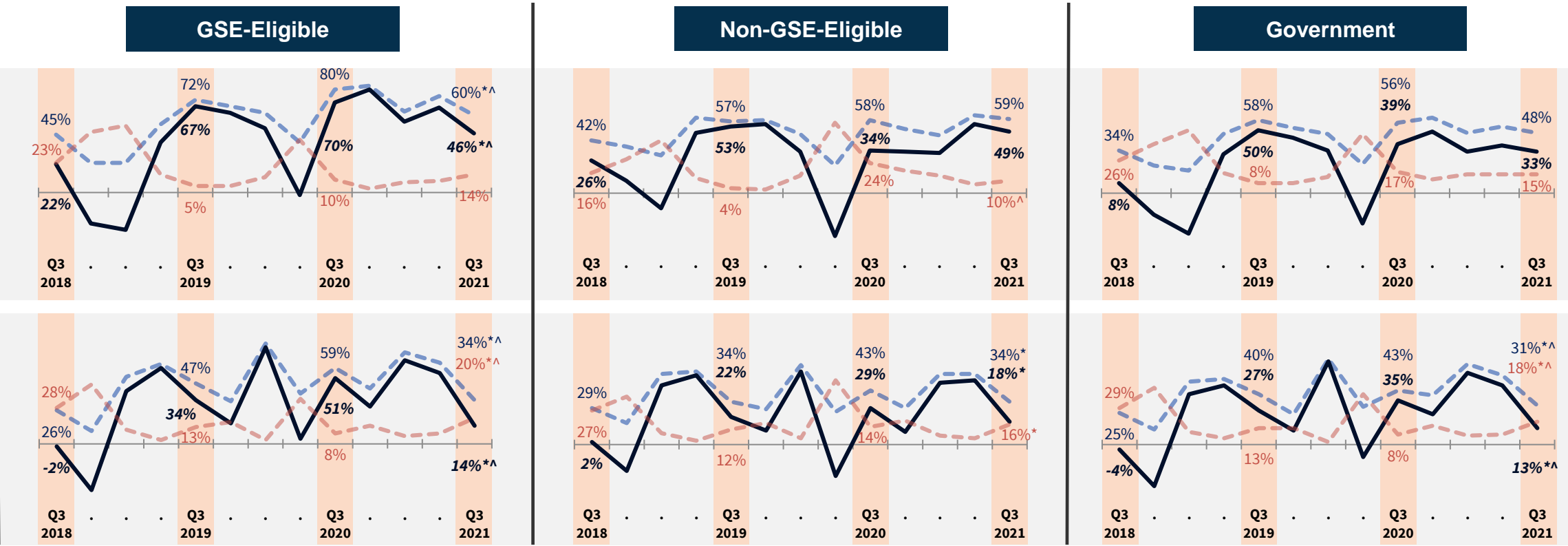
Purchase Mortgage Demand



The net share of lenders reporting demand growth over the prior three months has fallen for GSE-eligible and Government loans, when compared with Q3 2020 and Q3 2019, reaching the lowest reading for any third quarter in the last two years. Similarly, looking ahead, the net share of lenders expecting demand growth over the next three months reached the lowest reading across all loan types for any third quarter in the last two years.

Past 3 Months

Next 3 Months



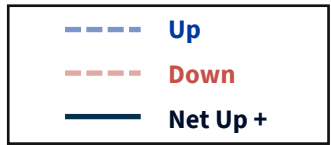
Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

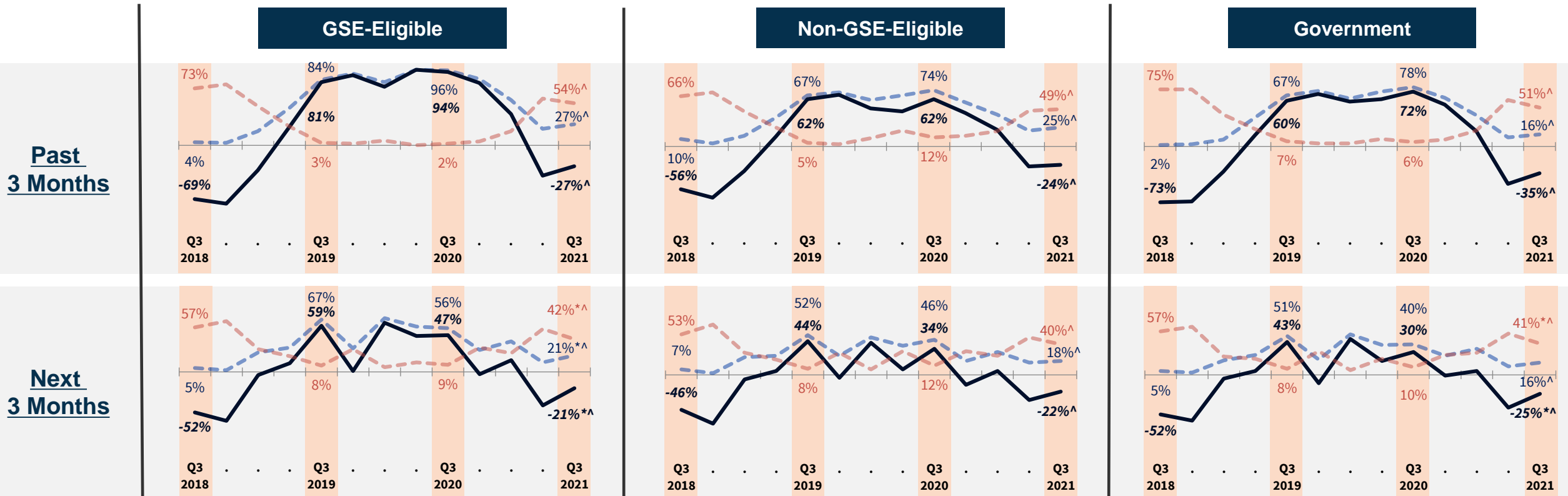
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
Q: Over the next three months,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



Refinance Mortgage Demand



The net share of lenders reporting refinance demand growth over the prior three months, as well as the net share expecting demand growth for the next three months, ticked up from last quarter across all loan types, although both shares remained net negative.



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

* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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



Credit Standards

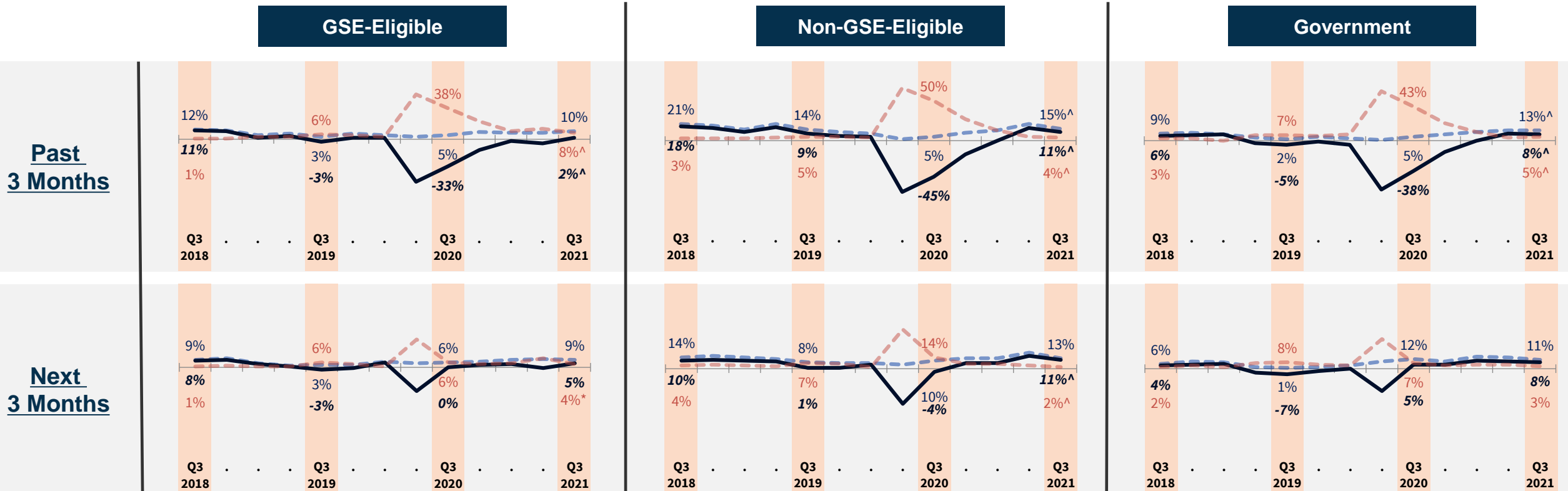
- The net share of lenders reporting easing credit standards over the prior three months and the net share expecting easing over the next three months ticked up for GSE-eligible loans but ticked down for non-GSE-eligible loans. The net share remained flat for Government loans compared to the previous quarter.



Credit Standards



The net share of lenders reporting easing credit standards over the prior three months and the net share expecting easing over the next three months ticked up for GSE-eligible loans but ticked down for non-GSE-eligible loans. The net share remained flat for Government loans compared to the previous quarter.



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

* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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



Profit Margin Outlook Change

- Lenders' net-up profit margin outlook remained negative for the fourth consecutive quarter but improved significantly from the previous quarter, with fewer lenders reporting a declining profitability outlook.
- “GSE pricing and policies” was the top reason cited by lenders who foresee increased profitability, up from the fourth most-common reason cited last quarter, reaching a new survey high. The share citing “consumer demand” declined significantly after ranking as the most cited reason last quarter, falling to the second-most cited reason this quarter. The share citing “operational efficiency” reached a new survey low.
- “Competition from other lenders” continued to be the top cited reason by lenders who expect lower profit margins, and the percentage citing it reached a new survey high. “Market trend changes” remained the second top reason, and the share citing “staffing (personnel costs)” increased significantly from last quarter, reaching its highest level since Q4 2020.

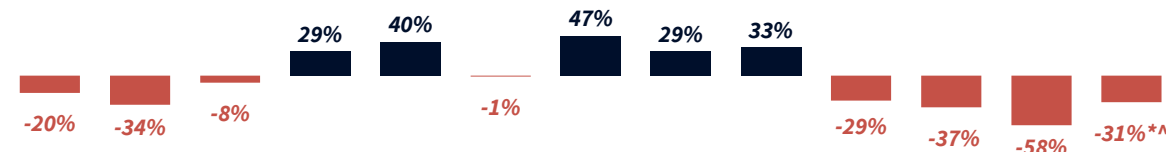
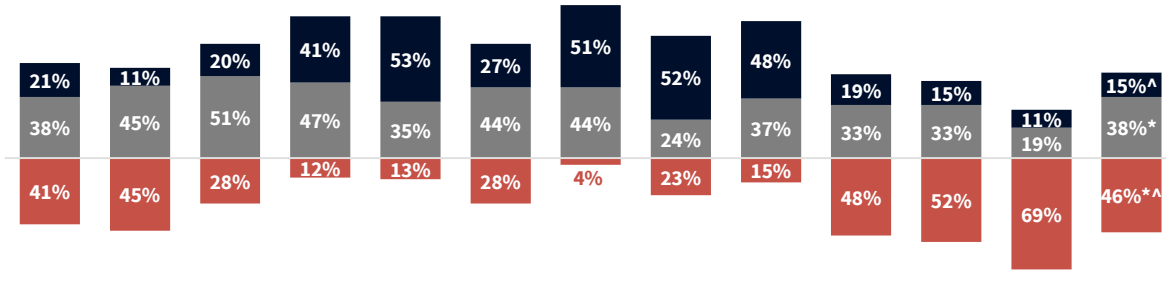


Lenders' Profit Margin Outlook Change – Next 3 Months

Lenders' net-up profit margin outlook remained negative for the fourth consecutive quarter but improved significantly from the previous quarter, with fewer lenders reporting a declining profitability outlook. Those expecting a lower profit margin outlook continued to point to “competition from other lenders” and “market trend changes” as the primary reasons, with the former reaching a new survey high.

Profit Margin Outlook

| Q3 '18 | Q4 '18 | Q1 '19 | Q2 '19 | Q3 '19 | Q4 '19 | Q1 '20 | Q2 '20 | Q3 '20 | Q4 '20 | Q1 '21 | Q2 '21 | Q3 '21 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| n=178 | n=202 | n=176 | n=200 | n=168 | n=160 | n=175 | n=216 | n=172 | n=195 | n=205 | n=214 | n=181 |



Key Reasons for Expected Increase – Q3 2021

| | |
|---|-----|
| GSE pricing and policies | 41% |
| Consumer demand | 38% |
| Market trend changes (i.e., shift from refinance to purchase) | 28% |
| Operational efficiency (i.e., technology) | 20% |
| Staffing (personnel costs) reduction | 18% |

Showing data for selected answer choices only. n=30

Key Reasons for Expected Decrease – Q3 2021

| | |
|---|-----|
| Competition from other lenders | 80% |
| Market trend changes (i.e., shift from refinance to purchase) | 31% |
| Staffing (personnel costs) | 23% |
| Consumer demand | 21% |
| GSE pricing and policies | 15% |

Showing data for selected answer choices only. n=80

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.

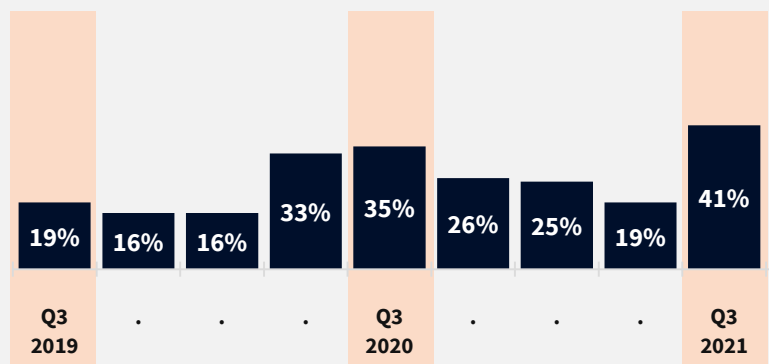
^{*} Denotes a statistically significant change compared with Q2 2021 (previous quarter)
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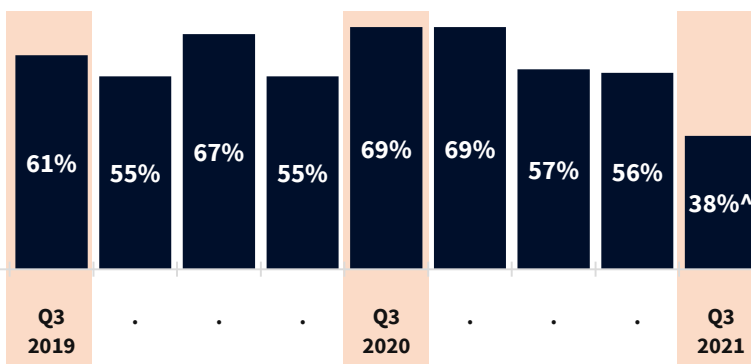
Increased Profit Margin Outlook – Top Drivers

“GSE pricing and policies” was the top reason cited by lenders who foresee increased profitability, up from the fourth most-common reason cited last quarter, reaching a new survey high. The share citing “consumer demand” declined significantly after ranking as the most cited reason last quarter. The share citing “operational efficiency” reached a new survey low.

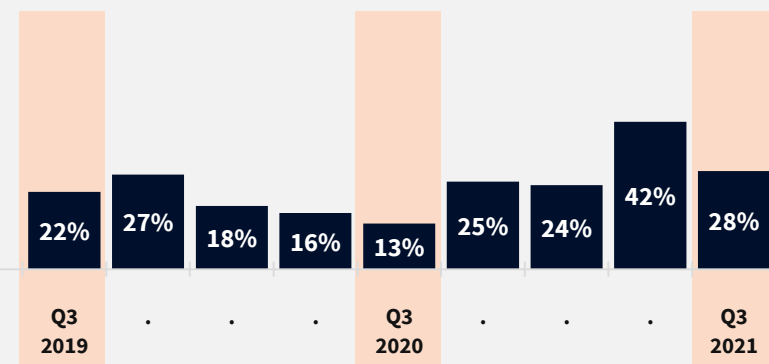
GSE Pricing and Policies



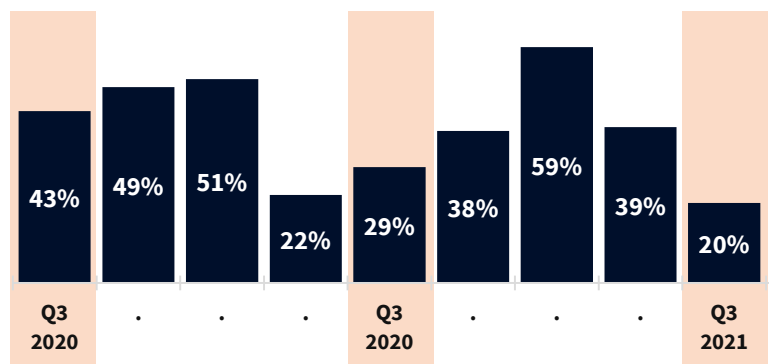
Consumer Demand



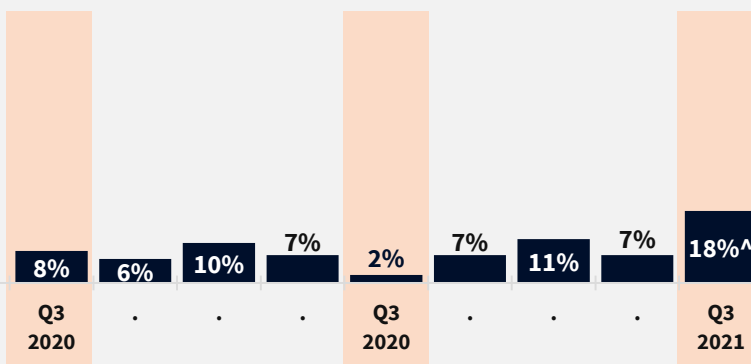
Market Trend Changes



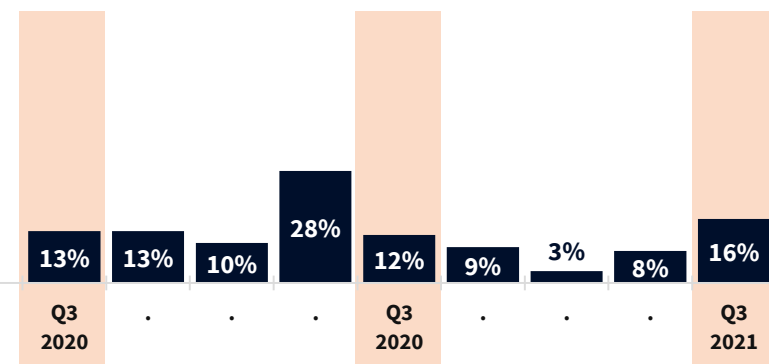
Operational Efficiency



Staffing Reduction



Less Competition from Other Lenders



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

Total: Q3 2019: N=86; Q4 2019: N=42; Q1 2020: N=86; Q2 2020: N=112; Q3 2020: N=82; Q4 2020: N=38; Q1 2021: N=32; Q2 2021: N=27; Q3 2021: N=30

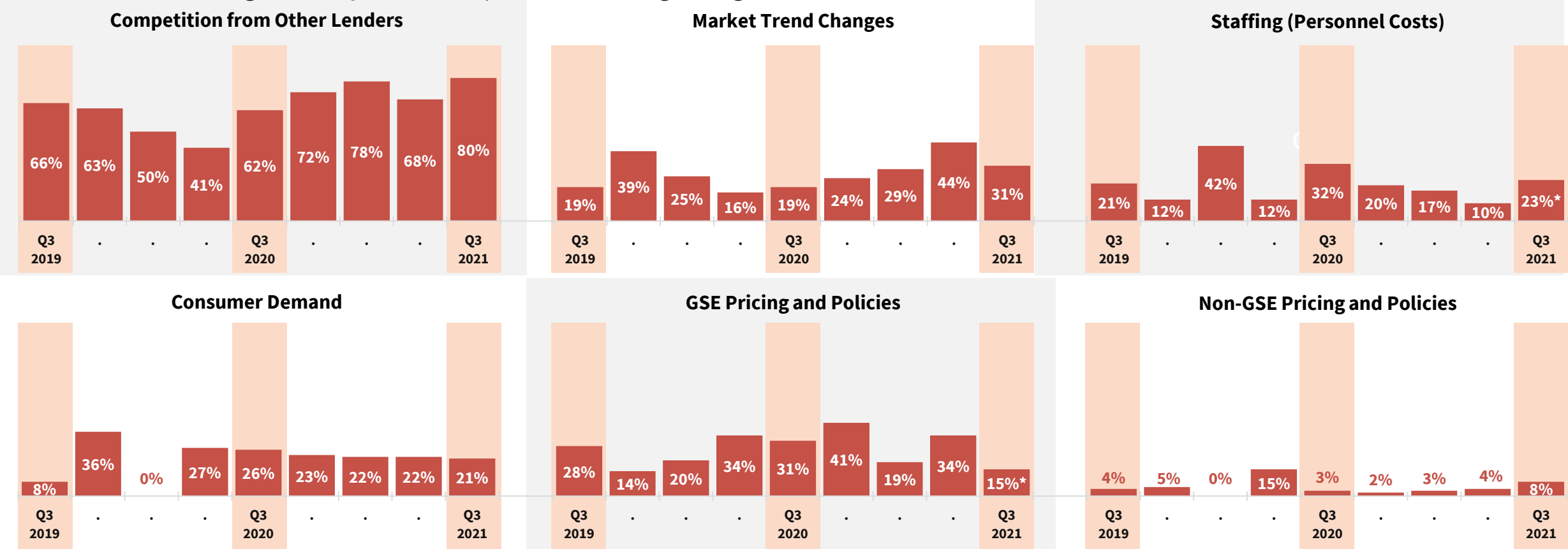
* Denotes a statistically significant change compared with Q2 2021 (previous quarter)

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



Decreased Profit Margin Outlook – Top Drivers

“Competition from other lenders” continued to be the top cited reason by lenders who expect lower profit margins, and the percentage citing it reached a new survey high. “Market trend changes” remained the second top reason, and the share citing “staffing (personnel costs)” increased significantly from last quarter, reaching its highest level since Q4 2020.



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

Total: Q3 2019=23; Q4 2019: N=47; Q1 2020: N=8; Q2 2020: N=51; Q3 2020: N=26; Q4 2020: N=92; Q1 2021: N=105; Q2 2021: N=144; Q3 2021: N=80

* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)





Appendix





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.

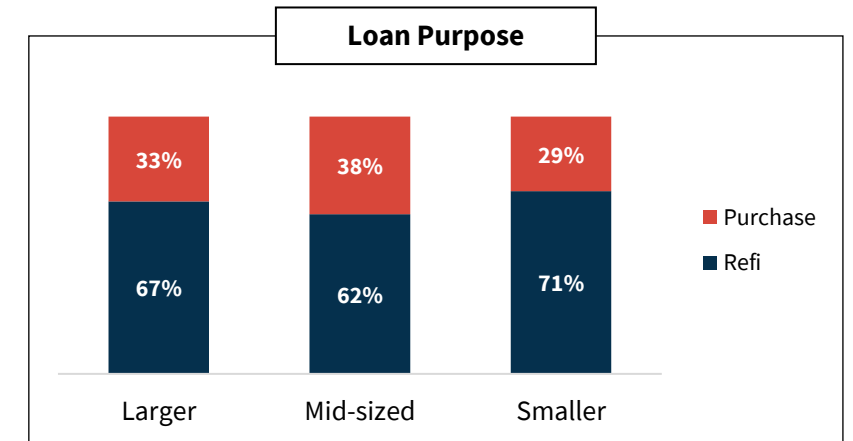
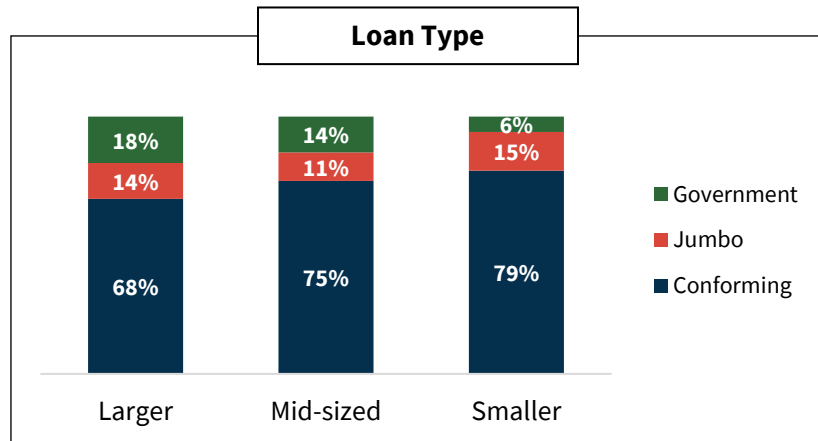
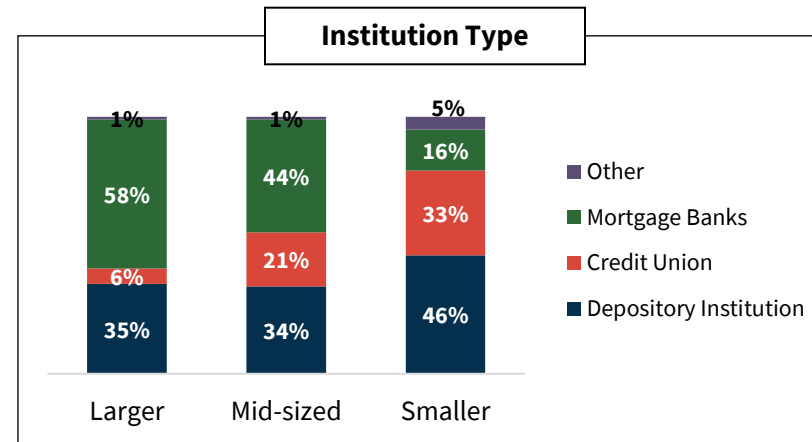
Data Weighting

- 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

| | | Q3 2019 | | Q4 2019 | | Q1 2020 | | Q2 2020 | | Q3 2020 | | Q4 2020 | | Q1 2021 | | Q2 2021 | | Q3 2021 | |
|---------------------------------------|-------------------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|
| | | 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 | | 179 | ±6.82% | 168 | ±7.08% | 183 | ±6.70% | 229 | ±5.87% | 186 | ±6.64% | 202 | ±6.63% | 214 | ±6.11% | 225 | ±5.93% | 192 | ±6.52% |
| Loan Origination Volume Groups | Larger Institutions | 60 | ±10.64% | 60 | ±10.63% | 52 | ±11.65% | 71 | ±9.26% | 51 | ±11.80% | 52 | ±11.62% | 61 | ±10.37% | 66 | ±9.87% | 50 | ±11.98% |
| | Mid-sized Institutions | 45 | ±13.25% | 38 | ±14.67% | 40 | ±14.19% | 62 | ±10.76% | 51 | ±12.25% | 55 | ±11.66% | 60 | ±11.00% | 63 | ±10.65% | 51 | ±12.22% |
| | Smaller Institutions | 74 | ±10.92% | 70 | ±11.26% | 91 | ±9.70% | 96 | ±9.42% | 84 | ±10.15% | 95 | ±9.48% | 93 | ±9.59% | 96 | ±9.42% | 91 | ±9.70% |
| Institution Type | Mortgage Banks | 72 | ±10.37% | 76 | ±10.05% | 71 | ±10.47% | 89 | ±9.07% | 66 | ±10.96% | 84 | ±9.46% | 90 | ±9.04% | 103 | ±8.29% | 84 | ±9.48% |
| | Depository Institutions | 70 | ±10.98% | 60 | ±11.98% | 73 | ±10.65% | 89 | ±9.46% | 73 | ±10.65% | 67 | ±11.18% | 81 | ±10.01% | 72 | ±10.71% | 68 | ±11.05% |
| | Credit Unions | 33 | ±16.32% | 30 | ±17.19% | 38 | ±15.03% | 46 | ±13.49% | 41 | ±14.40% | 45 | ±13.65% | 39 | ±14.81% | 43 | ±14.01% | 39 | ±14.80% |

2019

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

2020

Q1 was fielded between February 5, 2020 and February 17, 2020
 Q2 was fielded between May 5, 2020 and May 18, 2020
 Q3 was fielded between August 4, 2020 and August 16, 2020
 Q4 was fielded between October 27, 2020 and November 8, 2020

2021

Q1 was fielded between February 4, 2021 and February 17, 2021
 Q2 was fielded between May 4, 2021 and May 17, 2021
 Q3 was fielded between August 3, 2021 and August 16, 2021



2021 Q3 Cross-Subgroup Sample Sizes

| | Total | Larger Lenders | Mid-Sized Lenders | Smaller Lenders |
|--|-------|----------------|-------------------|-----------------|
| Total | 192 | 50 | 51 | 91 |
| Mortgage Banks (non-depository) | 84 | 32 | 29 | 23 |
| Depository Institutions | 68 | 12 | 12 | 44 |
| Credit Unions | 39 | 6 | 10 | 23 |



2021 Q3 Sample Sizes: Consumer Demand

Purchase Mortgages:

| | Past 3 Months | | | Next 3 Months | | |
|-----------------------------------|---------------|------------------|------------|---------------|------------------|------------|
| | GSE-Eligible | Non-GSE-Eligible | Government | GSE-Eligible | Non-GSE-Eligible | Government |
| Total Lending Institutions | 190 | 170 | 156 | 190 | 171 | 154 |
| Larger Institutions | 49 | 48 | 46 | 49 | 48 | 46 |
| Mid-sized Institutions | 50 | 45 | 42 | 50 | 46 | 41 |
| Smaller Institutions | 90 | 78 | 69 | 90 | 78 | 67 |

Refinance Mortgages:

| | Past 3 Months | | | Next 3 Months | | |
|-----------------------------------|---------------|------------------|------------|---------------|------------------|------------|
| | GSE-Eligible | Non-GSE-Eligible | Government | GSE-Eligible | Non-GSE-Eligible | Government |
| Total Lending Institutions | 184 | 161 | 142 | 184 | 162 | 144 |
| Larger Institutions | 48 | 47 | 44 | 48 | 46 | 44 |
| Mid-sized Institutions | 48 | 39 | 38 | 48 | 39 | 38 |
| Smaller Institutions | 89 | 75 | 60 | 89 | 76 | 62 |



2021 Q3 Sample Sizes: Credit Standards

| | Past 3 Months | | | Next 3 Months | | |
|-----------------------------------|---------------|------------------|------------|---------------|------------------|------------|
| | GSE-Eligible | Non-GSE-Eligible | Government | GSE-Eligible | Non-GSE-Eligible | Government |
| Total Lending Institutions | 188 | 172 | 155 | 190 | 172 | 156 |
| Larger Institutions | 49 | 48 | 46 | 49 | 48 | 46 |
| Mid-sized Institutions | 50 | 45 | 42 | 50 | 45 | 42 |
| Smaller Institutions | 89 | 79 | 67 | 90 | 79 | 68 |

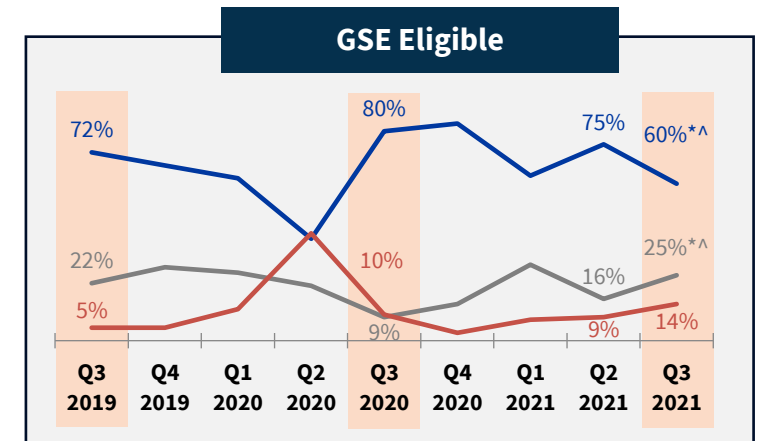


Calculation of the “Total”

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

Example:

| Over the <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 (Q3 2021) | Larger Institutions | Mid-sized Institutions | Smaller Institutions | Q3 “Total” |
|---|---------------------|------------------------|----------------------|---------------------------------------|
| Go up | 66% | 60% | 55% | 60% $[(66\% + 60\% + 55\%)/3]$ |
| Stayed the same | 20% | 33% | 23% | 25% |
| Go down | 13% | 8% | 22% | 14% |





Appendix

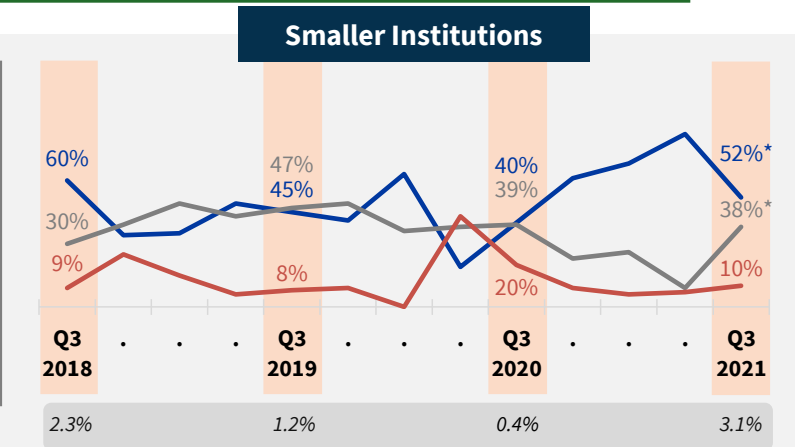
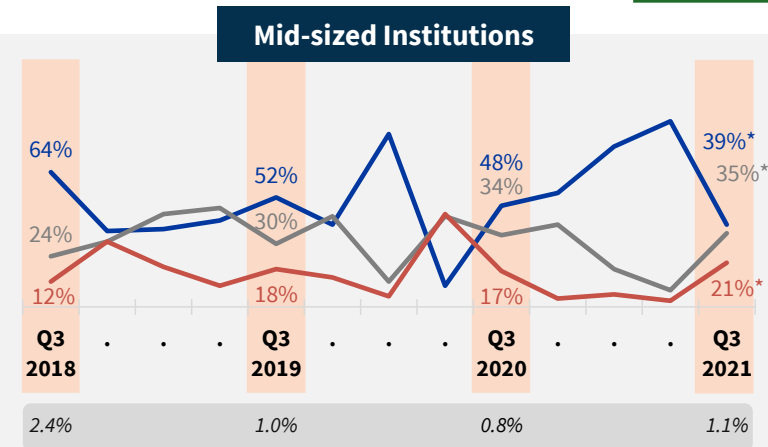
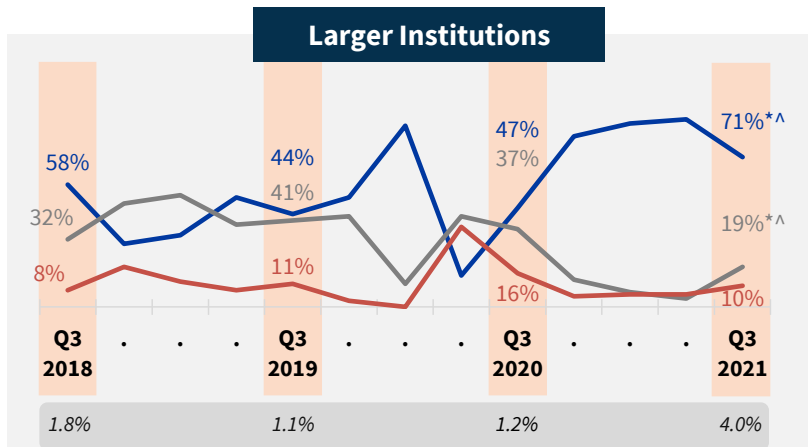
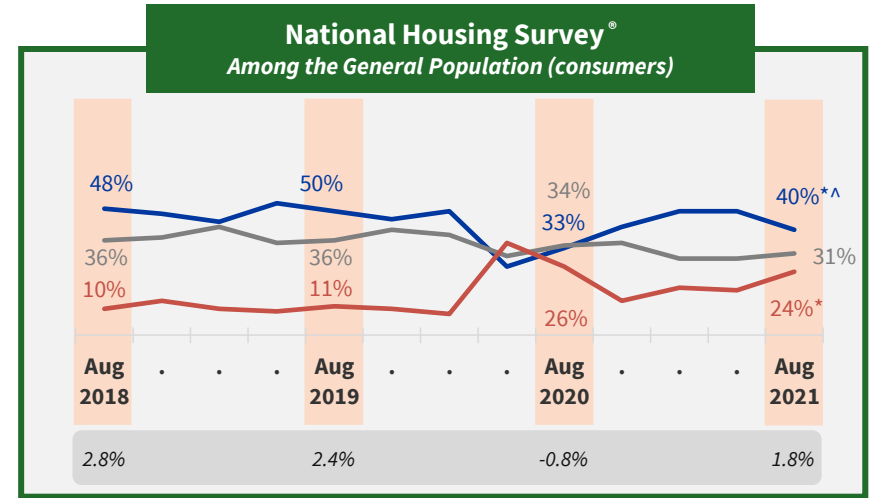
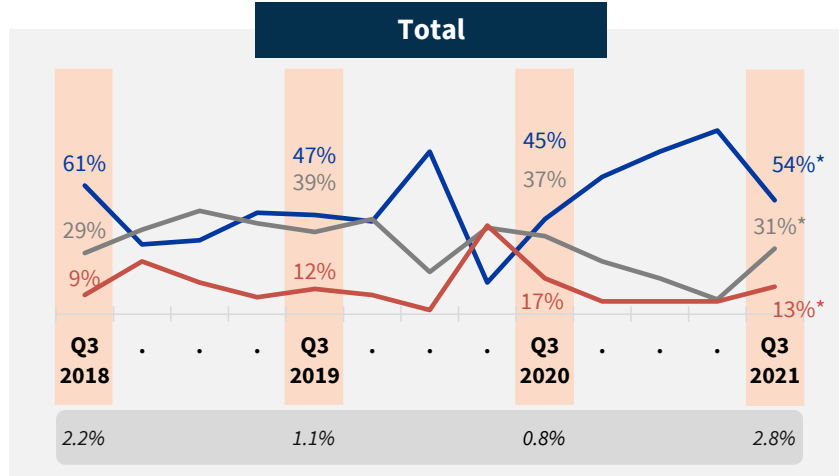
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Home Prices – Next 12 Months

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

- Go Up
- Stay the Same
- Go Down

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



* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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

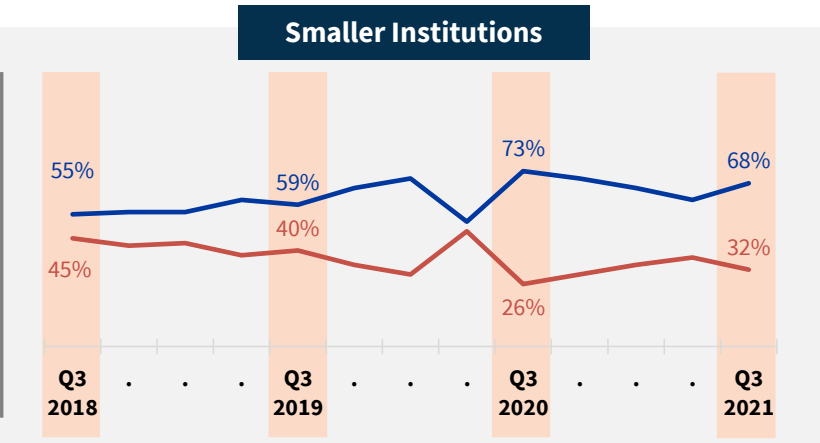
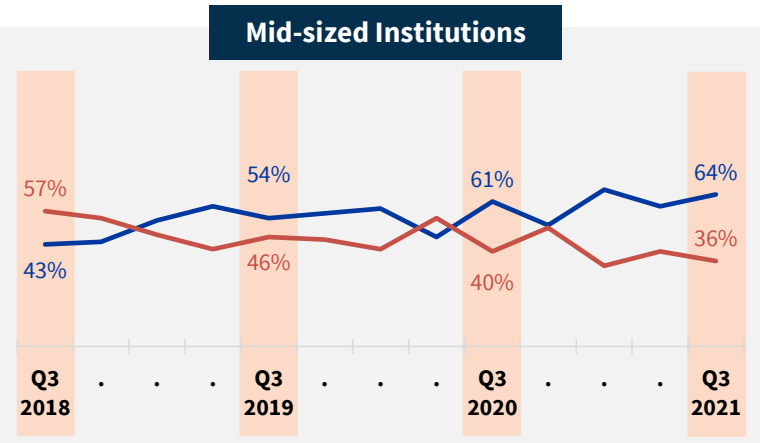
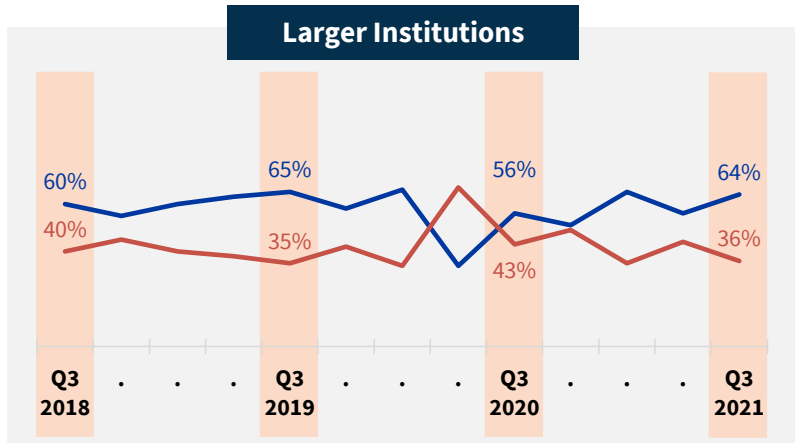
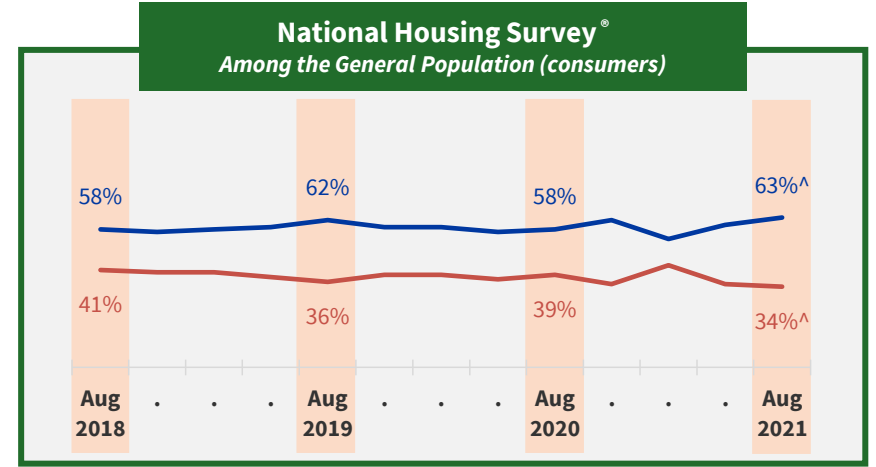
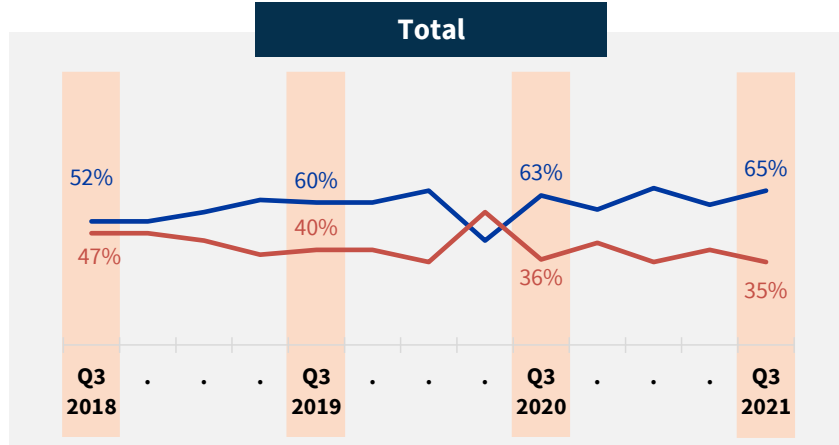


Difficulty of Getting a Mortgage

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

Easy
(Very easy + Somewhat easy)

Difficult
(Very difficult + Somewhat difficult)



* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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

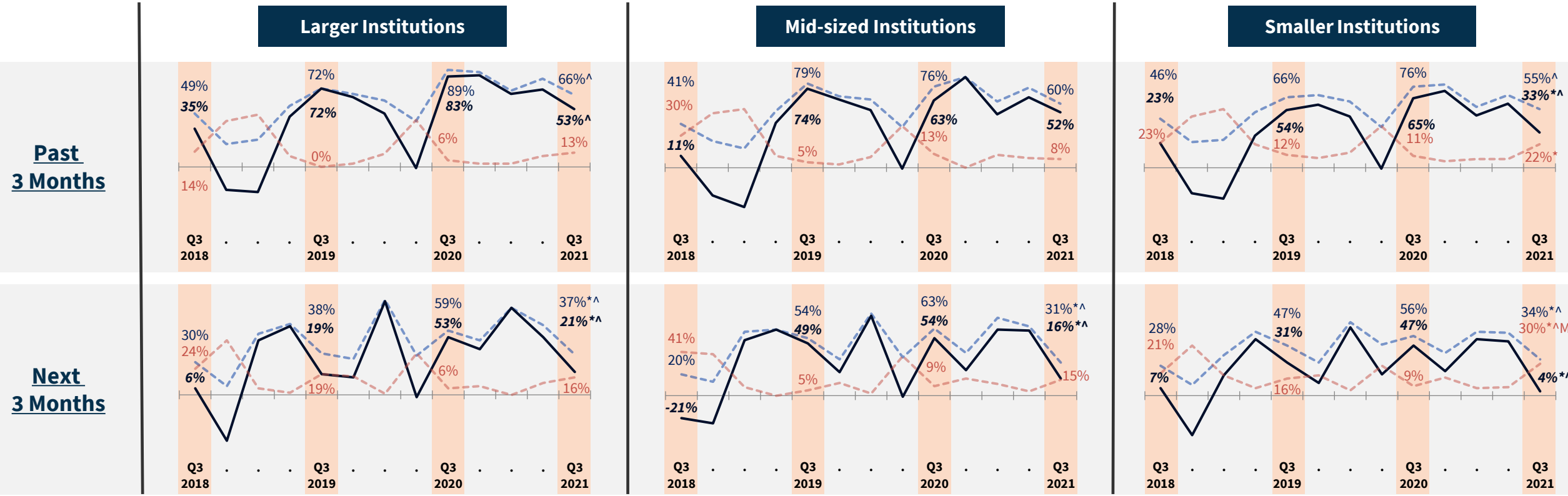




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Purchase Mortgage Demand: GSE-Eligible (by institution size)



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

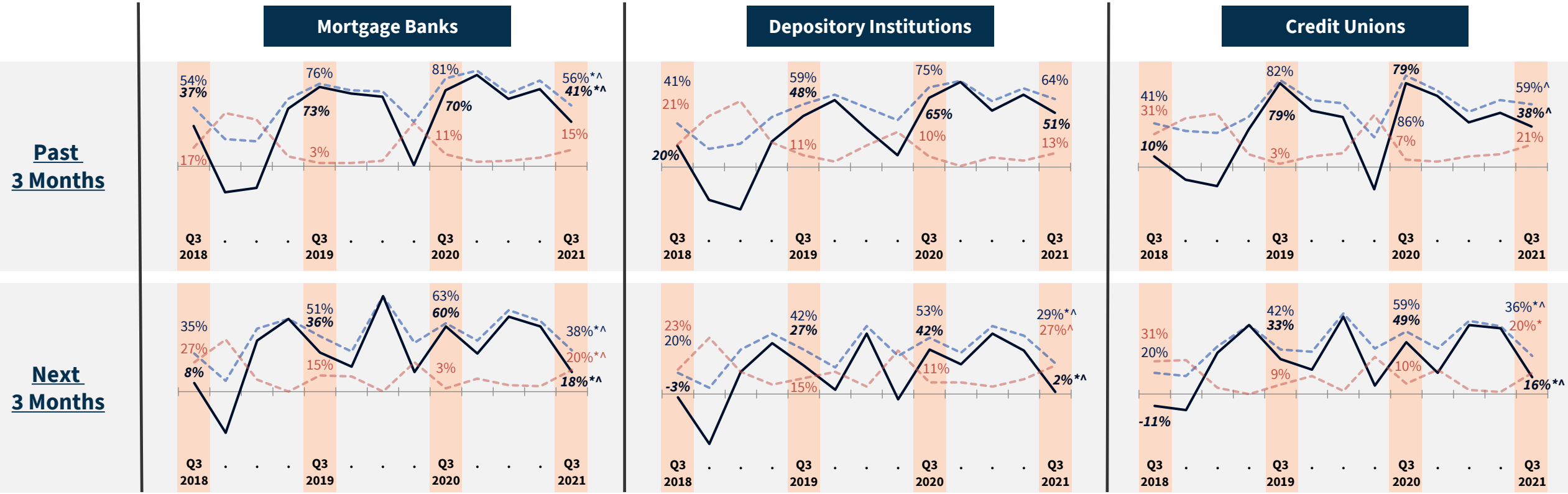
* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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)



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

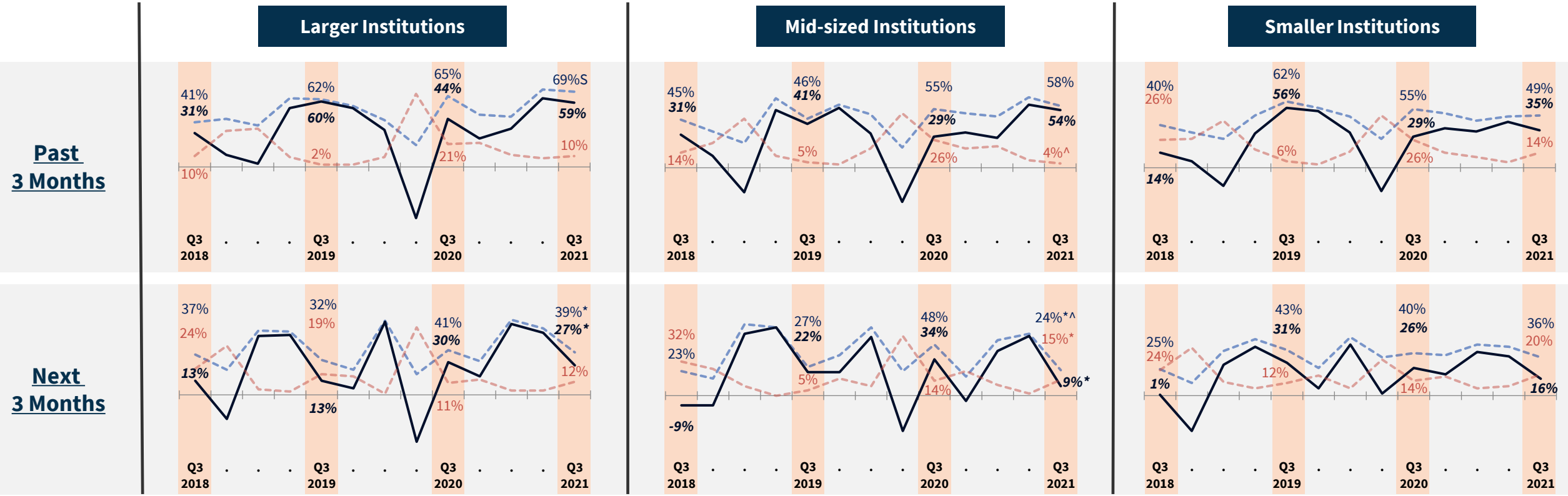
* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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

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



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



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

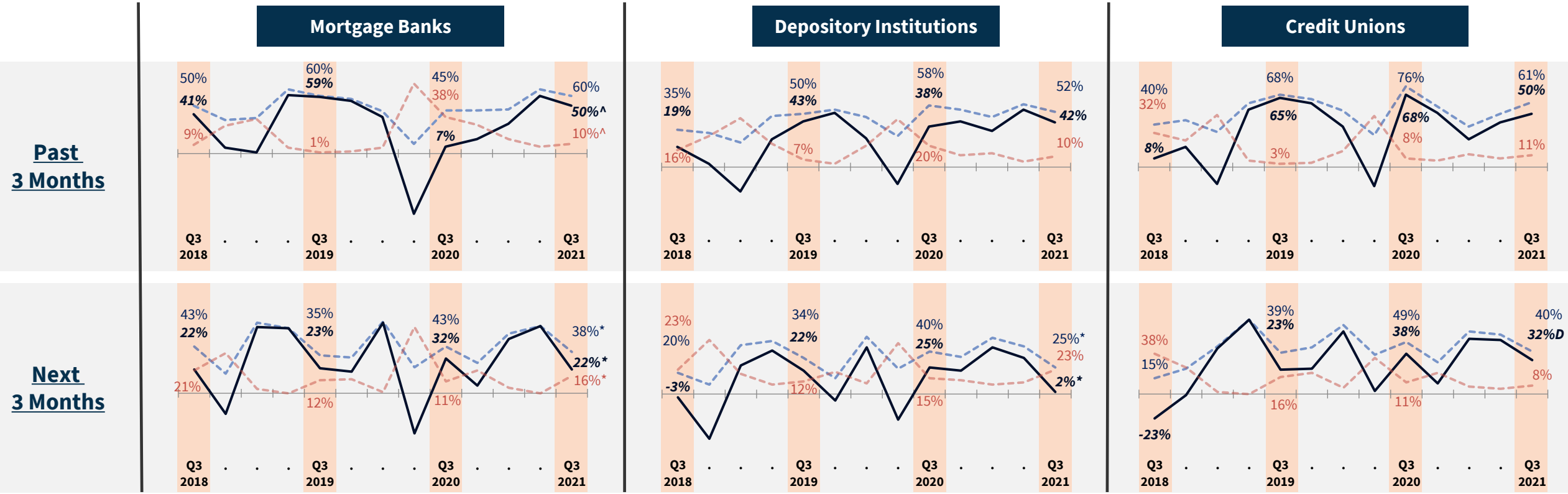
* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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: Non-GSE-Eligible (by institution type)



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

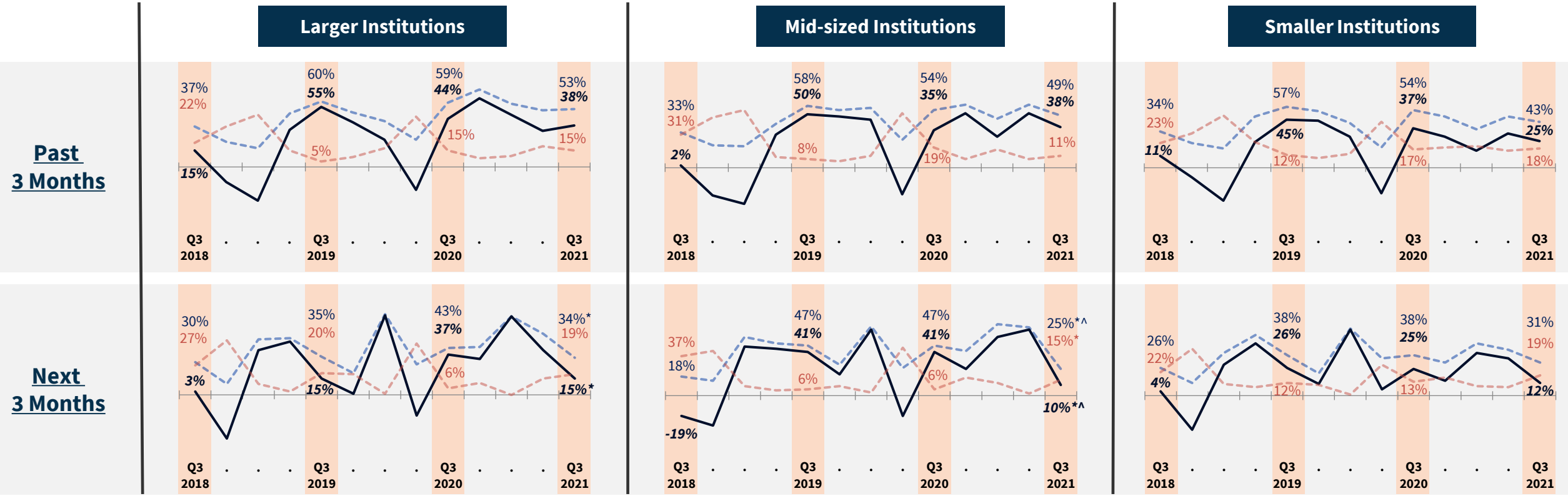
^{*} Denotes a statistically significant change compared with Q2 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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

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



Purchase Mortgage Demand: Government (by institution size)



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

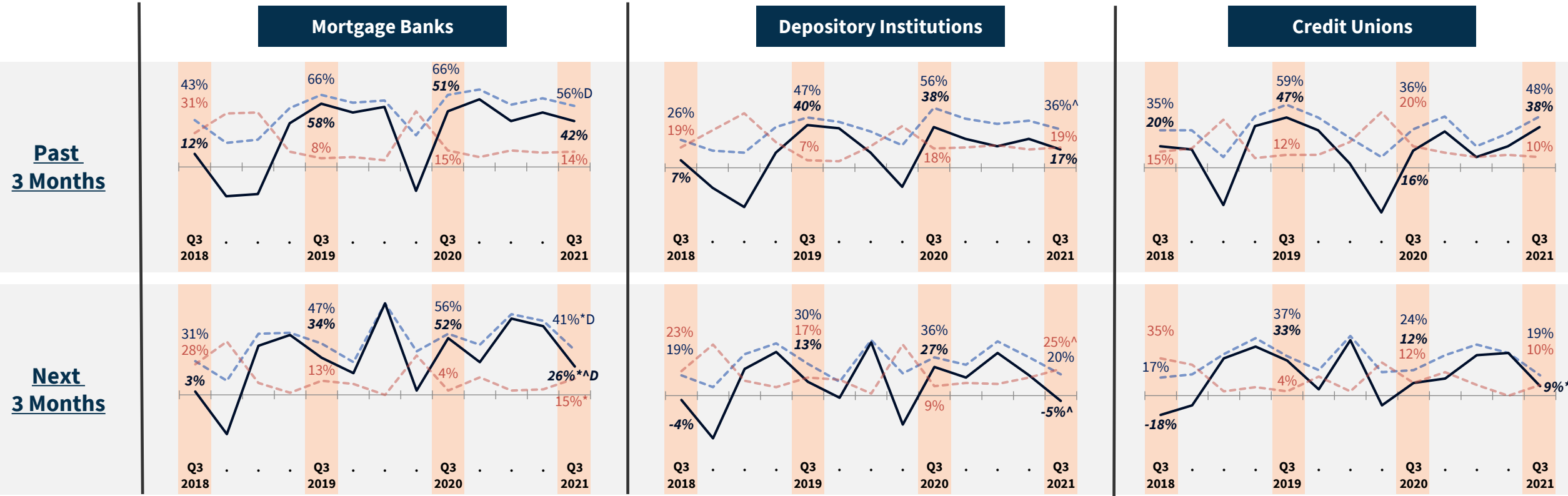
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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)



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

* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
 ^ Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

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

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



Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=143

- Consumer Demand
- Interest Rates
- Housing Supply
- 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)

“People had saved \$ during the Covid recess and had substantial stimulus \$, this combined with the experience of spending more time at home caused them to want to buy a house.” – *Smaller Institution*

“New families moving to my State and increased inventory & housing starts.” – *Larger Institution*

“Market and interest rate conditions.” – *Mid-sized Institution*

“Lower interest rates even though homes are priced on the high side of things.” – *Smaller Institution*

“Increased single family housing demand post pandemic.” – *Larger Institution*

“Affordability and supply constraints.” – *Larger Institution*

“Competition, price and inventory available.” – *Mid-sized Institution*

“Housing Shortage caused a decrease in purchase production.” – *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= | 64 | 18 | 16 | 30 | |
| Mortgage rates are favorable | 65% | 60% | 71% | 66% | 47% |
| Economic conditions (e.g., employment) overall are favorable | 23% | 29% | 16% | 23% | 9% |
| There are many homes available on the market | 4% | 0% | 6% | 7% | 17% |
| It is easy to qualify for a mortgage | 3% | 0% | 6% | 3% | 5% |
| Home prices are low | 0% | 0% | 0% | 0% | 6% |

| 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= | 43 | 8 | 8 | 28 | |
| There are not many homes available on the market | 50% | 70% | 40% | 44% | 8% |
| Home prices are high | 32% | 17% | 33% | 38% | 60% |
| Economic conditions (e.g., employment) overall are not favorable | 7% | 0% | 13% | 7% | 16% |
| Mortgage rates are not favorable | 5% | 13% | 0% | 4% | 3% |
| It is difficult to qualify for a mortgage | 2% | 0% | 0% | 4% | 4% |

*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= | 58 | 19 | 11 | 28 | |
| Mortgage rates are favorable | | 57% | 55% | 55% | 62% | 47% |
| Economic conditions (e.g., employment) overall are favorable | | 22% | 27% | 18% | 20% | 9% |
| There are many homes available on the market | | 7% | 0% | 18% | 7% | 17% |
| It is easy to qualify for a mortgage | | 1% | 0% | 0% | 4% | 5% |
| Home prices are low | | 0% | 0% | 0% | 0% | 6% |

| 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= | 28 | 6 | 7 | 16 | |
| There are not many homes available on the market | | 51% | 49% | 57% | 48% | 8% |
| Home prices are high | | 30% | 34% | 14% | 39% | 60% |
| Mortgage rates are not favorable | | 5% | 17% | 0% | 0% | 3% |
| Economic conditions (e.g., employment) overall are not favorable | | 5% | 0% | 14% | 0% | 16% |
| It is difficult to qualify for a mortgage | | 3% | 0% | 0% | 6% | 4% |

*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= | 47 | 15 | 10 | 21 | |
| Mortgage rates are favorable | 59% | 59% | 57% | 60% | 47% |
| Economic conditions (e.g., employment) overall are favorable | 26% | 28% | 24% | 26% | 9% |
| There are many homes available on the market | 3% | 0% | 10% | 0% | 17% |
| It is easy to qualify for a mortgage | 1% | 0% | 0% | 5% | 5% |
| Home prices are low | 0% | 0% | 0% | 0% | 6% |

| 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= | 27 | 9 | 6 | 12 | |
| Home prices are high | 43% | 51% | 33% | 40% | 60% |
| There are not many homes available on the market | 29% | 15% | 33% | 44% | 8% |
| Economic conditions (e.g., employment) overall are not favorable | 9% | 11% | 17% | 0% | 16% |
| Mortgage rates are not favorable | 5% | 11% | 0% | 0% | 3% |
| It is difficult to qualify for a mortgage | 5% | 0% | 0% | 16% | 4% |

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

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



Upward Purchase Demand Outlook Drivers

Lenders again say favorable mortgage rates are the top reason driving increased expected future demand, though the share of lenders citing this is significantly lower than Q3 2020 for Non-GSE-eligible loans.

| GSE-Eligible | N= | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 |
|--|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|
| | | 48 | 21 | 88 | 128 | 80 | 54 | 139 | 93 | 106 | 85 | 148 | 138 | 64 |
| Mortgage rates are favorable | | 57% | 16% | 79% | 89% | 98% | 90% | 96% | 99% | 97% | 98% | 95% | 92% | 95% |
| Economic conditions (e.g., employment) overall are favorable | | 81% | 88% | 76% | 73% | 82% | 76% | 84% | 29% | 27% | 51% | 50% | 79% | 58% [^] |
| There are many homes available on the market | | 21% | 24% | 22% | 20% | 9% | 18% | 5% | 13% | 13% | 7% | 11% | 7% | 16% |
| It is easy to qualify for a mortgage | | 9% | 28% | 6% | 8% | 7% | 6% | 4% | 19% | 27% | 13% | 17% | 5% | 15% [*] |
| Home prices are low | | 7% | 6% | 2% | 5% | 1% | 3% | 3% | 14% | 9% | 8% | 3% | 1% | 0% [^] |

| Non-GSE-Eligible | N= | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 |
|--|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|
| | | 48 | 31 | 88 | 110 | 59 | 41 | 101 | 55 | 69 | 54 | 106 | 105 | 58 |
| Mortgage rates are favorable | | 49% | 24% | 72% | 73% | 85% | 80% | 77% | 90% | 96% | 87% | 94% | 89% | 81% [^] |
| Economic conditions (e.g., employment) overall are favorable | | 74% | 63% | 64% | 70% | 68% | 69% | 86% | 34% | 33% | 52% | 58% | 72% | 56% [^] |
| It is easy to qualify for a mortgage | | 34% | 40% | 19% | 20% | 22% | 16% | 15% | 15% | 21% | 17% | 17% | 14% | 26% |
| There are many homes available on the market | | 12% | 17% | 18% | 16% | 10% | 16% | 4% | 12% | 9% | 9% | 5% | 5% | 10% |
| Home prices are low | | 4% | 4% | 2% | 6% | 4% | 2% | 5% | 22% | 16% | 5% | 3% | 1% | 3% [^] |

| Government | N= | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 |
|--|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|
| | | 41 | 21 | 74 | 98 | 61 | 32 | 104 | 60 | 64 | 62 | 112 | 100 | 47 |
| Mortgage rates are favorable | | 57% | 28% | 70% | 80% | 90% | 82% | 92% | 97% | 90% | 92% | 92% | 85% | 87% |
| Economic conditions (e.g., employment) overall are favorable | | 69% | 65% | 73% | 71% | 82% | 76% | 78% | 31% | 39% | 46% | 43% | 76% | 67% [^] |
| It is easy to qualify for a mortgage | | 27% | 55% | 22% | 18% | 8% | 21% | 12% | 24% | 30% | 25% | 27% | 19% | 13% [^] |
| There are many homes available on the market | | 19% | 20% | 14% | 19% | 8% | 14% | 5% | 6% | 11% | 2% | 7% | 5% | 11% |
| Home prices are low | | 8% | 0% | 5% | 7% | 7% | 0% | 3% | 17% | 9% | 3% | 7% | 3% | 1% |

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

^{*} Denotes a statistically significant change compared with Q2 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)



Downward Purchase Demand Outlook Drivers

This quarter, lenders now cite high home prices as the top reason for driving down expected demand across all loan types. The share citing this is significantly higher compared to Q3 2020 across all loan types.

| GSE-Eligible | N= | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 |
|--|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|
| | | 47 | 95 | 24 | 8 | 25 | 28 | 7 | 76 | 15 | 30 | 12 | 16 | 43 |
| Home prices are high | | 66% | 62% | 65% | 75% | 66% | 51% | 89% | 17% | 22% | 35% | 34% | 71% | 79% [^] |
| There are not many homes available on the market | | 69% | 45% | 57% | 75% | 71% | 72% | 85% | 33% | 66% | 68% | 65% | 78% | 72% |
| Economic conditions (e.g., employment) overall are not favorable | | 8% | 11% | 30% | 24% | 17% | 3% | 0% | 92% | 86% | 56% | 71% | 18% | 21% [^] |
| Mortgage rates are not favorable | | 44% | 64% | 22% | 12% | 3% | 28% | 0% | 2% | 0% | 7% | 5% | 27% | 10% |
| It is difficult to qualify for a mortgage | | 1% | 3% | 6% | 0% | 7% | 3% | 13% | 34% | 9% | 10% | 14% | 0% | 9% |

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

| Government | N= | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 |
|--|----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|
| | | 43 | 81 | 16 | 10 | 20 | 18 | 3 | 79 | 13 | 26 | 12 | 16 | 27 |
| Home prices are high | | 65% | 51% | 51% | 72% | 60% | 48% | 100% | 16% | 28% | 33% | 25% | 48% | 85%* [^] |
| There are not many homes available on the market | | 54% | 46% | 37% | 44% | 69% | 72% | 100% | 26% | 63% | 58% | 58% | 77% | 63% |
| Mortgage rates are not favorable | | 44% | 64% | 37% | 22% | 0% | 13% | 0% | 8% | 0% | 16% | 28% | 33% | 17% |
| Economic conditions (e.g., employment) overall are not favorable | | 9% | 15% | 17% | 17% | 21% | 5% | 0% | 93% | 85% | 59% | 48% | 4% | 17% [^] |
| It is difficult to qualify for a mortgage | | 10% | 8% | 20% | 30% | 11% | 7% | 0% | 37% | 14% | 20% | 21% | 19% | 10% |

*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 Q2 2021 (previous quarter)
[^] Denotes a statistically significant change compared with Q3 2020 (same quarter of last year)

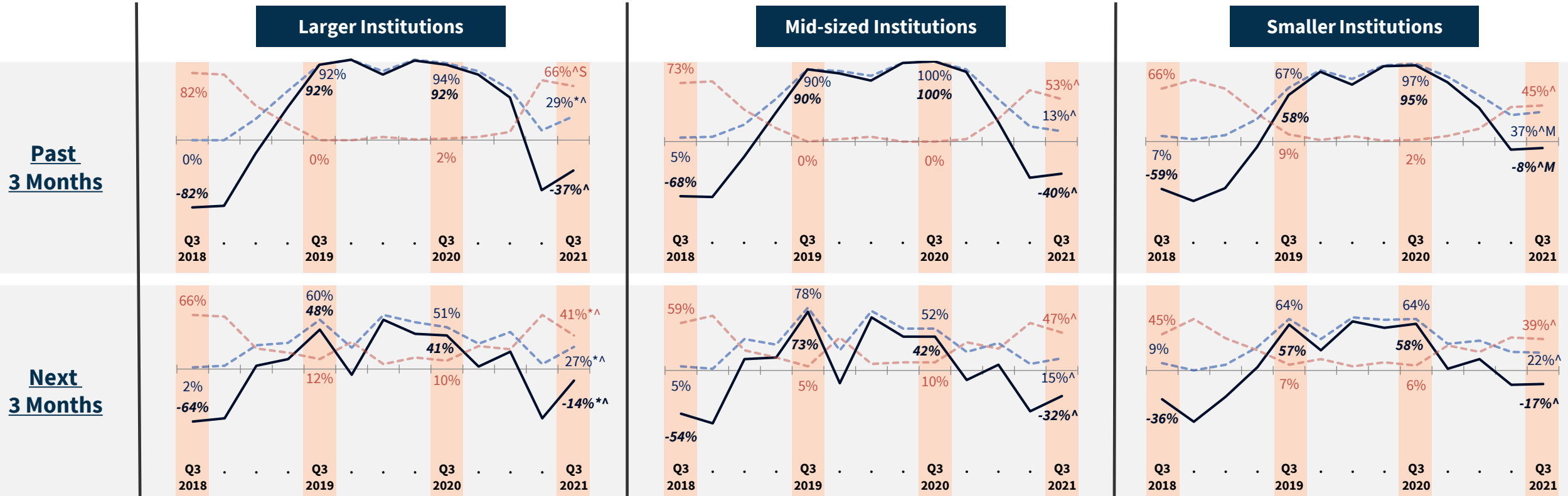




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Refinance Mortgage Demand: GSE-Eligible (by institution size)



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

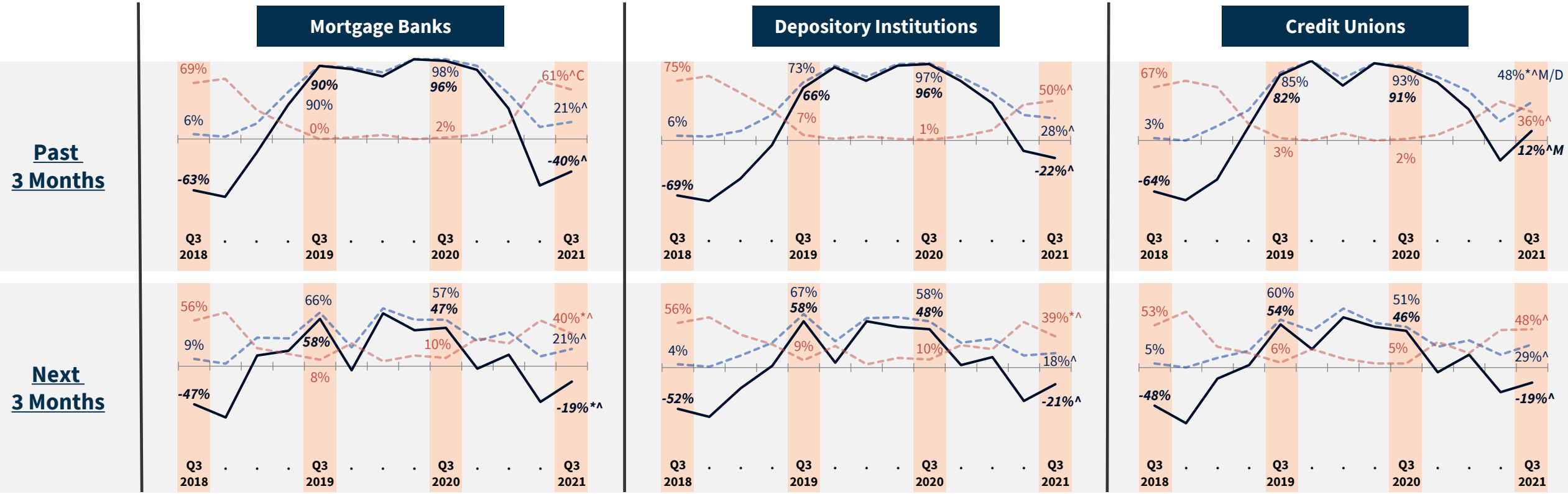
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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)



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

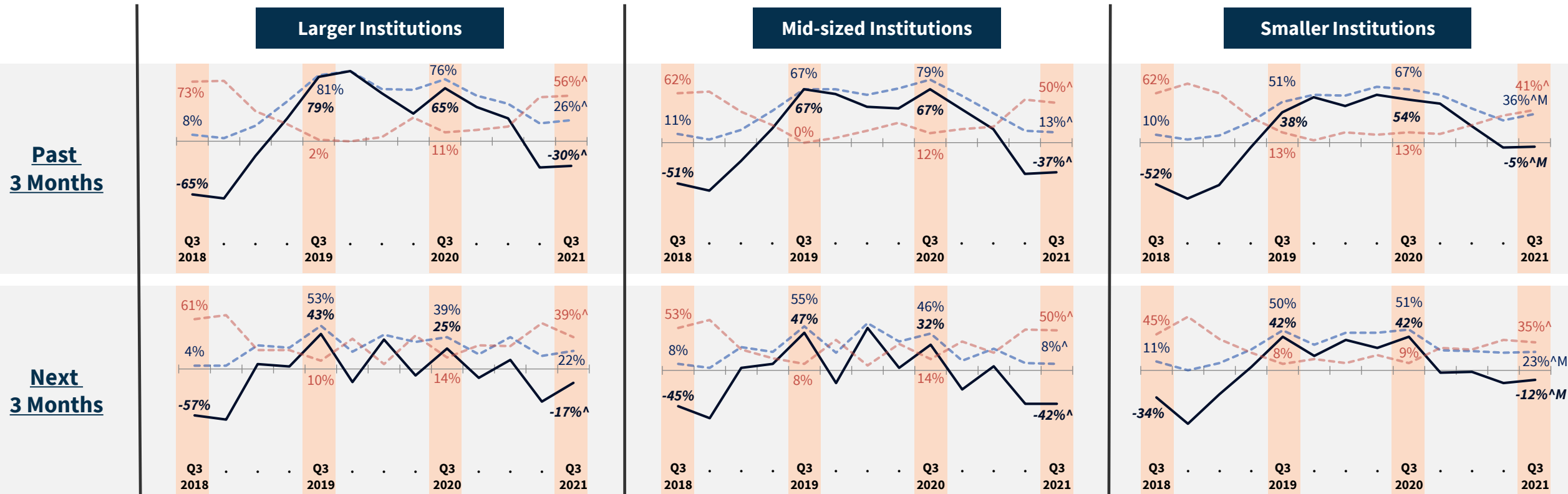
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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)



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

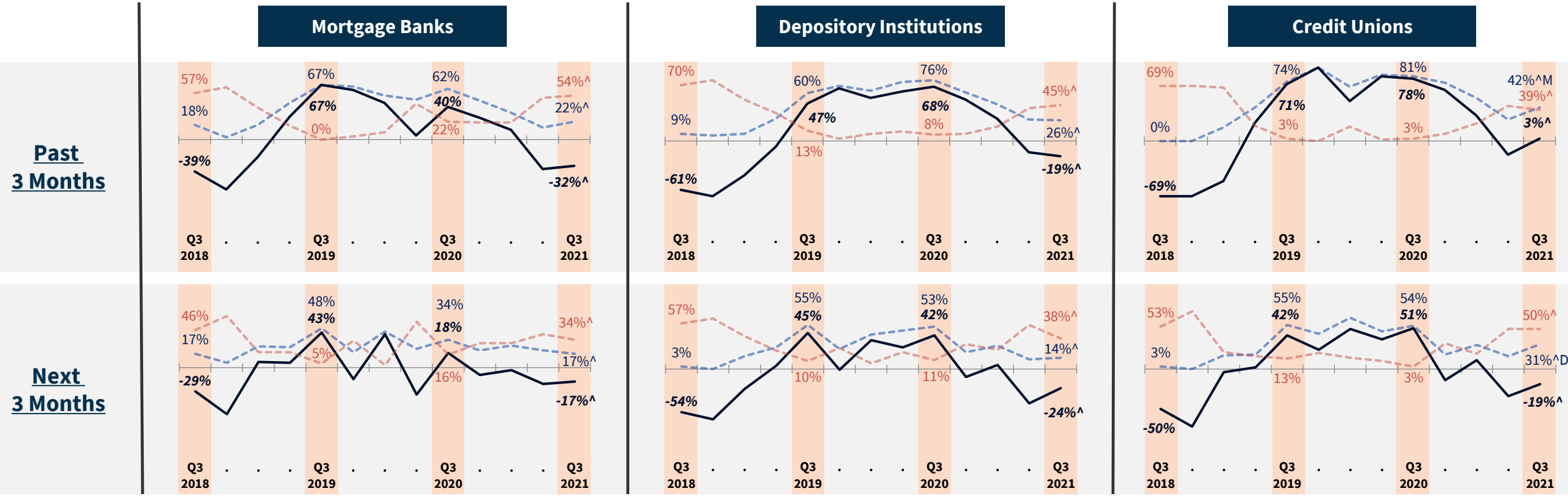
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

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



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



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

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

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

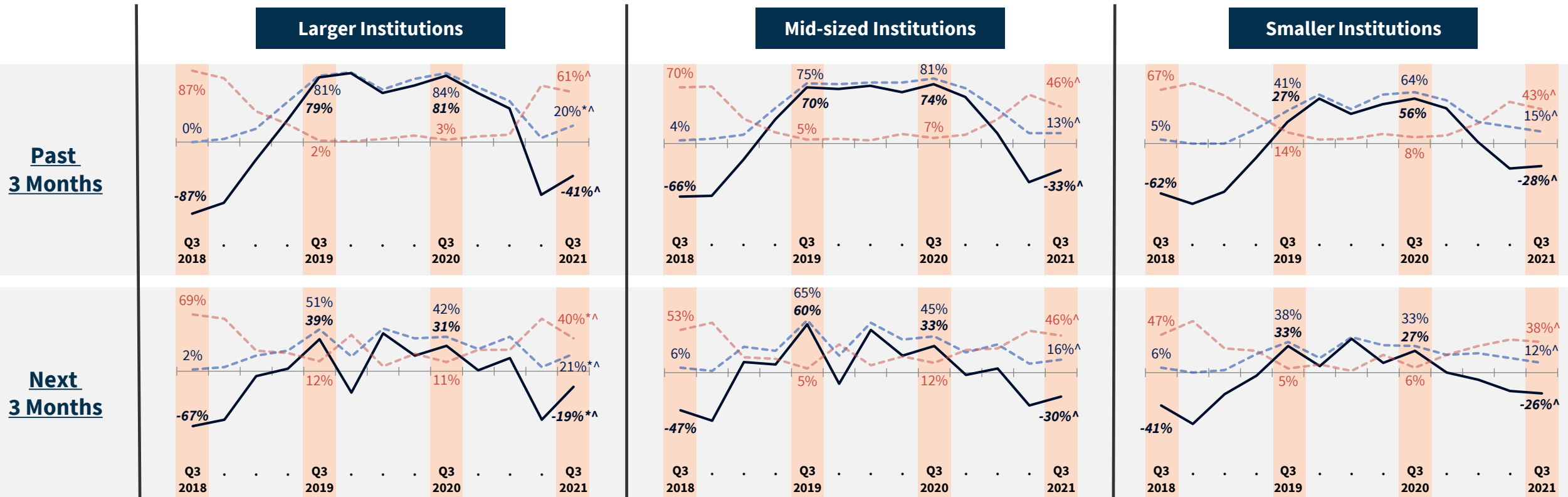
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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



Refinance Mortgage Demand: Government (by institution size)



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

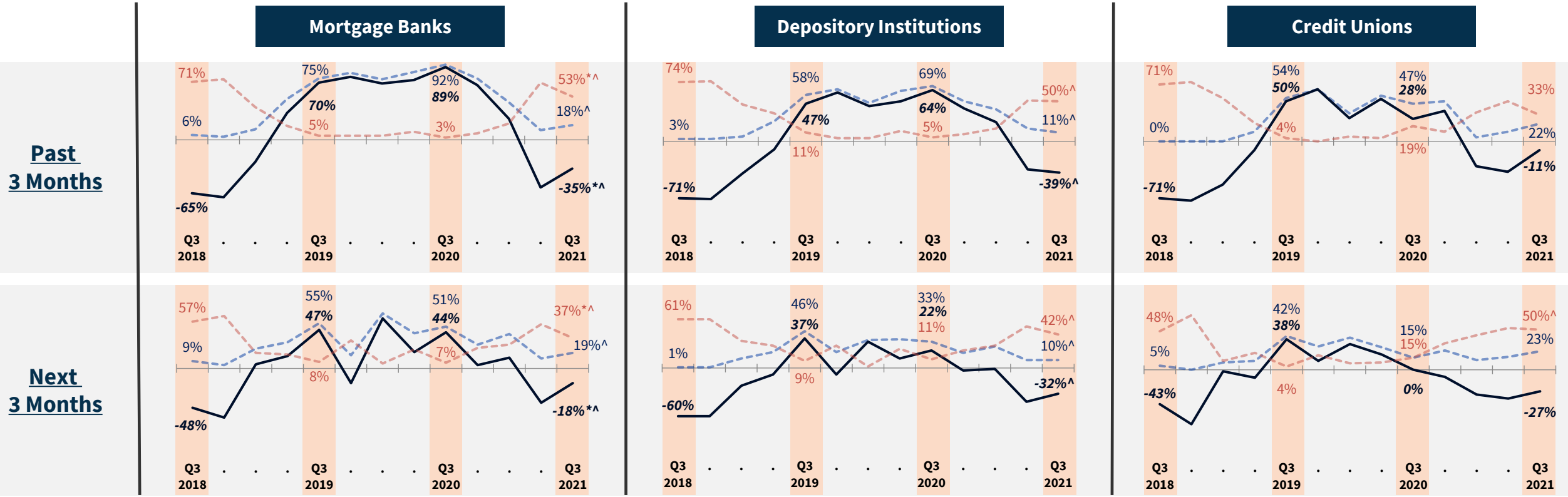
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Net Up + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Refinance Mortgage Demand: Government (by institution type)



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

* Denotes a statistically significant change compared with Q2 2021 (previous quarter)
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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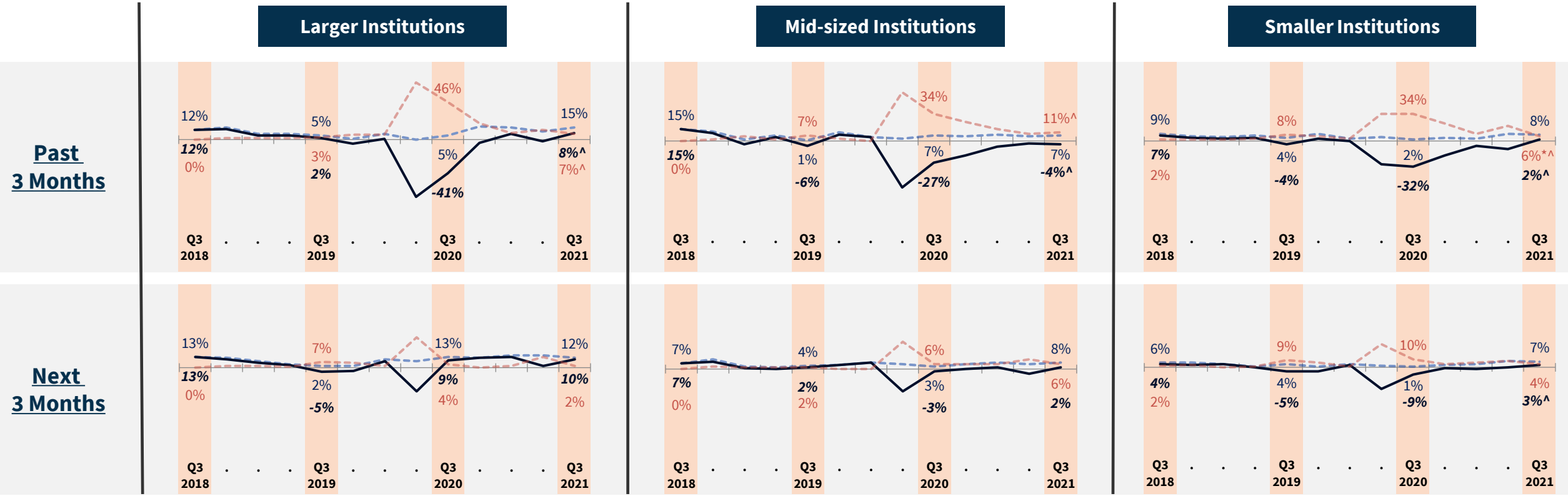




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Credit Standards: GSE-Eligible (by institution size)



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

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

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

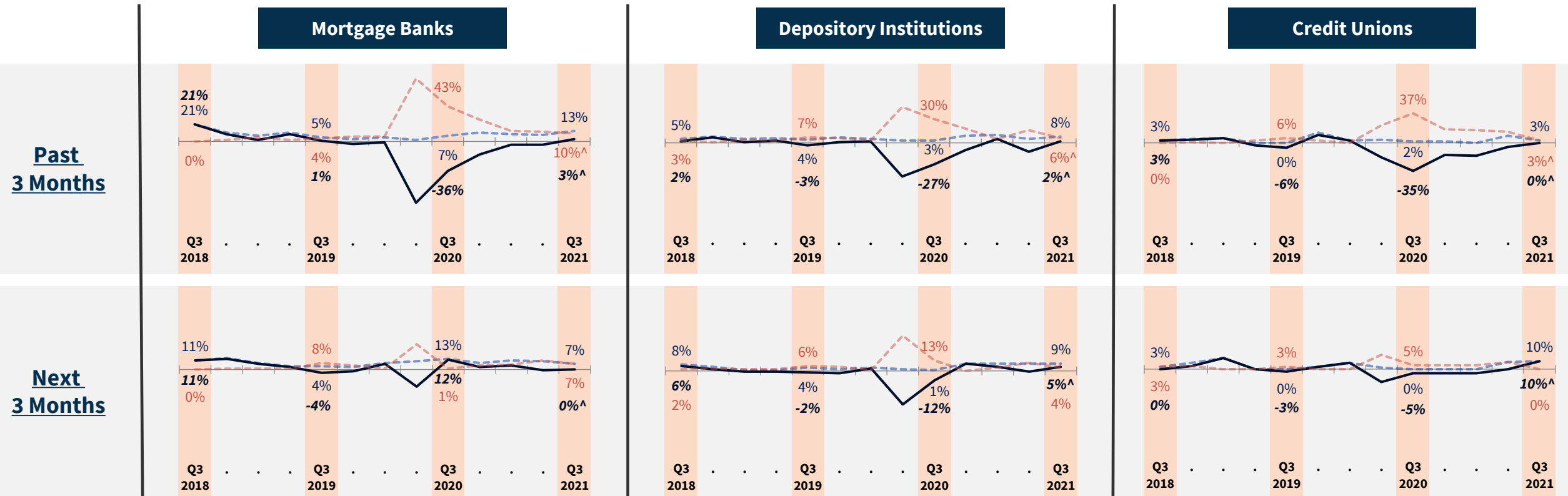
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L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level

Net Ease + = % of lenders saying up minus % of lenders saying down
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Credit Standards: GSE-Eligible (by institution type)



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

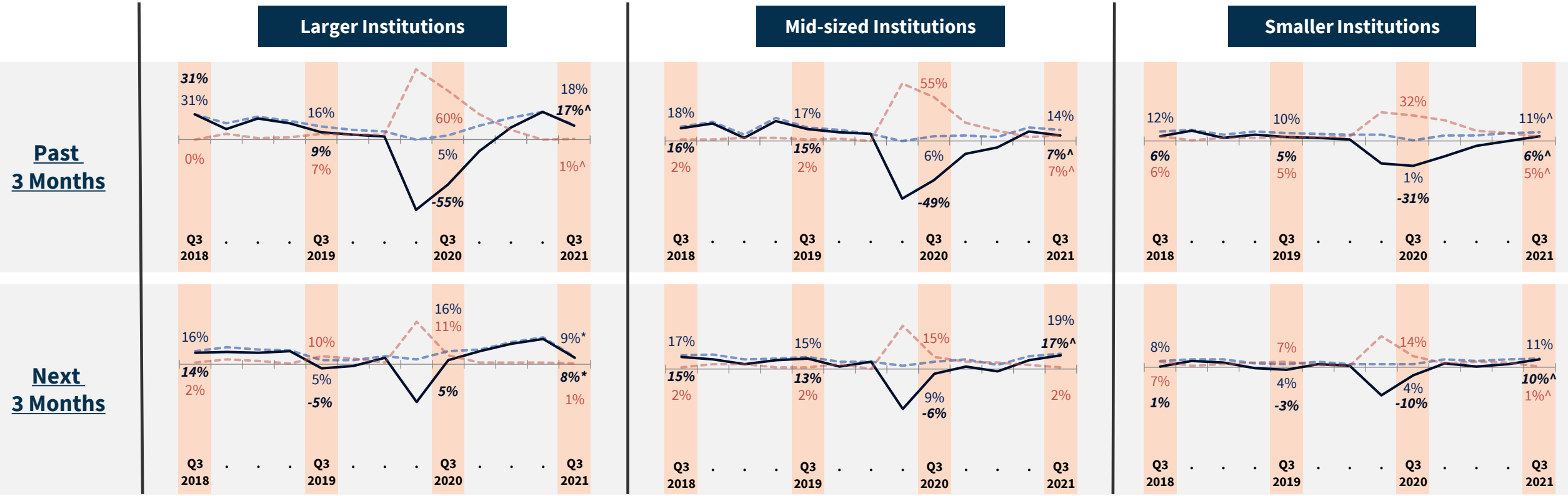
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M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level

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



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



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

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

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

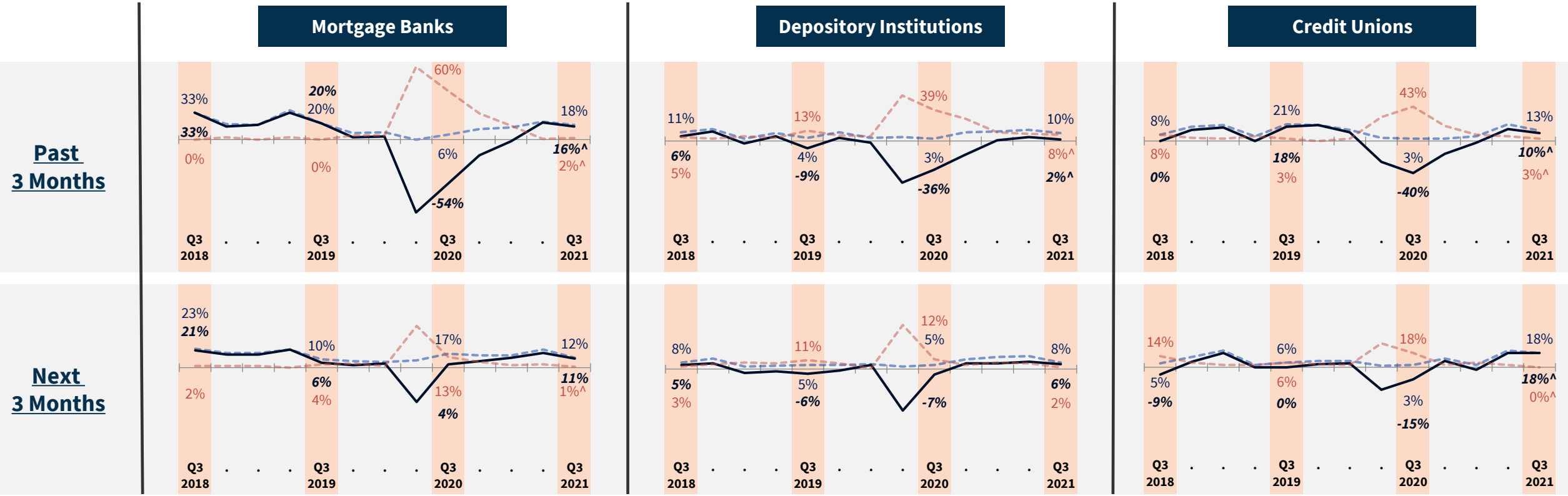
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Net Ease + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown



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



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

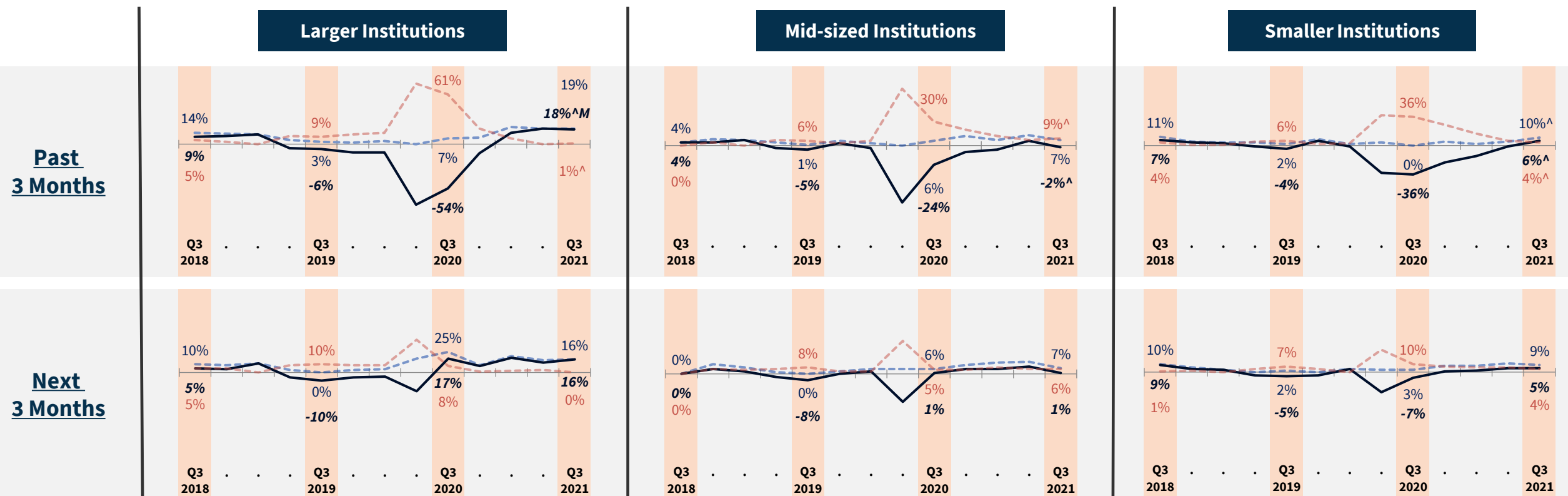
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Net Ease + = % of lenders saying up minus % of lenders saying down
 The % saying "stay the same" is not shown



Credit Standards: Government (by institution size)



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

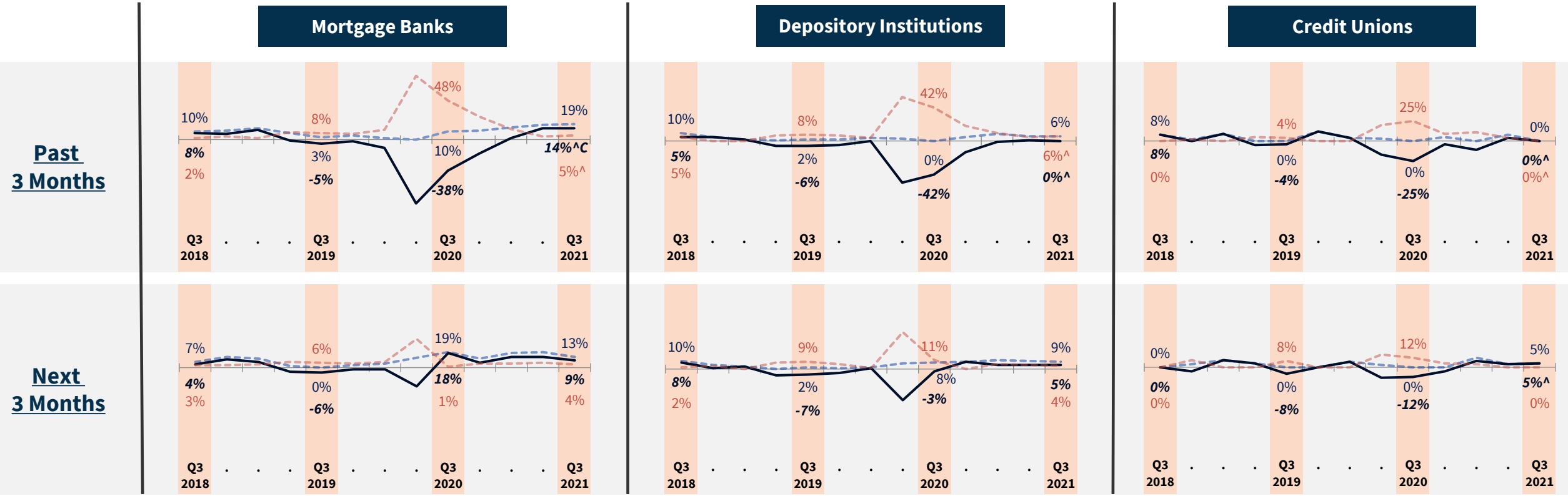
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Credit Standards: Government (by institution type)



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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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=41

- 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)

“COVID restrictions are loosening with investors.” – *Smaller Institution*

“Investor guidelines.” “Investor appetite.” – *Mid-sized Institutions*

“Competitive market.” – *Larger Institution*

“Credit guidelines have tightened for certain loan scenarios (high LTV, cash out refi).”
– *Smaller Institution*

“Changes in the QM Requirements.” – *Mid-sized Institution*

“Agency restrictions on NOO (non-owner occupied).” – *Larger Institution*

Next 3 Months

N=26

- 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)

“Increased competition.” – *Mid-sized Institution*

“Demand and liquidity options in non agency markets.” – *Smaller Institution*

“End of CARES Act will reduce financial burden on servicers for advancing missed borrower payments so credit score requirements will decrease.” – *Larger Institution*

“Increased lock activity and capacity in operations.” – *Smaller Institution*

“Defaults.” “Servicing costs.” – *Mid-sized Institutions*

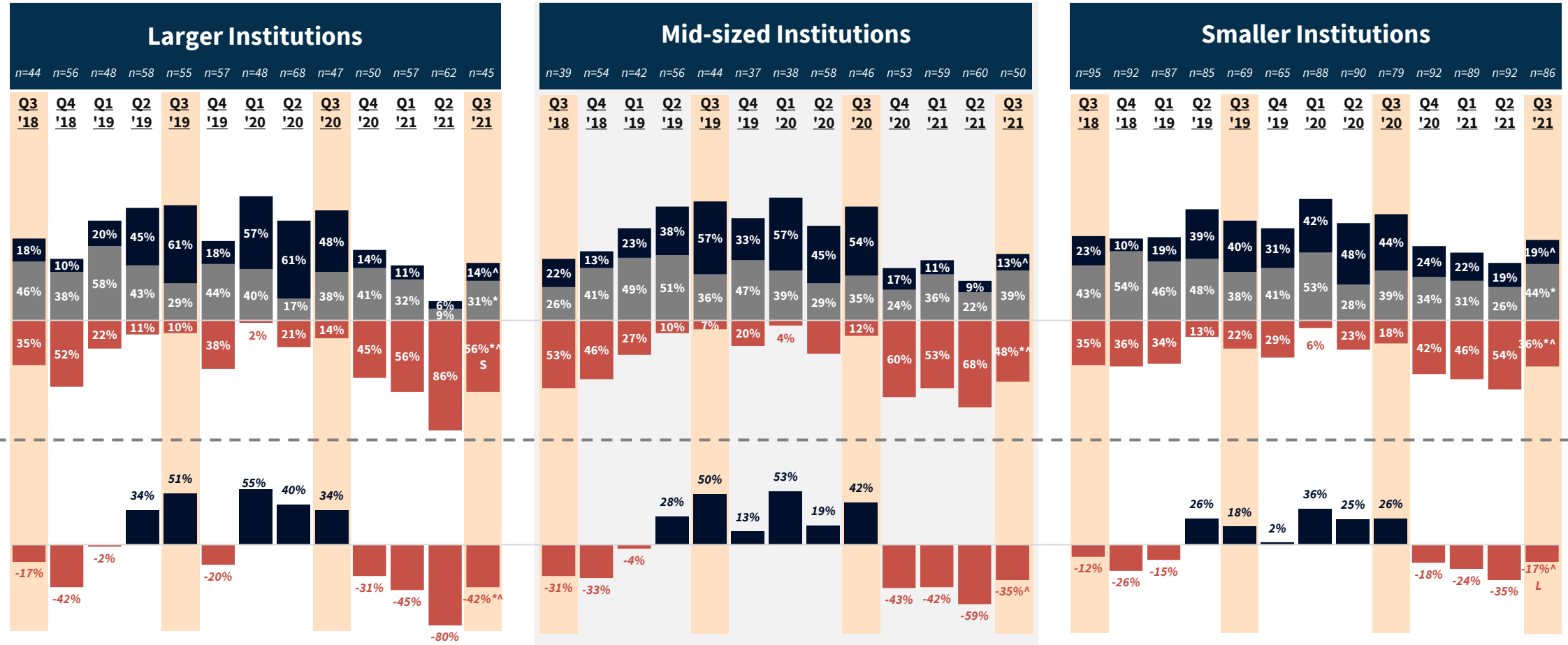




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Profit Margin Outlook – Next 3 Months (by institution size)



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

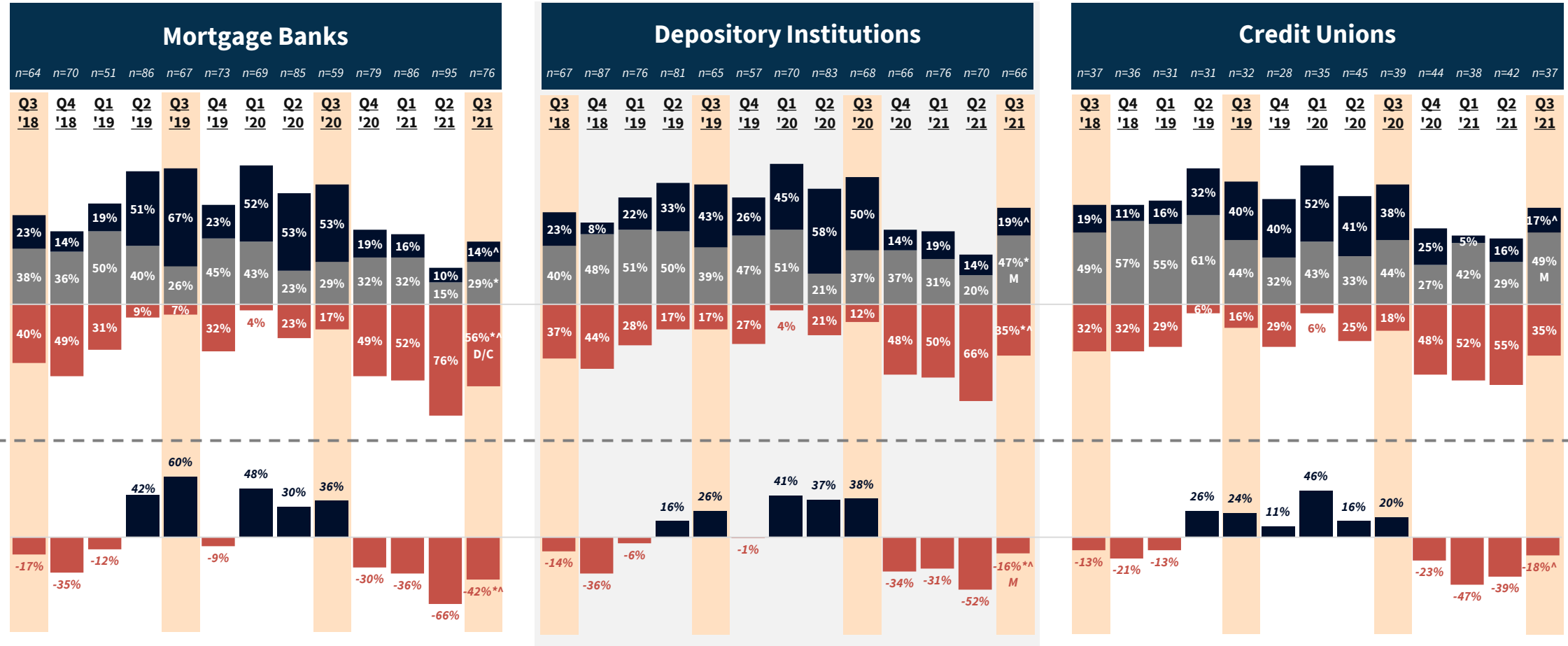
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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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 – Drivers

| What do you think will drive the increase in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2) | Total | | | | | | | | |
|--|-------|-----|------|-----|-----|-----|------|-----|------|
| | 2019 | | 2020 | | | | 2021 | | |
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| N= | 86 | 42 | 86 | 112 | 82 | 38 | 32 | 27 | 30 |
| GSE pricing and policies | 19% | 16% | 16% | 33% | 35% | 26% | 25% | 19% | 41% |
| Consumer demand | 61% | 55% | 67% | 55% | 69% | 69% | 57% | 56% | 38%^ |
| Market trend changes (i.e. shift from refinance to purchase) | 22% | 27% | 18% | 16% | 13% | 25% | 24% | 42% | 28% |
| Operational efficiency (i.e., technology) | 43% | 49% | 51% | 22% | 29% | 38% | 57% | 39% | 20% |
| Staffing (personnel costs) reduction | 8% | 6% | 10% | 7% | 2% | 7% | 11% | 7% | 18%^ |
| Less competition from other lenders | 13% | 13% | 10% | 28% | 12% | 9% | 3% | 8% | 16% |
| Non-GSE (other investors) pricing and policies | 10% | 10% | 4% | 10% | 4% | 8% | 1% | 17% | 12% |
| Government monetary or fiscal policy | 12% | 6% | 5% | 16% | 14% | 10% | 5% | 3% | 10% |
| Servicing cost reduction | 1% | 4% | 3% | 2% | 2% | 4% | 13% | 3% | 7% |
| Marketing expense reduction | 2% | 0% | 2% | 4% | 8% | 4% | 0% | 5% | 6% |
| Government regulatory compliance | 2% | 0% | 1% | 0% | 2% | 0% | 0% | 0% | 3% |

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

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Decreased Profit Margin – Drivers

| What do you think will drive the decrease in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2) | Total | | | | | | | | |
|--|-------|-----|------|-----|-----|-----|------|-----|------|
| | 2019 | | 2020 | | | | 2021 | | |
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| N= | 23 | 47 | 8 | 51 | 26 | 92 | 105 | 144 | 80 |
| Competition from other lenders | 66% | 63% | 50% | 41% | 62% | 72% | 78% | 68% | 80% |
| Market trend changes (i.e. shift from refinance to purchase) | 19% | 39% | 25% | 16% | 19% | 24% | 29% | 44% | 31% |
| Staffing (personnel costs) | 21% | 12% | 42% | 12% | 32% | 20% | 17% | 10% | 23%* |
| Consumer demand | 8% | 36% | 0% | 27% | 26% | 23% | 22% | 22% | 21% |
| GSE pricing and policies | 28% | 14% | 20% | 34% | 31% | 41% | 19% | 34% | 15%* |
| Non-GSE (other investors) pricing and policies | 4% | 5% | 0% | 15% | 3% | 2% | 3% | 4% | 8% |
| Government monetary or fiscal policy | 7% | 5% | 9% | 21% | 13% | 8% | 8% | 7% | 7% |
| Operational efficiency (i.e. technology) | 12% | 10% | 0% | 3% | 3% | 2% | 6% | 3% | 7% |
| Government regulatory compliance | 20% | 4% | 10% | 5% | 0% | 2% | 9% | 3% | 5% |
| Marketing expenses | 7% | 5% | 12% | 0% | 0% | 0% | 1% | 2% | 1% |
| Servicing costs | 4% | 2% | 0% | 15% | 3% | 1% | 3% | 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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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)

