



Mortgage  
Industry  
Index



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MBSauthority.com  
**Mortgage Industry Index**  
January 2012



## MBSauthority.com Mortgage Industry Index Highlights

The MBSauthority.com Mortgage Industry Index (MII) is a unique index that measures the current strength of the housing market, mortgage industry and the economy and expectations about their future. The index is based upon information received from surveys that were completed by mortgage professionals. Mortgage professionals are unique in that they are the only party involved in every aspect of a real estate transaction. Real estate agents, title companies, home builders, sellers, etc all have access that is limited to their role in the transaction. A mortgage professional has access to all of the information that the other parties have plus detailed financial information about the buyer or borrower along with direct involvement with underwriting, processing, closing and other vital functions. A mortgage professional is in an incomparable position of getting input from many different sources. It is this input that is then reflected in our MBSauthority.com Mortgage Industry Index.

Each month participants respond to questions regarding the current conditions and future expectations of the housing and mortgage industries and the overall economy. Many indices such as the Chicago Purchasing Manufacturer's Index, ISM Manufacturing Index, and the Consumer Sentiment Index use the value of "50" to represent their middle value. For example, a reading above 50 shows expansion and a reading below 50 shows contraction in the indices listed above. The MBSauthority.com Mortgage Industry Index uses the value of "100" in a similar fashion. A reading above 100 shows that the sentiment is positive and the expectations are that the housing industry, mortgage industry and the overall economy is improving. The current month's report is based upon 1042 completed survey responses.

### **Current Month's Reading: The MBSauthority.com Mortgage Industry Index for the month of January 2012 is 125.**

The January 2012 reading of 125 is a positive one and is an increase of +5 from the December 2011 reading and continues a four month trend of improvements in the readings and while the following pages will clearly show many concerns by mortgage professionals, the overall sentiment indicates that survey respondents expect some improvement in the near term (six to 12 months from the survey date).

The MII is released the second Tuesday of each month at 8:30 a.m. New York time.

Questions about this report should be directed to Bryan S. McNee at 800-264-7135 xt 430 or [bryan@mbsauthority.com](mailto:bryan@mbsauthority.com)

## Report Contents:

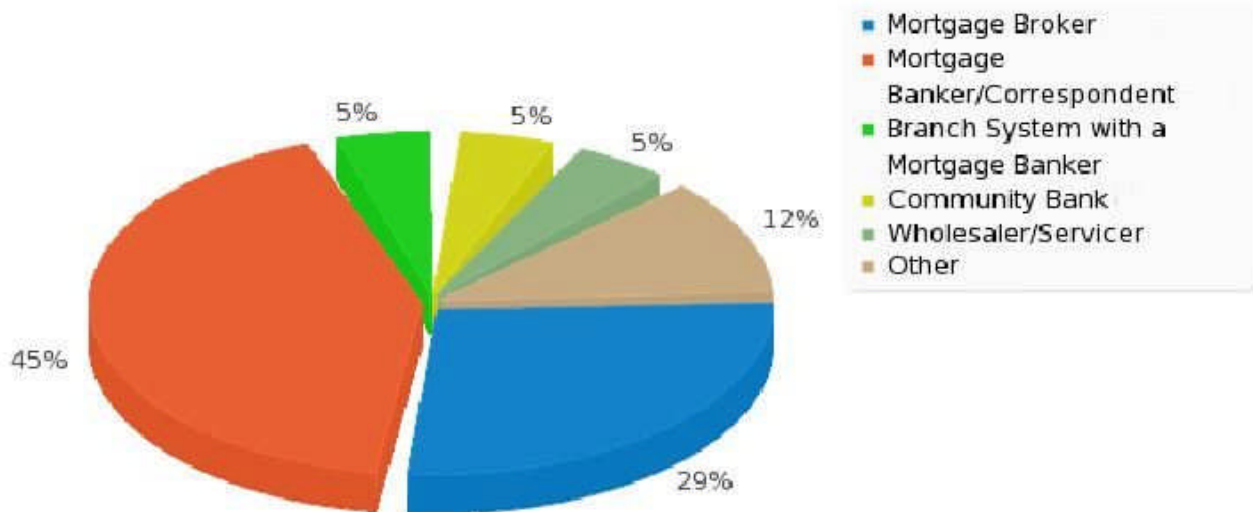
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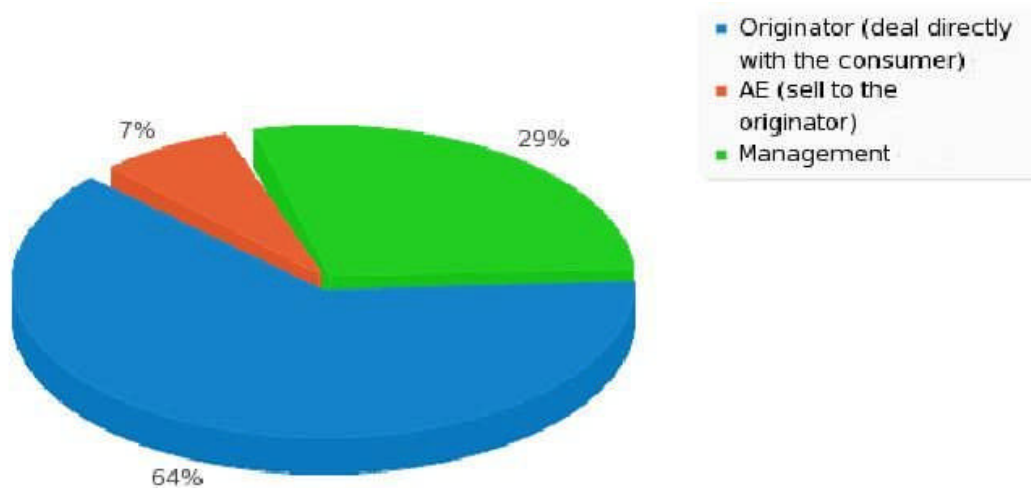
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## PART I – Composition of Respondents

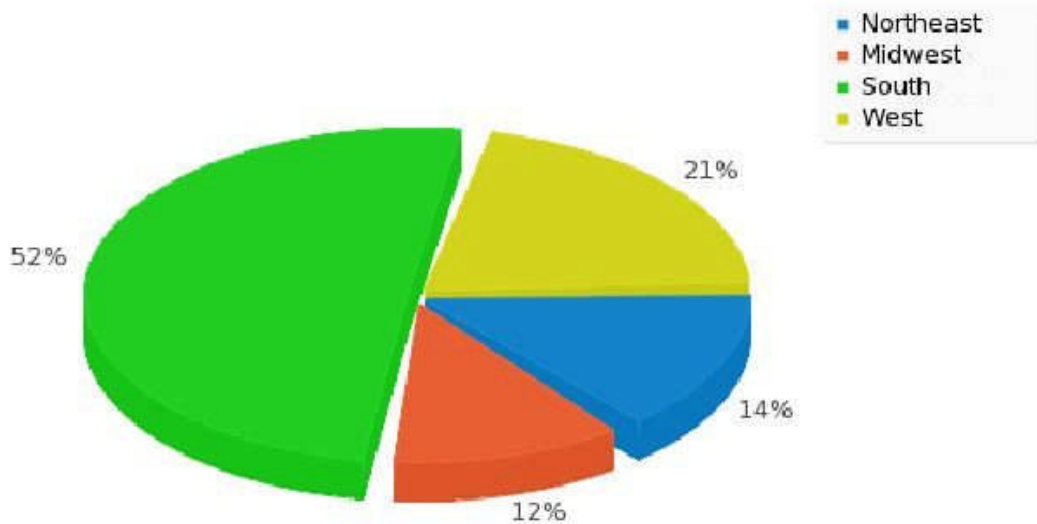
The mortgage industry was well-represented from every type of business model:



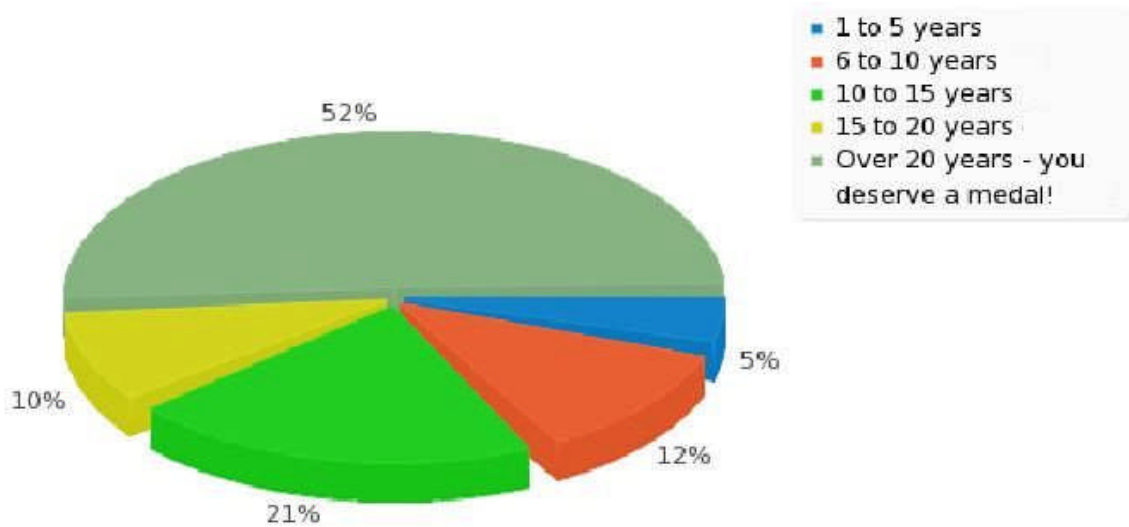
64% of this month's respondents deal directly with the consumer. This is very important because those are the professionals that have the hands-on knowledge that is the most valuable. They know what the sentiment of the consumer (borrower) is and interact with every party of a real estate transaction.



The geographical split of respondents correlates nicely with mortgage volumes from those areas:

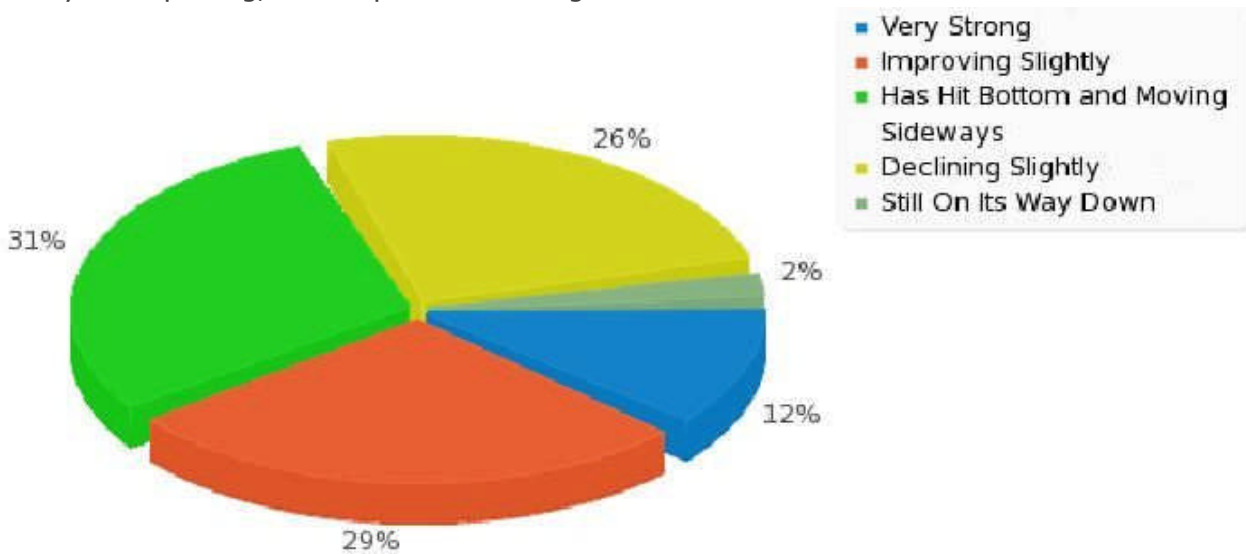


Over 83% of our respondents had over 10 years in the mortgage industry with our largest segment (52%) having over 20 years of experience. Their seasoned insight and feedback make this index even more valuable:

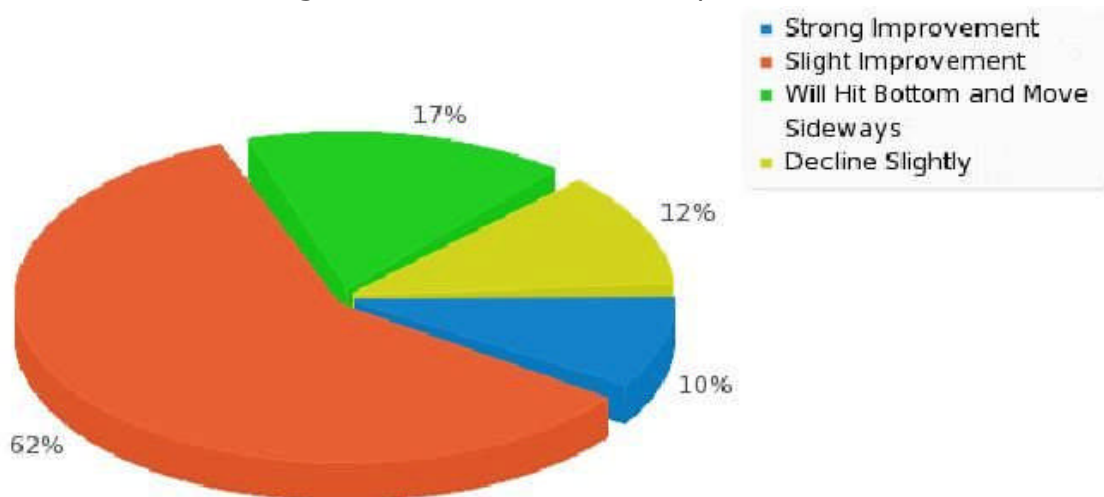


## PART II – Housing Sentiment

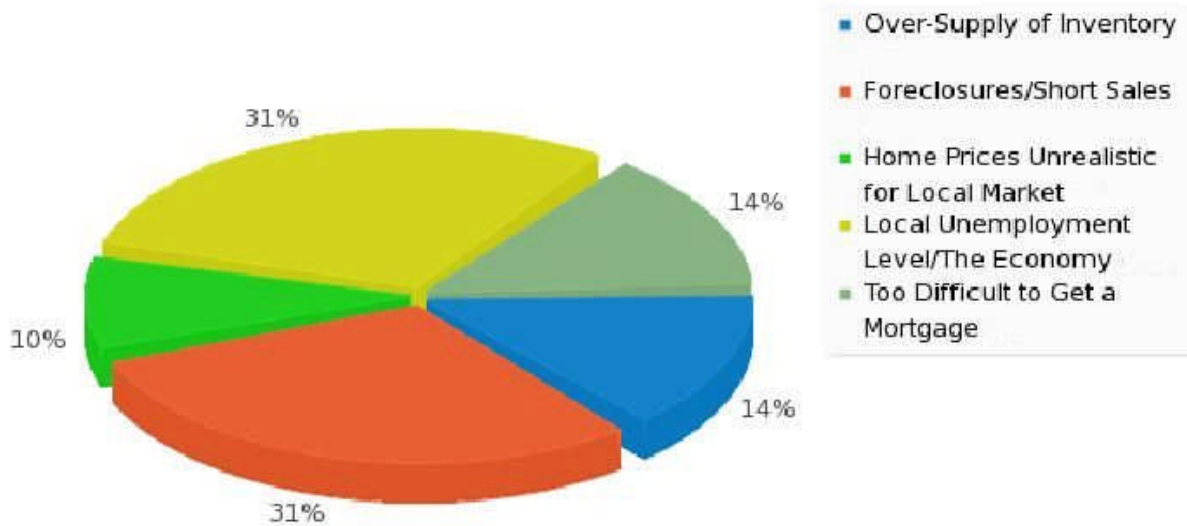
Their view on the condition of the housing market in their local market: 72% said the market is moving sideways or improving, this is up from a reading of 71% in December.



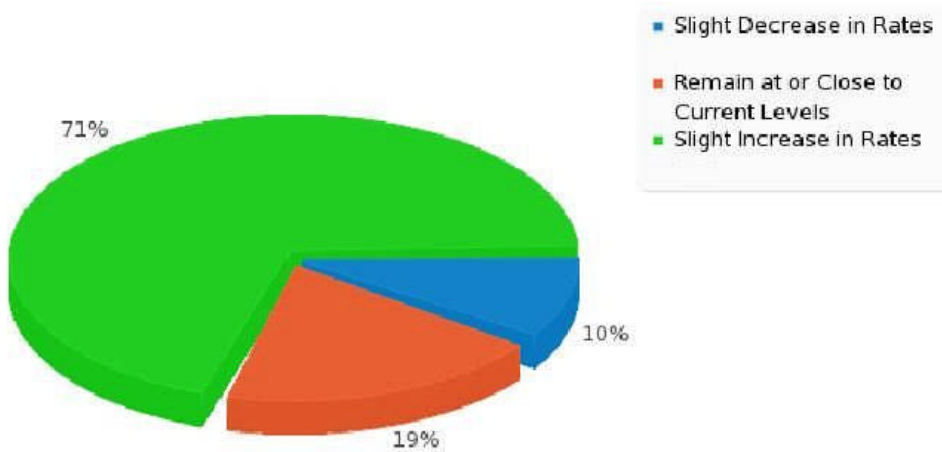
Their view on how the housing market in their local area will perform in the next 6 to 12 months:



The following are what they report as the top 5 drags on the housing market:

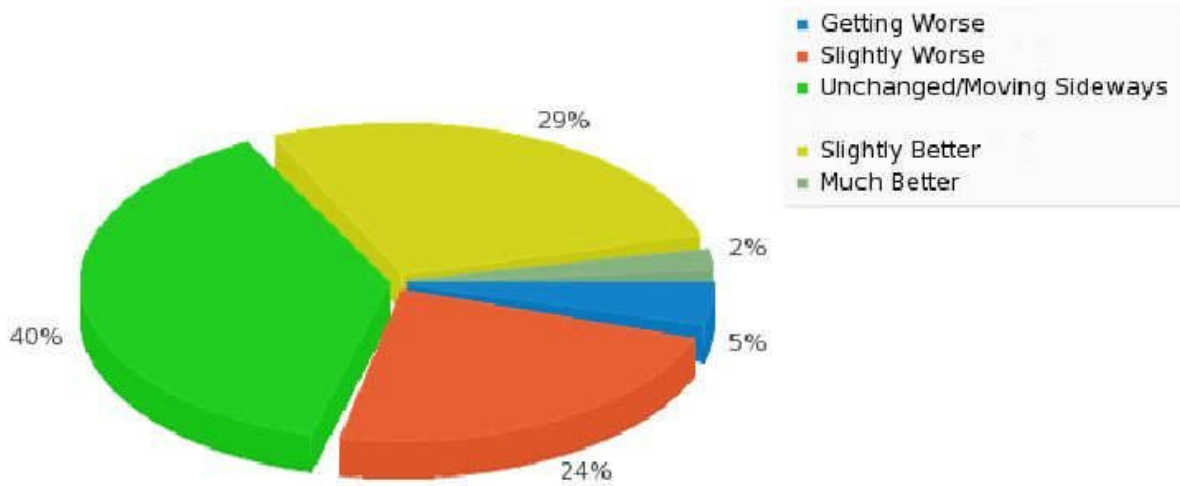


71% of the mortgage professionals stated that they expect mortgage rates to rise in the next 12 months, vs 72% in December:

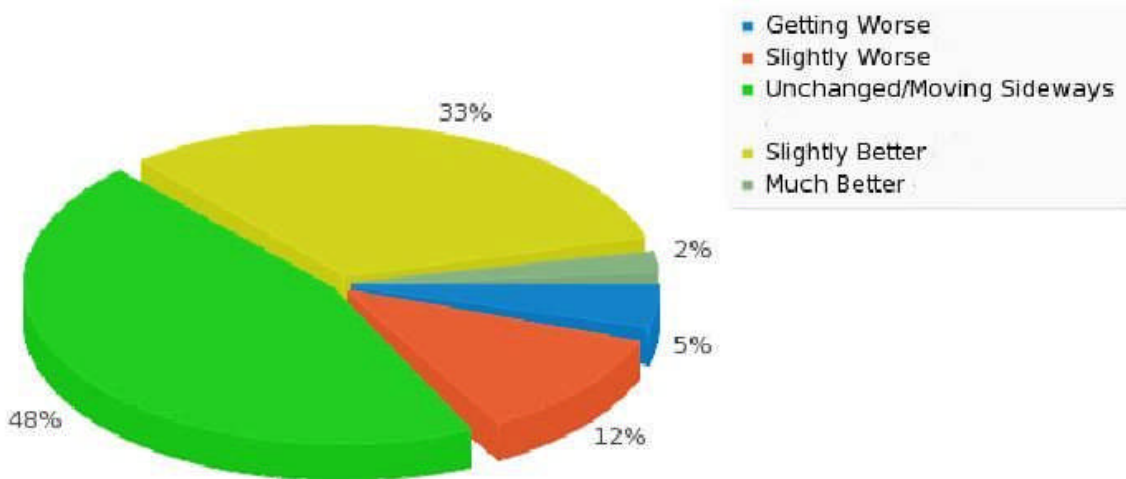


## PART III – Mortgage Industry Sentiment

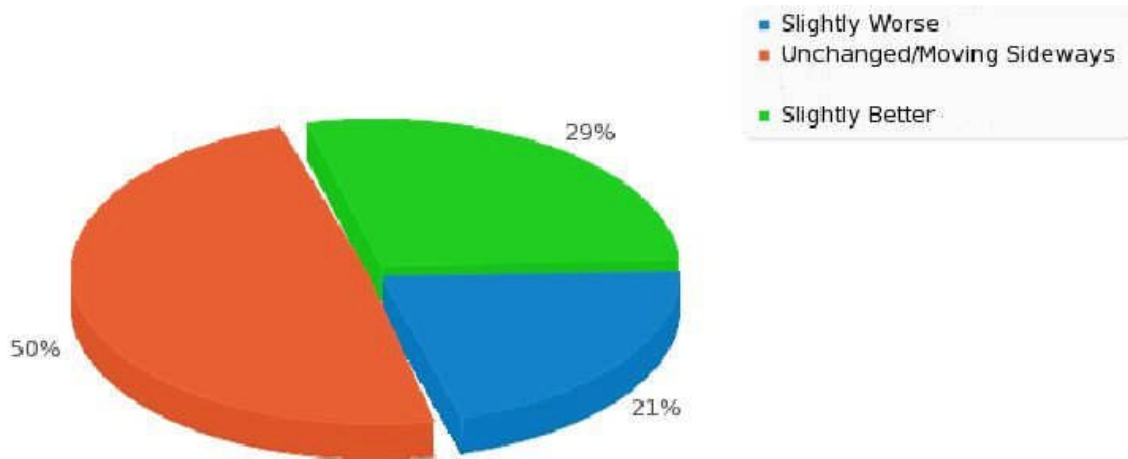
Outlook of Economic Conditions in their local market over the next 6 to 12 months:



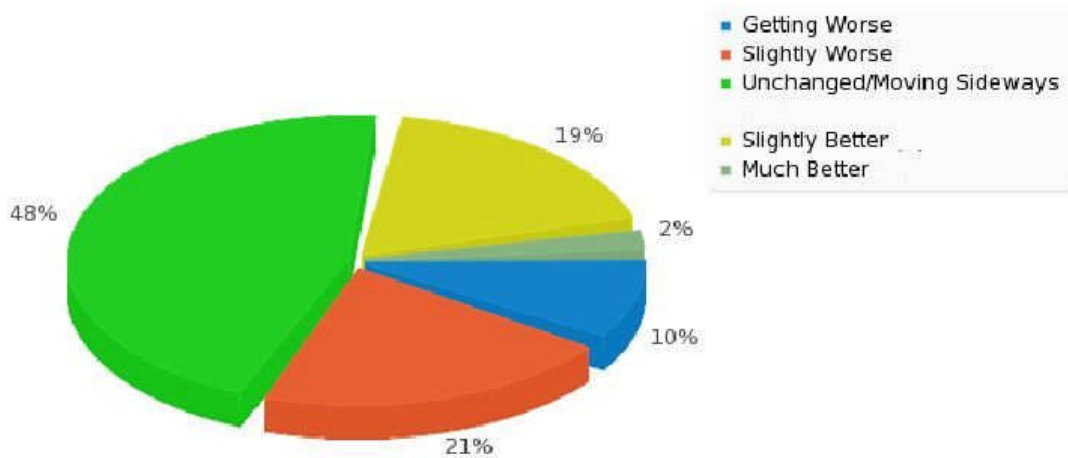
Outlook of Unemployment Levels in their local market over the next 6 to 12 months:



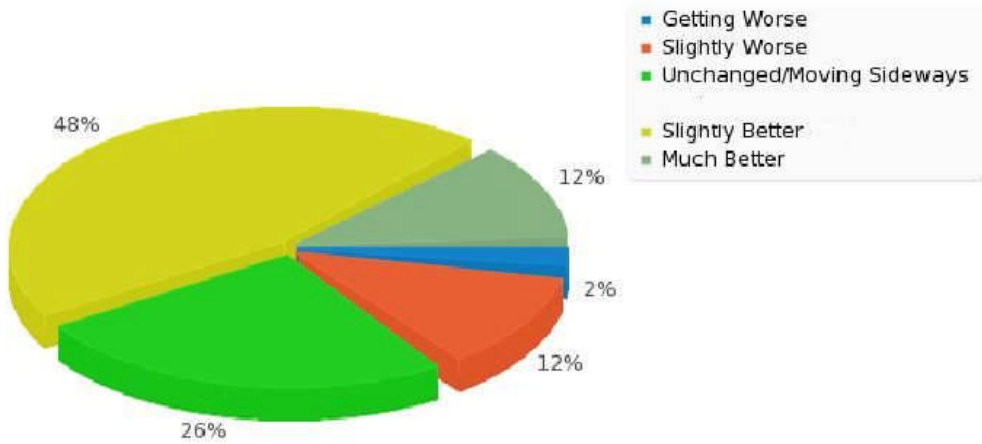
Outlook of Housing Prices in their local market over the next 6 to 12 months:



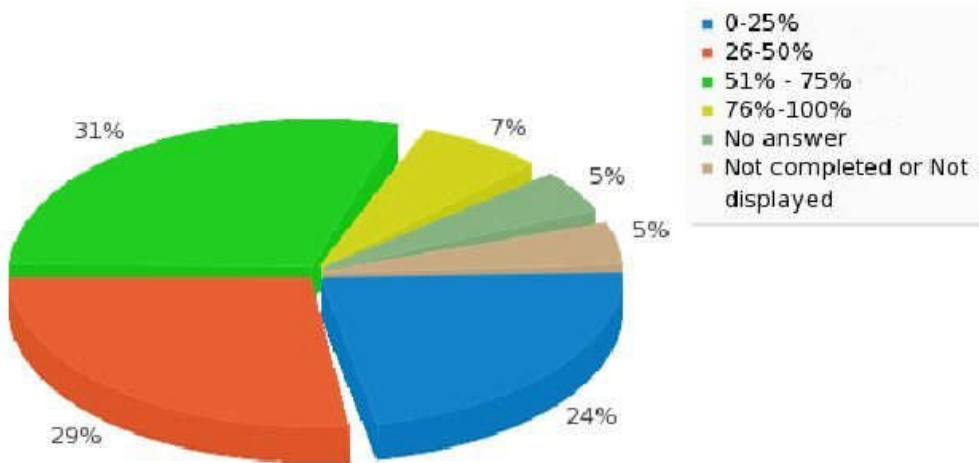
Outlook of the Ability to Close a Mortgage over the next 6 to 12 months:



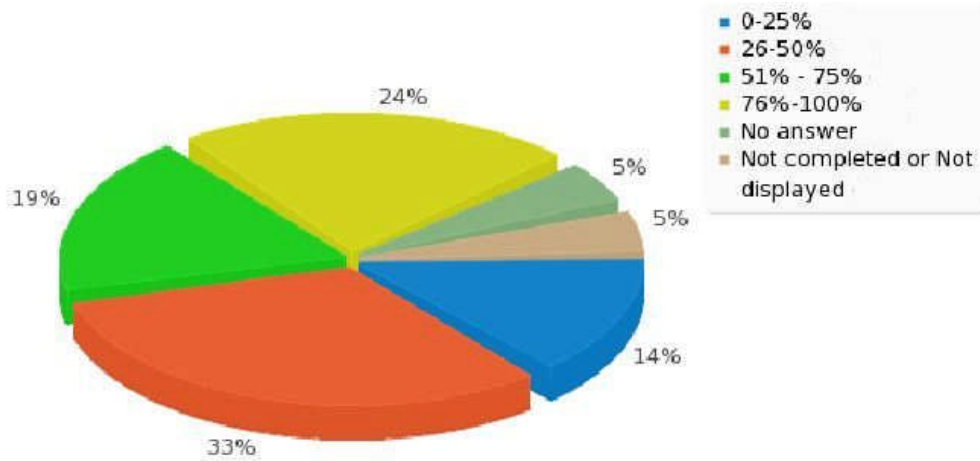
Outlook of their personal loan production (units closed) over the next 6 to 12 months: 48% think their production will improve, up from 45% in December.



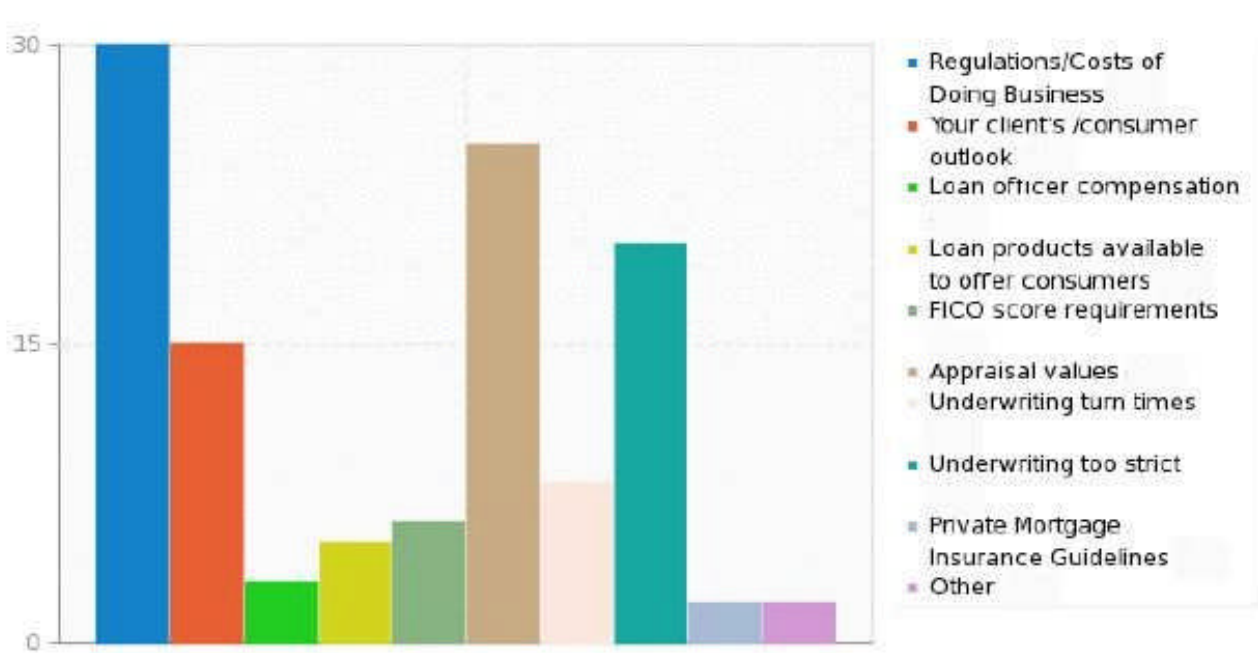
Percentage of business that are purchase transactions:



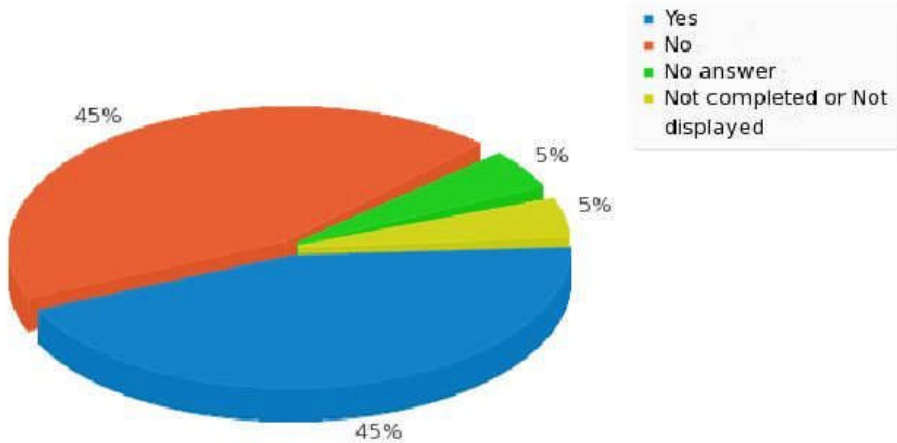
Percentage of business that are refinance transactions:



What are the biggest challenges/issues that they are facing in their mortgage business:



Did you close more loans than last month (December), in units not \$ volume:



What are your closing expectations for next month (February), in units:

