

MBA's BUILDER APPLICATION SURVEY

FREQUENTLY ASKED QUESTIONS

1. What is the Builder Application Survey?

The Builder Application Survey measures loan application activity received by lenders affiliated with or who work in cooperation with home builders for loans on new single-family properties. Launched in July 2013, the Mortgage Bankers Association (MBA) releases figures from the Builder Application Survey, including monthly changes in national activity levels, average loan size and product mixes. As the survey continues to be expanded, additional data and metrics, including geographic detail at the state and metro level, will be released. This survey is entirely focused on the new home market, and provides an early read on new home sales activity. The Census Bureau's estimate of new home sales is based on contract signings, which occur in a time frame similar to that of the mortgage application.

2. What is the definition of a "loan application" in the Builder Application Survey?

Enforced by the Consumer Financial Protection Bureau (CFPB), the Real Estate Settlement Procedures Act (RESPA) defines a loan application as "the submission of a borrower's financial information in anticipation of a credit decision relating to a federally related mortgage loan, which shall include at least the following six pieces of information: (1) borrower's name; (2) borrower's gross monthly income; (3) borrower's social security number; (4) property address; (5) estimate of value of the property; (6) loan amount."

3. What is the difference between MBA's Builder Application Survey and the Weekly Application Survey?

The Builder Application Survey collects loan-level data from mortgage companies composed solely of applications for new single-family homes, while the Weekly Application Survey collects loan-level data from mortgage companies for new or existing single-family homes, as well as for refinance applications.

4. What is the data collection period?

Data is collected on a monthly basis and includes all applications collected within the calendar month.

5. What is the difference between the MBA's and the Census Bureau's estimates of new home sales?

Based on the loan application data provided by home builders, MBA models for additional inputs and projects annualized new home sales. The Census Bureau defines

a "new home sale" as "a sale of the new house occurs with the signing of a sales contract or the acceptance of a deposit." The Census Bureau data is derived from the Department of Housing and Urban Development (HUD)'s Survey of Construction, which is a national sample of new home sales from building permits and a canvassing of areas not requiring permits.

6. What is the estimated coverage of the Builder Application Survey of new home sales?

We have a majority of the top ten builders, based on information from SEC filings, and an additional number of builder affiliates. These builders have typically accounted for around 20 percent of annual sales volume based on estimates from the Census Bureau.

7. Are the data seasonally adjusted?

Data will be seasonally adjusted in a manner similar to that used by the U.S. Census Bureau.

8. Do you get data from small home builders?

The current sample of builders includes mostly larger institutions, including six of the top ten builders. However, the sample will be increased over time to include loans on new homes built by a range of home builders.

9. Are these data for construction / permanent loans?

No. The application data collected includes loan applications partnered directly with new home builders and would not include construction loans or permanent loans that borrowers obtain with non-builder affiliated lenders.

10. As a home builder, can I participate in the Builder Application Survey?

Please contact mbaresearch@mba.org for more information. Participants in the Builder Application Survey receive complimentary detailed non-public reports on aggregate data. Participation is anonymous and company-level information is never shared.

11. Will additional data points be released?

Yes. As the survey continues to expand, MBA expects to phase in releases of in-depth national data, state data, metro-level data and interest rate data.

Sources: U.S. Census Bureau, CFPB